



Project Appraisal Document (PAD)

IsDB SUPPORT FOR SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE (SAPZ) PROJECT FEDERAL REPUBLIC OF NIGERIA

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Country : Federal Republic of Nigeria
Department : NA
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Acronyms and Abbreviations

AC	:	Aggregation Centre
ADB	:	African Development Bank
AfCFTA	:	African Continental Free Trade Area
AFCFTA	:	African Continental Free Trade Area
AfDB	:	African Development Bank Group
AGTF	:	Africa Growing Together Fund
AIH	:	Agro-Industrial Hub
APP	:	Agriculture Promotion Policy
ATC	:	Agricultural Transformation Centre
BAU	:	Business as Usual
BED	:	Board of Executive Director
BOI	:	Bank of Industry
BPRD	:	Budget Performance and Results Department
BSS	:	Business Support Services
CAF	:	Commodity Alliance Forum
COO	:	Chief Operations Officer
CPIA	:	Country Policy and Institutional Assessment
CPPs	:	Crop Protection Products
CPRN	:	Country Portfolio Review Note
CSS	:	Climate Safeguards Operation
CUC	:	Cumulative Undisbursed Commitment
EIRR	:	Economic Internal Rate of Return
EMC	:	Engineering Management Company
ERGP	:	Economic Recovery and Growth Plan
ESCON	:	Environmental and Social Compliance Note
ESIA	:	Environmental Impact Assessment
ESMP	:	Environmental and Social Management Plan
FCDO	:	Foreign Commonwealth and Development Office
FCT	:	Federal Capital Territory
FGN	:	Federal Government of Nigeria
FIRR	:	Financial Internal Rate of Return
FMARD	:	Federal Ministry of Agriculture and Rural Development
FMFBNP	:	Federal Ministry of Finance, Budget and National Planning
FMITI	:	Federal Ministry of Industry, Trade and Investment
FMWR	:	Federal Ministry of Water Resources
FMYSO	:	Federal Ministry of Youth and Sports Development
FO	:	Farmers Organization
FPCU	:	Federal Program Coordination Unit
GCF	:	Green Climate Fund
GDP	:	Gross Domestic Product
GHG	:	Greenhouse Gas

GMS	:	Gender Market System
GoN	:	Government of Nigeria
GW	:	Gigawatts
IASC	:	Inter-Agency Steering Committee
IATC	:	Inter-Agency Technical Committee
ICB	:	International Competitive Bidding
ICB/MC	:	International Competitive Bidding limited to Member Countries
ICIEC	:	Islamic Corporation for Investment Insurance
ICT	:	Information and Communications Technology
IFAD	:	International Fund for Agricultural Development
IGREENFIN	:	Inclusive Green Financing Initiative
IIAG	:	Ibrahim Index of African Governance
ILO	:	International Labour Organisation
IsDB	:	Islamic Development Bank
ISFD	:	Islamic Solidarity Fund for Development
ISS	:	Integrated Safeguards System
ITFC	:	International Trade Finance Corporation
ITPOs	:	Investment and Technology Promotion Offices
LGA	:	Local Government Area
LLF	:	Lives and Livelihood Fund
M&E	:	Monitoring and Evaluation
MC	:	Member Country
MDAs	:	Ministries, Departments and Agencies
MSME	:	Micro, Small and Medium Scale Enterprise
MTNDP	:	Medium-Term National Development Plan
MW	:	Megawatts
NARS	:	National Agriculture Research System
NATIP	:	National Agricultural and Innovation Plan
NCB	:	National Competitive Bidding
NCLC	:	National Citizenship and Leadership center
NDC	:	Nationally Determined Contribution
NDPG	:	Nigeria Development Partners Group
NIRSAL	:	Nigeria Incentive-Based Risk Sharing System for Agricultural Lending
NIS	:	National Institute of Sports
NPV	:	Net Present Value
OTL	:	Operations Team Leader
PAD	:	Project Appraisal Document
PAP	:	Program Affected Person
PCU	:	Program Coordination Unit
PFM	:	Project Financial Management
PIASRs	:	Project Implementation Assessment Support Reports
PRCA	:	Procurement Risk and Capacity Assessment

PSALI	:	Partnership for Securing Agricultural Lands and Investments
PSIU	:	Participating State Implementation Unit
QA	:	Quality Assurance
QC	:	Quality Control
QPPR	:	Quarterly Project Progress Report
R&D	:	Research and Development
SA	:	Special Account
SAPZ	:	Special Agro-Industrial Processing Zones
SDGs	:	Sustainable Development Goals
SEZ	:	Special Economic Zone
SME	:	Small and Medium Enterprises
SMoF	:	State Ministry of Finance
SOE	:	Statement of Expenditures
SPV	:	Special Purpose Vehicle
SDT	:	Special Delivery Team
T&C	:	Terms and Conditions
TA	:	Technical Assistance
TWG	:	Thematic Working Group
UA	:	Unit of Account
UKNIAF	:	The United Kingdom Nigeria Infrastructure Advisory Facility
UNFCCC	:	United Nations Framework Convention on Climate Change
UNIDO	:	United Nations Industrial Development Organization
US\$:	United States Dollar
USAID	:	United States Agency for International Development
VC	:	Value Chain
VCAP	:	Value Chain Action Plan
WEP	:	Women Empowerment Policy
WSME	:	Women-led SME
YDS	:	Youth Development Strategy

Currency and Measurement Conversions

(As of October 2021)

1 ID (XDR) = 1.43 US\$

Currency Unit – Naira

1 US\$ = N411.65 (Unit of Currency is Naira (N) and the exchange rate is as of October 2021 from the Central Bank of Nigeria)

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Date of Appraisal Mission: 05-19 October 2021 (virtual)

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ISDB SUPPORT FOR SPECIAL AGRO-INDUSTRIAL PROCESSING ZONE (SAPZ) PROJECT, FEDERAL REPUBLIC OF NIGERIA

A. Strategic Context

Project Brief History

1. With over 200 million population growing at 3% annually, Nigeria is the most populous country on the African continent. Nigeria is also the largest economy on the continent. Despite the recent growth momenta, Nigeria faces significant and persistent poverty. About 40% of the country's population lives under the poverty line where poverty is more acute in rural areas than urban. Major factors contributing to rural poverty include low agricultural production and productivity, limited opportunities for value-addition, challenges of marketing capacity, poor yields in quality and quantity, and significant deficits in support systems such as infrastructure, access to productivity-enhancing inputs, financial backing, commercial orientation, and effective policies, as well as environmental degradation and the effects of climate change.
2. These challenges limit prospects for rural households. To feed its growing population, Nigeria has reached a critical level of food imports and spending over US\$ 6 billion a year on agricultural imports. With competing needs on the national budget, this situation threatens national food security. Over 40% of Nigeria's population, who live below the poverty line¹, cannot afford a nutrient-adequate diet. The high sensitivity of the agricultural sector to increasing climate change and climate variability combined with high poverty rates are the main sources of Nigeria's vulnerability to food insecurity and malnutrition. Climate risks and weather-related factors will increasingly have negative impacts on agricultural production. Climate projections indicate historical increases in temperature and variations in precipitation with early dry seasons and shorter rainy seasons.
3. Federal Government of Nigeria (FGN) developed its Agricultural Transformation Agenda in 2011 aiming to achieve a hunger-free Nigeria through an agricultural sector that drives income growth, accelerates the achievement of food and nutritional security, generates employment, and transforms Nigeria into a leading player in global food markets to grow wealth for millions of farmers. In the context of its agricultural transformation strategy, the FGN is tackling two main interrelated challenges: (i) meet domestic food requirements by stepping up local sourcing to reduce its food import bill and (ii) modernize its farming model as a means to reduce poverty levels in rural areas. The FGN's strategy is to turn the country's huge food deficit into a market and employment opportunity for smallholders and small operators. At the core of this strategy is the development of Special Agro-Industrial Processing Zones (SAPZs) to establish a modern in-country agro-processing capacity to supply the domestic market, promote green investments, and provide profitable market outlets to rural households. In addition to creating the right investment and policy frameworks for SAPZs, the FGN's challenge is to capacitate the millions of

¹ Nigerian National Bureau of Statistics (2020)

Nigerian rural smallholders and operators, youth, and women living below the poverty line to take advantage of the SAPZ market outlets.

4. The FGN has therefore requested the joint support of AfDB-IFAD-IsDB² in the materialization of its transformation agenda. The FGN seeks to leverage AfDB-IFAD-IsDB complementary expertise, experience, and comparative advantage in the setting-up of SAPZs through a SAPZ Program covering various States of the country to: (i) sustainably meet the domestic food supply gap for key food products; (ii) create exportable surpluses; (iii) provide income and employment opportunities for rural poor households; and (iv) produce a replicable climate-resilient and low emission model for further investments. The focus lies on high potential climate-resilient pro-poor value chains that can be scaled-up and have relevance to the industry and off-takers operating in Agricultural Industrial Hubs (AIHs) and Agricultural Transformation Centers (ATCs), as well as on significantly improving livelihoods and generating decent employment, especially for women and youth. With regards to the demand and uptake of agricultural products, the FGN and development partners will focus on attracting private sector agribusinesses to set up processing plants in zones of high food production, to process commodities into food products. In addition, the FGN will create an enabling environment for the private sector by putting in place appropriate fiscal policies and incentives, investment, and infrastructure policies for SAPZ.
5. Within the context of the SAPZ Program, the FGN submitted an official request to the IsDB to support the financing for the Special Agro-Industrial Processing Zones (SAPZ) Project covering three States (Federal Capital Territory³, Kano, and Kwara) on 20 August 2021⁴. This led to the Bank engaging in discussions with the Federal Ministry of Finance, beneficiary State Authorities, Development Partners (AfDB & IFAD) to ensure the project's readiness. The proposed project was initially planned to be processed during 2022. Nevertheless, after considering its readiness, the project was included in the revised 2021 Annual Work Program of the Bank under the COO Crash Program⁵ with an allocation of US\$ 150 million.
6. The proposed SAPZ Project will support economic and social development programs of the Federal Government of Nigeria (FGN) and the participating States, contributing to rural infrastructure development, improved access to agricultural markets, increased farm productivity, promotion of agricultural technology, climate-smart agricultural production, and processing practices, increased value addition and agro-processing, increased skills acquisition and job creation, with focus on all actors along the value chain including the smallholder women, youth. These are in line with the objectives of the new National

² IsDB Financing covering three States (FCTA, Kano and Kwara) within the context of Special Agro-Industrial Processing Zone (SAPZ) Program for Nigeria is referred as "SAPZ Project" throughout the document.

³ The Federal Capital Territory, commonly known as FCTA or FCTA-Abuja, is the federal territory in central Nigeria. Abuja, the capital city of Nigeria, is located in this territory. Federal Capital Territory (FCTA) is referred as a State throughout this document for the ease of understanding.

⁴ IsDB was involved in previous discussions since 2020 with the Government and AfDB regarding the project. However, due to the unavailability of allocation in the Work Program, the official request was not provided. Initial Official Request was for US\$80 million, which was later upscaled to US\$150 million through another letter dated 30 September.

⁵ The President, IsDB through memorandum no. PM-2455 dated 15.08.2021 regarding the implementation of the 2021 Operations Plan, has accorded the Chief Operations Officer with the Single Point Accountability to process the projects in 2021 with the remaining Operations Plan balance. This is due to the unfilled gap of close to USD 1.00 billion in the 2021 Operations Plan, that was supposed to be utilized under the New Business Model.

Agricultural and Innovation Plan (NATIP) 2021-2024 and the National Livestock Transformation Plan (NLTP) 2019-2028.

7. The development objective of the SAPZ Project is to support inclusive and sustainable agro-industrial development in Nigeria. The Project has six broad components namely: (i) support the development of enabling climate-adapted infrastructure for Agro-Industrial Hubs (AIHs); (ii) improve agricultural productivity and enterprise development within the AIHs to enhance agricultural value chains and job creation in the SAPZ Catchment Areas; (iii) consultancy services; (iv) Project Coordination and Management; (v) Financial Audit; and (vi) Contingency Emergency Response (zero cost).
8. The key expected outputs of the SAPZ Project under IsDB financing are⁶: (i) development of infrastructure for three (3) Agro-Industrial Processing Hubs (AIHs); (ii) ten (10) Agricultural Transformation Centers (ATCs); (iii) improvement of irrigated land & farm to market access roads; (iv) supply of certified agricultural inputs and extension services; (v) skills development for 10,000 farmers and MSMEs; and (vi) updating agro-industrial zone policy and establishment of a regulatory institution/special regulatory regime. The outcome level results are (i) Increase in investments by private sector companies within the AIHs by USD 375 million; (ii) Creation of 185,000 new jobs, including 50% for women and 60% for youth; (iii) Increase in the yields of key crops by at least 50%; (iv) Reducing Post-Harvest Losses within the catchment area by at least 10-20%; (v) Average Increase in Income of Small Producers/Farmers by 25%. The Project will be implemented over five years (2022 – 2026).
9. The overall cost of the SAPZ Program covering eight (8) States is estimated at US\$ 575.67 million, out of which the subject project is supporting FCTA, Kano, and Kwara States is with total financing of US\$ 217.10 million. The IsDB will contribute US\$ 150.52 million⁷ covering 70% of the cost in these three (3) States. IFAD is co-financing (parallel) the Value Chain activities in Kano with IsDB for an amount of US\$ 22.75 million (10%). The Federal and States Government contributions will be US\$ 43.83 million (20%).
10. The Project Appraisal Document (PAD) was prepared based on information collected from (i) Feasibility Studies prepared by Curves and Straights Designs Ltd. in April 2021; (ii) Environmental and Social Impact Assessment completed in January 2021; (iii) Technical document prepared by the AfDB/IFAD; and (iv) Additional information obtained during appraisal missions (virtual) held on October 05-19, 2021.
11. The Executing Agency, Federal Ministry of Agriculture and Rural Development (FMARD), has experience in managing such a project. It also has experience with implementing other IsDB financed projects in the near past. The Project Coordination Unit (PCU) at the Federal level has already been established comprising a Project Coordinator, an Engineer,

⁶ The key expected outputs of the larger SAPZ Program are: development of infrastructure for eight (8) Agro-Industrial Processing Hubs (AIHs), eighteen (18) Agricultural Transformation Centers (ATCs), 2,300 ha of irrigated lands & farm to market access roads; supply of certified agricultural inputs and extension services; skills development for farmers and Micro, Small and Medium Scale Enterprises (MSMEs), an updated agro-industrial zone policy and establishment of a regulatory institution/special regulatory regime.

⁷ The IsDB will finance all project components in FCTAA, Kwara, and Kano except for the value chain activities in Kano, which will be financed by the International Fund for Agriculture Development (IFAD) through parallel funding arrangements. IFAD will also finance the value chain activities in Ogun States and related Management costs, while AfDB will finance activities across all program components in Ogun, Oyo, Kaduna, Cross River, and Imo States.

and a Procurement Specialist. The existing team is responsible to ease the implementation of preliminary activities related to the IsDB and other financiers.

IsDB Operations in the Country and Portfolio Performance

12. Since Nigeria became a member of the IsDB Group in 2005, cumulative approvals have reached US\$ 1.6 billion. This consists of IsDB operations for a total amount of US\$ 786 million (excl. cancellations), trade financing Operations including ITFC financing for an amount of US\$ 452 million, ICD financing US\$ 288 million, and others for US\$ 90 million. Cumulative ICIEC business insured (total utilization) is worth US\$ 858 million, while ICIEC's total commitments for new insurance mainly relating to outward flows (exports and outward investments) is worth US\$ 930 million.
13. The IsDB 2021 Annual Work program for Nigeria consists of the following projects: (i) Dualization of Minna-Bida Road Project for US\$ 86.64 million (recently approved by the September BED Meeting); (ii) Reaching Out-of-school Children in Kaduna State for US\$ 10 million ISFD Loan (under President's approval); (iii) Nigeria-Morocco Gas Pipeline (FEED Study) Project for US\$ 29.75 million (to be submitted to the Dec'21 BED Meeting); and (iv) Special Agricultural Industrial Zone Project (the proposed financing) for US\$150 million (to be submitted to the Dec'21 BED Meeting). Furthermore, the Bank is in the final stage (awaiting concurrence from FGN for T&C) of approving Fresh Financing of US\$ 82.34 million under Strategic Preparedness Recovery Program for Nigeria covering Health and Food Security & Livelihood Sectors.
14. Cumulative Undisbursed Commitment (CUC) of the portfolio now stands at US\$ 389 million (55.6% of the active portfolio amount). The high CUC is mainly due to recently approved large projects and several legacy projects for which the RH Abuja has already developed a "closure action plan" covering 2021 & 2022.

Sector Context

15. Agriculture remains one of the main drivers of Nigeria's economy. The country is predominantly a rural economy, with 48.8% of the population living in rural areas, most of whom are smallholder farmers. Agriculture accounts for about 23% of the GDP. Around 81 million of the country's 92.4 million hectares (88%) is arable land, with a rich agro-ecological diversity characterized by eight agro-ecological zones. The farm sizes range from 1.0 ha in the densely populated, high rainfall South East Region to 1.5 ha and 2.5 ha in the Southwest and Central Regions, respectively. In the north, farm sizes are between 1.0 ha to 2.5 ha with the dominant staples being maize, cowpea, sorghum, groundnuts, millet, and vegetables. The main crops of the south and central regions are root and tuber crops such as yam, cocoyam, cassava, sweet potatoes with paddy rice, and maize as staple cereals.
16. Livestock development is an important component of Nigeria's agriculture with abundant social and economic potentials, though its productivity currently is very low. It contributes around 1.7% to the national GDP and around 9% to the agricultural value-added. As a response to the growing demand for animal source foods, Nigerian livestock producers are anticipated to make investments that increase production and productivity. The livestock sector is a pillar of the Nigerian food system and a contributor to its poverty reduction strategy, food security, and agricultural development. There is wide scope to improve livestock sector practices so that they

are more sustainable, more equitable, and pose less risk to animal and human health. The sector used to be the mainstay of the economy and still is an important source of livelihood for a large part of the population.

17. Despite the contribution to the economy, the sector faces many challenges limiting prospects for rural households, which impact its productivity. These include a poor land tenure system that limits private sector investment, low level of irrigation farming, climate change, and land degradation. Other challenges include low technology, high production cost and poor distribution of inputs, limited opportunities for women and youth, high post-harvest losses due to low value-addition, and poor access to markets.
18. To this end, the Government has implemented several initiatives and programs to address the situation including the establishment of Special Agro-industrial Processing Zones (SAPZ), which aimed at developing priority value chains through developing infrastructure in rural areas, focused on finishing and transforming raw agriculture products into high-value commodities. Transforming the country's agriculture sector will create jobs, raise incomes, reduce malnutrition, and kick-start the economy. The implementation of the SAPZ Project will contribute to providing end-to-end solutions and services that de-risk production, processing, and marketing operations of private sector actors as they boost manufacturing and transformation capacity in the selected production areas in FCT, Kwara, and Kano.

Alignment with IsDB and National Strategies

19. The SAPZs Project in Nigeria is well-aligned with the Bank Group's Ten-Year Strategy (TYS), as it relates to food security, private sector development, and inclusive growth. The Project will help to grow Nigeria's Agro-Industrial base in priority commodities through the provision of infrastructure and a competitive business environment that will attract private sector investments to provide desirable linkages for MSME agribusinesses. It will also, create sustainable opportunities for youth engagement in entrepreneurial activities and agricultural production, processing, and related undertakings in its value chain. In line with the YYS, the Project will focus on infrastructure development, capacity building, and skills/entrepreneurship development in the agro-industry, addressing the constraints faced by young entrepreneurs and MSME-related economic actors. The Project is in line with the IsDB's Agriculture and Rural Development Sector Strategies and policies in the thematic areas (i) build resilient and climate-smart agriculture; (ii) improve access to remunerative markets; and (iii) promote inclusive, sustainable, and integrated approach.
20. The Project will contribute to the implementation of IsDB women's empowerment policy and youth's development strategy through the engagement of Women and Youths in Agribusiness as well as the National chapters of the African Women in Animal Resources Farming and Agribusiness Network (AWARFA-N) and the African Youths in Livestock and Fisheries Agribusiness Incubation Network (AYIL-FAIN). It is worth noting that the establishment and operationalization of these two continental networks have been approved by the African Union Heads of States.
21. The Project is also in consonance with the IsDB Climate Change Policy, Fragility and Resilience Policy, Youth and Women Empowerment Policy, and Environmental and Social

Safeguard Policy. The successful implementation of the Project will provide a basis for reporting on the progress of implementing the aforementioned policies.

22. Proposed IsDB financing for the SAPZ Project is aligned with the Nigeria National Development Plan (2021-2025), particularly the Agriculture component of which is anchored on the following strategies:
- Increase national agricultural productivity and reduce post-harvest losses;
 - Increase livestock and aquaculture productivity by implementing past transformation plans;
 - Strengthen value chain linkages by promoting local sourcing and value addition;
 - Ensure adequate funding for the agriculture sector;
 - Improve security across Nigeria’s agricultural investments;
 - Ensure equity, capacity building, and inclusion of women and youth in agriculture and food security; and
 - Attain export competitiveness in high value & priority agricultural products.

Alignment with the Sustainable Development Goals (SDGs):

23. In addition, the Project will contribute to the Government effort in achieving its Sustainable Development Goals (SDG) targets, specifically on following: SDG1- Reducing Poverty and SDG2 (Zero Hunger) in rural areas through improving the incomes of small rural farmers in the project area by increasing agricultural productivity, entrepreneurship, value-added activities, and related socio-economic environment. It also contributes to the empowerment of women and gender equality (SDG5); to the promotion of sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all (SDG8), the building of resilient infrastructure, the promotion of sustainable industrialization and innovation (SDG9), as well as sustainable production (SDG12), and the adaptation to climate change (SDG13). It is designed to leverage partnerships with the private sector to enhance access to productivity services by smallholder farmers (SDG17).

B. Project Development Objective and Rationale

Project Objectives

24. The SAPZ Project’s goal is to increase household incomes and foster job creation in rural agricultural communities, especially for the youth and women; enhancing food and nutritional security in FCT, Kano, and Kwara. The development objective is to support inclusive and sustainable agro-industrial development and enhance the competitiveness of the agriculture sector through the promotion of select value chains (livestock including meat and dairy) in FCT, Kano, and Kwara. The SAPZ Project interventions will support inclusive and sustainable agro-industrial development and enhance the competitiveness of the agriculture sector through the promotion of selected value chains.
25. The SAPZ Project will prioritize the development of agro-industrial activities, involving investments to maximize the use of existing infrastructure assets and catalyze crowding in of new private sector investments. To promote efficient use of resources and ensure

well-coordinated activities among participating States, the approach would be to design the Agro-Industrial Hubs (AIHs) within areas of high agricultural production. Soft infrastructure such as institutions, human capacity, rules, and regulations for governing, managing, or operating the SAPZs across all the sectors and value chains, will also be supported. This will help contribute to the elimination of rural poverty, promoting commodities that have a high potential to boost export revenues or import substitution as well as revive past, valuable, agro-industrial activities.

Project Location

26. Project Area: The project sites are located in the FCT⁸, Kano, and Kwara. Participating States⁹ of the larger SAPZ Program were chosen based on readiness and meeting the Quality at Entry (Q@E) criteria. This is based on the need to reflect geographic balance in the different regions of the country and the availability of unencumbered land secured for the AIH by the State. Eventually, the SAPZ Project will be rolled out in subsequent phases as and when the states meet the Quality at Entry criteria set out at the design phase. Project locations under IsDB financing are provided in **Annex-2**.

Project Beneficiaries and Stakeholder Consultations:

27. The SAPZ's primary target groups are agroindustry investors, large aggregators, and support service providers operating in the AIH and ATCs. An estimated 1.5 million households (a large portion of whom are directly engaged in agriculture, with 50% women) would be direct beneficiaries along the entire agricultural value chain including private sector agribusinesses and agro-processors, smallholder farmers, agripreneurs, and agro-dealers. The overall Project targets the creation of a minimum of 185,000. These include jobs that will be created during the construction and the operational phase including jobs created by MSMEs along the value chain and factory jobs created by the tenant industries in the Agro-Industrial Hubs. The jobs created will fall under Operational and Technical, Professional, Supervisory, and Managerial job categories given the unique advantage that the SAPZ Project offers across the primary, secondary, tertiary, quaternary, and quinary sectors of the economy.

Participatory process for project identification, design and implementation:

28. The conceptualization and design of the proposed Project were through extensive multi-stakeholder consultations and engagements with public and private stakeholders that started in April 2019. In December 2019, an Inter-Ministerial Meeting was jointly organized by the AfDB, the Federal Ministry of Finance, Budget and National Planning (FMFBNP), and other key ministries & agencies during which a consensus was reached on the general larger SAPZ Program's framework. A strategy and roadmap document for the

⁸ In this project document, FCTA is also considered/counted as a "State" when it is referred "IsDB is supporting three (3) States within the SAPZ Program".

⁹ FCTA (under IsDB financing) and seven (7) States - Cross River, Imo, Kaduna, Kano (under IsDB financing), Kwara (under IsDB financing), Ogun, and Oyo. These seven states and the FCTA are approximately 176,048 km² in size (about 19% of Nigeria's landmass) and have a population of about 50.4 million or about 26.1% of Nigeria's population.

development of SAPZs in Nigeria was endorsed by the various Government actors and approved by the Presidency of the FGN.

29. Thereafter, an inception workshop, co-hosted by the AfDB, Federal Ministry of Agriculture and Rural Development (FMARD), and Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), brought together participants from the National Assembly, relevant FGN Ministries and Agencies, State Governments, Development Partners, Nigerian agribusiness community, farmer cooperatives, and commodity associations. Bilateral meetings were also organized with potential implementation partners namely, Bank of Industry (BOI), and NIRSAL amongst others. IsDB also participated in various meetings/workshops organized by the FGN. The virtual appraisal mission of the IsDB was undertaken during 05 – 19 October 2021.
30. Prior to the IsDB's virtual appraisal mission, a joint AfDB-IFAD appraisal mission was mounted in March 2021 and met with key government ministries, visited beneficiary States, and held meetings with a range of other stakeholders and potential partners including financial institutions and private sector investors - commodity aggregators and processors. Validation roundtables were held with the participating States to discuss and validate the specific project sites and activities, implementation arrangements, and the Project governing structure. A high-level meeting was also conducted on 30 August 2021, attended by Honourable Ministers of FMFBNP, FMARD, FMITI, FMWR, and FCT, seven (7) State Governors, high-level representation from partners, including AfDB, IFAD, IsDB, BOI, and UNIDO. During the IsDB appraisal mission, the appraisal team discussed in detail with FCT, Kano, and Kwara (beneficiary States for the proposed project), the activities with respective cost, implementation arrangements, and agreed on the timeline for processing and implementation of the project.

Rationale for IsDB Involvement

31. The SAPZ Project is aligned with national policies and priorities. It seeks to sustainably contribute to poverty alleviation, hunger, and inequality while addressing constraints to agribusinesses' competitiveness by furthering opportunities for economic diversification, job creation, building climate resilience, and improved livelihoods in Nigeria. Nigeria's Medium-Term National Development Plan (MTNDP) 2021-2025, launched in December 2020 and the Nigeria Agenda 2050 to be launched in late 2021, which are the successor plans to the Economic Recovery and Growth Plan (ERGP) 2017-2020 and Vision 20: 2020 respectively.
32. The SAPZ Project is in line with the MTNDP goals of enlarging agriculture output for food security, productivity, business growth, entrepreneurship and industrialization, infrastructure development, social inclusion, and poverty reduction amongst others. Strengthening value chains for priority crops with SAPZ development and processing centers as key targets is a key focus of the National Agricultural Technology & Innovation

Plan (NATIP) 2021-2024¹⁰. The SAPZ also supports the National Livestock Transformation Plan (NLTP: 2019-2028)¹¹. As envisaged under NLTP, the SAPZ will support the transformation of the livestock sector through the establishment of cattle ranches, improved fodder production, and economic investment into associated value chains.

33. Furthermore, and in line with the National Industrial Revolution Plan (NIRP), the Government's blueprint to stimulate industrial activity, the SAPZ Project will deploy resources to spur private sector engagement in the agro-industrial sector including the SMEs especially for job creation. NIRP aims to create synergy and alignment among the MDAs in line with NATIP 2021-2024. The Federal Ministry of Industry, Trade and Investment (FMITI) is also developing a policy on rice and palm oil processing and industrial value chains.

C. Project Description

Project Design and Scope/Components

69. The SAPZs are agro-based spatial development initiatives designed to concentrate agro-processing activities within areas of high production, processing, and marketing of selected commodities. Essential elements of the SAPZ include the Agro-Industrial Hubs (AIHs), Agricultural Transformation Centers (ATCs), and agricultural production areas. The Project has six broad components targeted at developing these essential elements as briefly described below and detailed in **Annex-3**.
70. **Component-1. Infrastructure Development and Agro-Industrial Hubs (AIHs) Management:** This component will support the establishment of AIHs and will catalyze processing activities of the Value Chain commodities. For the component to meet and address the specific objective of the project which is to increase the competitiveness and business environment of the Nigerian agriculture sector, it will provide both hard and soft infrastructure that would allow public and private sector investment into the sector at the upstream and downstream axes of the value chain. The target value chains were selected based on their high potential for value addition as per the feasibility study and recommendation of the concerned State authorities. Specifically, the IsDB financing will support the Livestock (including beef and dairy) value chains in FCT, Kano, and Kwara.
71. The component's activities will therefore entail the construction and/or upgrading of AIH infrastructure including office buildings and training centers, general services layout (fencing, internal and access roads/parking, drainage, power supply, water, sewerage, effluent management, health-and-safety, etc.). It will also provide specialized services

¹⁰ Other NATIP priority areas which the program is supporting include: (i) synergy and alignment among Ministries, Departments and Agencies (MDAs); (ii) livestock development; (iii) knowledge creation and transfer; (iv) access to mechanization; and (v) quality extension services; (vi) development of rural, urban and export markets for agricultural commodities. NATIP also prioritizes selected cross-cutting themes, including (i) data and information management; (ii) rural infrastructure development; (iii) strengthened agricultural lending and insurance services; (iv) climate-smart agricultural practices; (v) improving quality and supply of agricultural inputs; (vi) agricultural exports; (vii) gender in agriculture; (viii) efficient utilization of water resources; (ix) national food reserve systems; and (x) nutrition.

¹¹ The National Economic Council (NEC) approved in 2019, the NLTP whose goal is to create a conducive environment for the transformation of the livestock subsector that will lead to economic development, peaceful co-existence and food security for Nigeria's growing population.

(quarantine, quality control labs/certification centers, breeding centers, etc.), business support services including administrative, knowledge/ICT/procurement/employment centers as well as ESMP implementation activities.

72. The SAPZ Project has identified the development of eight main AIHs out of which IsDB will participate in the financing of three Hubs at the following locations:
- (i) Paiko-kore/Dobi Livestock Industrial Hub Gwagwalada Area Council of the FCT for the Beef and Dairy value chains.
 - (ii) Bagauda Agro-Industrial Hub in Kano State for the Beef, Tomato, Rice, and Oil Seed (Groundnuts and Sesame) value chains.
 - (iii) Lata-Nana Grazing Reserve Special Livestock Processing Hub in Kwara for Beef and Dairy value chains.
73. **Component-2. Agricultural Productivity and Production:** Under the current circumstances, most of the AIHs have a shortfall in the standard and quantity requirements by the SAPZs in terms of raw material supply. Significant efforts must be made to improve basic farm infrastructure and raw materials requirements in order to enhance agricultural production and productivity. This component will therefore seek to boost the supply of raw materials in the production areas that are in proximity and linked to the Agro-Industrial Hubs being developed under Component 1. Furthermore, the interventions under this component will support farm-level productivity enhancing infrastructure in agribusiness zones such as the irrigation schemes rehabilitation, land development, water supply, etc. and the development of Agricultural Transformation Centers (ATCs). These ATCs will be strategically located within the farming communities around the AIH and would be used for the facilitation of farmers' access to essential inputs such as quality seeds, agro-chemicals, farm mechanization/digitalization, and primary handling facilities. Ownership of the ATC's lies with the State governments but will be under the management of a facility manager. Feeder roads would further improve access to the production zones and ATCs.
74. In addition, this component will support the capacity building activities related to Good Agriculture Practices (GAP) including climate-smart agriculture, quality requirements, testing and conformity standards, and food safety. Farmers would also be provided with access to tailored agri-inputs and financing through digital applications. Irrigation would be put in place in specific areas. Activities of this component will also include: (i) an Information and Communication Technology (ICT) platform on which all actors are registered; this includes a database of all producers; (ii) seed system of high yielding and climate-adapted crop and livestock varieties, and mechanization services; (iii) training, registration, and financing of "last-mile" agro-dealer networks; (iv) an electronic wallet to directly support producers with smart government subsidies to offset some of the costs of inputs, especially fertilizer and seeds; and (v) farm advisory services and R&D.
75. Specifically, the SAPZ Project (under IsDB financing) will finance ten (10) ATCs in the following locations/sites:
- (i) FCT: **Two (2)** ATCs in Kawu in Bwari Area Council and Karshi in Abuja Municipal Council for the Livestock (dairy and beef) value chain.

- (ii) Kano State: **Four (4)** ATCs in Kura, Bagwai, Dawanau, and Kakara for the Rice, Tomato, and Groundnuts/Sesame Seed Oil respectively.
 - (iii) Kwara: **Four (4)** ATCs in Afon Milk Collection Center, Asa LGA, Gidan Magajiya Grazing Reserve, Baruten LGA, Kinikini Grazing Reserve, Kaiama LGA, and Olodan Grazing Reserve, Ifelodun LGA for the Livestock value chain.
76. This Component will enhance the competitiveness of small, medium & large farmers to meet the supply of products according to industrial requirements as found in the AIH by way of introducing new automated machines and/or expanding the existing farms/plants for the existing farmers and access to capital to new farmers from youth and women to get involved in the livestock. To boost employment opportunities, the project will build and enhance the capacity of MSMEs, youth, and women-led enterprises through robust Business Development Service and entrepreneurship training for entrepreneurs to sharpen their business skills and create more jobs.
77. **Component-3. Consultancy Services:** Under this component, Design and Supervision Consultants will be engaged to produce the SAPZ master plans (detailed designs) for AIHs & ATCs and supervision of civil works and facility managers to undertake the operation and maintenance of the zones. The component will also support the services of Transaction Advisory Firms, which will assist private sector business to acquire plots and operate their specific processing facilities. Among others, the component will include procurement of Facility Managers.
78. Under this component, a communications and market branding strategy will be developed for the Nigeria SAPZ Project to raise awareness. The Project will also undertake annual investment promotion events to attract local and international investors to the respective AIHs and ATCs. This component will undertake a market-sounding exercise for each of the AIH locations to gauge private sector appetite and interest towards investing in the selected AIH, take into consideration investor requirements with regards to the development of the sites, and required incentives from the private sector perspective.
79. The SAPZ for Nigeria should support the national action plan for agricultural transformation that facilitates public private partnerships and foster a conducive business climate. This component will therefore contribute to: (i) improving enabling policy, legislation, and regulations for Agro-Industrial Zones in the country; (ii) enabling business environment (special regulatory regime) to support private sector investment, including One-Stop Shops, digital infrastructure, customs offices, immigration support, land access, contracts and permits in the Agro-Industrial Hubs; (iii) investment promotion, branding, and marketing of the agro-industrial zones; (iv) capacity building for staff of relevant public institutions; and (v) technical assistance for the review and mainstreaming of IT-based business registration & licensing systems, standard operating procedures for the SAPZ initiative in Nigeria. Specific and targeted support for policies, laws, rules, and regulations to address inefficiencies in agricultural value chains will be supported under this component.
80. **Component-4. Project Coordination and Management:** This component will support the establishment of a decentralized project implementation arrangement including the

establishment of a Special Delivery Team to be called Federal Project Coordination Unit (FPCU) within FMARD, and Participating State Implementing Units (PSIUs) at the State-level. Other services to be supported include training of FPCU and PSIUs staff, vehicles, equipment, and furniture. The staff will be seconded from the State departments. Oversight structures to be established are an Inter-Agency Steering Committee (IASC) and the FPCU at the Federal level and participating State Inter-Ministerial Steering Committees.

81. **Component-5. Financial Audit:** This component, financed fully by the IsDB, includes the services of an independent Financial Audit firm to carry out an annual audit of the project's (FCT, Kano, and Kwara) financial situation. A staff from the Office of the Auditor General of the Federation to be seconded to the FPCU to oversee the project's financial statements, its accounts, utilization of budget, special account, and other financial aspects as well as the technical aspects of the execution of the work.
82. **Component-6. Contingency Emergency Response (CER):** This standalone zero-value component is embedded in the project to allow for the use of the present project resources to cover emergency response activities by re-allocating Non-Disbursed funds amongst approved components upon request from the country.

Past Lessons Learnt and Reflected in Project Design

83. The Bank has gained useful experiences from its ongoing and previous operations across various sectors in Nigeria. Key lessons learned from the management of previous & ongoing agriculture sector interventions by the IsDB, AfDB, and IFAD can be summarized as follows: (i) closer collaboration with the private sector in the implementation process is required to accelerate Nigeria's transformation; (ii) to improve project quality at entry and start-up processes; (iii) improve procurement planning and implementation; (iv) to enhance project monitoring functions, disbursement management and financial compliance; (v) unrealistic financing conditions have delayed loan effectiveness; (vi) financing effectiveness has delayed processing of projects in general in the country as a result of delays in the signing of agreements; (vii) to ensure sufficient capacity development of project actors; and (viii) sharpen results framework and data collection for improved monitoring and evaluation.
84. Key success factors that are related to requirements for the planning and implementation of the SAPZ model in other African countries include political will, leadership and ownership of the process at the highest level; suitable legal and regulatory institutional frameworks; productive and remunerative employment creation and skills upgrading amongst others. The larger SAPZ Program has integrated these lessons into its design to ensure that public sector enabled and private sector is driven efficient and transparent systems are deployed in project conceptualization and implementation.

D. Project Thematic Orientation

Climate Change

85. **Climate Background:** The potential threats posed by climate change on Nigeria's short, medium, and long-term economic development and overall human wellbeing are enormous. Despite these threats, there are numerous opportunities offered through addressing climate change. As a signatory to the Paris Agreement, in 2015, the Government of Nigeria submitted its Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC). The NDC detailed the Government's plan to address climate change through mitigation and adaptation efforts, initiatives, and activities.
86. On mitigation, Nigeria's commitment includes plans to unconditionally contribute to reducing GHG emissions by 20% below BAU projections by 2030, and a conditional contribution of 45%, subject to a commitment of international support. The predominant mitigation actions considered under Nigeria's NDC that concurrently delivers development benefits are reducing air pollution, indoors and outdoors, with enormous immediate health and social benefits, and innovation in "clean" technologies that drive resource efficiency and produces more knowledge and jobs than those in "dirty" technologies and fiscal reform.
87. On adaptation, Nigeria's response focused on increasing resilience and managing the unavoidable impacts posed by climate change. The country aims to achieve climate change adaptation as an integrated component of sustainable development, reducing the vulnerability and enhancing the resilience and adaptive capacity of all economic sectors including water, agriculture, fishery and aquaculture, forestry and fight against desertification, biodiversity, health, tourism, housing, energy, transport, and urban development and of all people - particularly women, children, and resource-poor men - to the adverse impacts of climate change, while also capturing the opportunities that arise as a result of climate change.
88. **Project Alignment:** Climate change mainstreaming in this project aligns with the Bank's climate change policy pillars 1 and 2 – mainstreaming climate change in the Bank's operations and building climate resilience in member countries and SDG 13 – climate action.
89. **Project Climate Change Risk:** The proposed project's (Special Agro-Industrial Processing Zone) climate risk assessment shows high climate risk. The assessment of the project's climate change risks includes temperature increase (high risk), increase precipitation/rainfall (high risk), flooding (high risk), precipitation decrease (high risk), water shortage/availability (high risk), and radiation change (high risk) are the main climate risks.
90. The main climate change risks identified through the IsDB's climate change risk screening (Aware for Project Tool)¹² and ThinkHazard¹³ show similar risks for the same location (see **Annex-4**) including temperature increase, precipitation increase, and flooding and water

¹² Climate risk screening tool developed by Acclimatize Group Ltd

¹³ [ThinkHazard Nigeria Report](#)

shortage. The project's geological hazard exposure is low for the project location with no likely geological risk to the project.

91. **Project Climate Risks Implications and Mitigation Measures:** The main climate risks identified including temperature increase, precipitation increase, flood, water shortage/drought, and solar radiation change could worsen the exposure and hamper the long-term sustainability of the agriculture project including associated infrastructure and facilities. Furthermore, the vulnerabilities are enormous and could include (i) possible flood damage to agriculture infrastructure (including livestock and processing facilities) which could physically harm livestock or damage supporting equipment and facilities during a heavy downpour; (ii) reduced freshwater availability (water for livestock, plant, and servicing); (iii) reduced availability of pasture and feed supplies, decreased nutritional quality of forage, and potential overgrazing; (iv) heat stress can lead to diminishing feed intake; declining rates of growth, survival, and reproduction; and reduced production of meat, milk, eggs; (v) longer growing seasons and possible increased productivity in some areas; decreased risk of harm from extreme heat; and (vi) increased risk of disease; increased use of veterinary medicines.
92. Similarly, for agriculture processing facilities, the potential risks could include (i) physical damage to storage, processing, and distribution facilities/systems, causing delays, and increased maintenance requirements; disruption to operations due to power outages; (ii) increased risk of spoilage or contamination (e.g., aflatoxin) in storage, increased storage losses due to insects, increased refrigeration needs, which increase costs; (iii) extreme heat can damage transportation infrastructure (e.g., rail tracks and roads); disruption, delays, and increased maintenance requirements; and (iv) decreased availability and reliability of water for use in processing. More information is provided in **Annex-4**.
93. Based on this assessment, there is a potential for an increase in incidences where current agriculture processing zone infrastructure and facilities design standards will not be enough to address these risks especially in a rapidly changing climate which can have a significant impact on critical thresholds and design standards. Therefore, it would be prudent to design the agriculture infrastructure, processing zones, and associated facilities to be robust to these various climate risks in the short, medium, and long term. Specifically, the design, operational, and maintenance standards (including project planning decisions, project design, and construction methods) should be reviewed during the implementation – taking into consideration current impacts as well as potential future changes.
94. **Project's Potential Contribution to Climate Adaptation, Mitigation, and Resilience:** The project is a response to addressing food security needs and gaps and further increasing the economic productivity of agricultural activities in the project areas. If properly designed with robust climate resilience measures and low carbon options, the project offers an opportunity for building resilience within the agriculture sector on a large scale against flood risks, temperature change, water shortage, and excessive rainfall patterns. The project has the potential to contribute to a significant amount of climate and environmental benefits including support for installation of solar panels toward introducing clean energy alternatives across the facilities thereby reducing the project's

carbon footprint and reducing overall GHG emissions and encouraging the use of more sustainable energy options in the agriculture sector. For more information on the proposed climate risk mitigation measures proposed for the project (see Annex 4). It is expected that these measures be incorporated in the tendering documentation for the project during the bidding process.

95. Specifically, for greenhouse gases from livestock production, although livestock contributes substantially to the release of greenhouse gases, it is particularly vulnerable to climate change because livestock can only tolerate narrow temperature ranges. The project would enhance the capacity of farmers on designing buildings to cope with new climate and weather extremes more effectively, including the installation of more/new climate-smart equipment. Through the project, the building of adaptive capacity for project beneficiary communities & relevant stakeholders and capturing any opportunities arising from the climate change for the benefit of the communities will be considered. Management of solid waste as manure on the pasture land will be essential for this project. Therefore, the use of livestock feces to produce compost will be promoted by the project to restore soils.
96. During project implementation, the project would offer opportunities for the application environment standards and codes to be specifically followed and stated in the bidding documents towards implementation of environmentally sound options for energy use, effective use of materials, and reuse and recycle options for waste generated from the facilities especially livestock facilities. The various climate risk mitigation and abatement measures and options discussed during the appraisal stage of the project are expected to be adequately incorporated at the project implementation phase of the project.
97. **General Assessment of Executing Agency:** Based on the information provided, the EA has vast experience working with International Financial Institutions including African Development Bank (AfDB), International Fund for Agricultural Development (IFAD), and World Bank (WB). The EA also confirms it has experience working on climate exposure in the drylands and issues around energy transition. The mission recommended that a dedicated climate and environment specialist be assigned to ensure the adequate implementation of the climate risk mitigation options and environmental risk for the project.

Environment and Social Safeguards

98. The larger SAPZ Program has been classified as AfDB Category 1 in accordance with the Integrated Safeguards System (ISS) and national legislation. The validated category is based on the large-scale, multisector and sensitive nature of the Program. The SAPZ program consists of several interventions of which 8 AIH have been identified by the participating States, out of which IsDB financing for SAPZ Project will cover 3 AIH at FCT, Kano, and Kwara. In line with national legislation and the ISS, the State Governments are required to prepare Environmental and Social Impact Assessments including Resettlement Action Plans and/or Livelihood Restoration Plans where applicable. Additionally, all associated facilities and investments equally require the applicable Environmental and Social Assessments (ESIAs, RAPs LRP, Audits, etc.), to be prepared

for disclosure by the States. Each of the potential implementation partners (BOI, and NIRSAL) is required to prepare an Environmental and Social Management system for disclosure on their websites.

99. Prior to the identification of locations for the program's financing, Environmental and Social Management Frameworks (ESMF) for the four clusters of the program was prepared by the States (including IsDB funded States – FCT, Kano, and Kwara) and disclosed by the AfDB on 15 January 2021.
100. Measures to mitigate the adverse impacts of the project already disclosed are detailed in their respective ESMPs by State. These include the preparation of agrochemicals management plans; siting projects away from ecologically sensitive areas; applying the waste hierarchy during preconstruction and construction phases; using dust suppression techniques; pretreating and testing wastewater before discharges into controlled waters, etc. To ensure effective implementation of the IsDB Financed SAPZ Project's E&S actions, it is estimated that US\$ 1.2 million will be required. This has been factored in the Project detail cost tables (US\$400,000 per State).

Women and Youth Empowerment

101. **Women Empowerment:** Nigeria ranks 41 among 51 countries for overall gender equality score on the Africa Gender Index 2019. Women are important actors in the Nigerian agricultural sector, as female smallholder farmers constitute 70-80 percent of the agricultural labor force. They are mainly involved in small-scale production of crops and vegetables (e.g. maize, cassava, pepper, etc.), informal and primary sorting and processing, poultry, and aquaculture as well as trading.
102. Gender perspectives are being integrated into Project formulation in line with the National Gender Policy 2006 and National Gender Policy Strategic Framework (2008) and other relevant policies while taking due cognizance of the IsDB's Gender Policy. The Project will benefit both men and women through equitable employment and economic opportunities and will target at least 50% women participation as the Federal Government recommends.
103. The proposed Gender Actions include: (i) needs assessment and design of gender-friendly infrastructure in Agro-Industrial Hubs; (ii) development of gender guidelines (which encourage women's participation in activities across the value chains) for Agro-Industrial Hubs, Agriculture Transformation Centres and Aggregation Centres; (iii) introduction of gender-friendly and climate-smart agricultural technology; (iv) sensitization workshops for women agricultural cooperatives and Women-led SMEs (WSMEs) on climate-smart agricultural technologies; (v) leadership academy and capacity building training for women; (vi) reflection of gender responsiveness/affirmative action for equal access of men and women to productive resources and inputs; (vii) prevention and response to Gender Based Violence (GBV) using the existing referral mechanisms.
104. Furthermore, in order to reduce the persistent gender gaps, the project will implement comprehensive gender responsive activities both at the level of upgrading female farmers' agricultural technologies and the broader gender mainstreaming in the project area. The

Gender Actions will also mitigate the potential negative risks, such as increased GBV and STDs transmissions by relevant sensitization and responsive activities.

105. **Youth Empowerment:** Nigeria is ranked 141st among 183 countries on the Commonwealth Global Youth Development Index. The Federal Ministry of Youth and Sports Development (FMYSO) is charged with the responsibility of coordinating, planning, researching, training, monitoring, and evaluating projects which are necessary for the development of youth and sports in Nigeria. The ministry aims to address the following: youth unemployment, entrepreneurial skills gaps, participation in governance, value orientation and leadership training, improvement of the quality of the citizenry, and the development of the sports sector to world-class. The FMYSO has four parastatals, the National Youth Service Corps (NYSC), the National Citizenship and Leadership Center (NCLC), the Nigeria Football Federation (NFF), and the National Institute of Sports (NIS).
106. The National Youth Policy and Strategic Action Plan first adopted in 2001 and revised under the National Youth Policy (2019)¹⁴, is the operational policy framework for the youth sector. The policy's goal is to promote the enjoyment of fundamental human rights and protect the health, social, economic, and political well-being of all young men and women to enhance their participation in the overall development process and improve their quality of life¹⁵.
107. The Project is expected to generate significant socio-economic benefits in terms of youth employment and empowerment and increased availability of safe, diverse, and nutritious processed foods to contribute to improved food and nutrition security. Temporary jobs would be created during the construction and operation of the facilities. It is also expected to boost economic development, contribute to increased household incomes and wellbeing, and alleviate poverty.

E. Project Cost and Financing Plan

Program Cost

108. The total estimated cost for the overall SAPZ Program (seven States and FCTA) is US\$ 575.67 million. The contribution of each financier is presented in the following table:

Table-1: Total Program Cost

Sr. No.	Name of Financiers	Amount (\$ million)	%
1	AfDB	160	28%
2	IsDB	150.52	26%
3	IFAD	100	17%
4	AGTF	50	9%

¹⁴ <https://www.prb.org/wp-content/uploads/2020/06/Nigeria-National-Youth-Policy-2019-2023.pdf>

¹⁵ FGN 2009, op.cit:10

5	IGREENFIN	60	10%
6	FEDERAL GOVT.	0.08	0%
7	BENEFICIARY STATES	55.07	10%
Total Project Cost		575.67	100%

IsDB Financing Plan

109. The total cost for SAPZ Project covering FCT, Kano, and Kwara States is US\$ 217.10 million. The IsDB will contribute US\$ 150.52 million covering 70% of the cost in these three (3) States. IFAD is co-financing (parallel) the Value Chain activities in Kano with IsDB for an amount of US\$ 22.75 million (10%). The Federal and States Government contributions will be US\$ 43.83 million (20%). A detailed financing plan by State is available in **Annex-5**.

Table-2: Financing Plan (IsDB)

Amount in US\$ million

Sr. No	Component	IsDB						IFAD		Govt. (FCTA, Kano, Kwara)		Total	
		Service Ijara (Step-1)		Installment Sale (Step-2)		Total IsDB		Amt	%	Amt	%	Amt	%
		Ant	%	Amt	%	Amt	%						
1	Infrastructure Development and Agro-Industrial Hubs Management	-	0%	121.61	100%	121.61	79%	-	0%	31.74	21%	153.35	71%
2	Agricultural Productivity and Production	-	0%	5.33	100%	5.33	16%	21.44	64%	6.90	21%	33.67	16%
3	Consultancy Services	12.47	100%	-	0%	12.47	93%	-	0%	0.99	7%	13.46	6%
4	Project Coordination and Management	3.71	97%	0.12	3%	3.83	62%	0.22	4%	2.11	34%	6.16	3%
5	Financial Audit	0.38	100%	-	0%	0.38	100%	-	0%	-	0%	0.38	0%
6	Contingency Emergency Response Component	-		-		-		-	0%	-	0%	-	0
Base Cost		16.55	12%	127.06	88%	143.60	69%	21.66	10%	41.74	20%	207.01	95%
Contingencies		0.83	12%	6.09	88%	6.92	69%	1.08	11%	2.09	21%	10.09	5%
Total Program Cost (FCTA, Kano & Kwara)		17.38	12%	133.15	88%	150.52	69%	22.75	10%	43.83	20%	217.10	100%

110. As indicated in the above table, the IsDB will provide a total of US\$ 150.52 million covering almost all activities in FCTA, Kano, and Kwara, and part of FPCU costs at the Federal level. IFAD will support the interventions under Component-2 in Kano (covering the value chain activities). IFAD will also cover part of the Coordination and Management cost. The State Governments' contributions cover mainly soft activities except for FCT where some civil works will also be undertaken by FCT.

111. In addition to the proposed financing and institutional support instruments available for eligible borrowers in agribusiness and SMEs space, the Bank of Industry (BOI) would be a partner to the overall SAPZ Program for financing specifically dedicated to supporting enterprises and companies (will be providing loans at concessionary rates) that elect to

locate within the zones. This is expected to boost the participation of large enterprises and SMEs as well as incentivize additional resource mobilization.

Alternatives Considered and Reasons for Rejection

112. Virtually all States in the different geographical clusters are interested in participating in the SAPZ Program in Nigeria. However, they are at different levels of readiness and have different potential for contributing to project development objectives. Available funding is also limited. A programmatic approach of development has therefore been adopted. Each phase of development would primarily cover a number of States, including the SAPZs in three States financed by the IsDB under the proposed project, that would have fulfilled a set of readiness criteria¹⁶ given the funding constraints. To maximize the use of available funds, create the enabling investment environment, and ensure sustainability, the financing would be used for the development of site-and-services facilities to attract private sector-led investment in specific processing zone infrastructure and across the ecosystem of enterprises feeding into the SAPZs.
113. To maximize benefits to the whole Nigerian economy, the design also provides for the development and operationalization of Agro-Industrial Hubs, in areas of high agricultural production with due consideration for complementarity with existing or completed Bank/IFAD-funded projects (i.e. LLF Kano; NGA1007). The catchment area for each hub may extend over multiple States. In particular, synergies will be built the existing and completed programs of the United Nations Industrial Development Organization (UNIDO), within the framework of its Country Program for Nigeria and specific projects on off-grid renewal energy solutions for productive activities, SME development through entrepreneurial skills development, investment promotion, and technology transfer through its network of Investment and Technology Promotion Offices (ITPOs), including in Nigeria.

Table-3: Project Alternatives Considered and Reasons for Rejection

Alternative name	Brief description	Reasons for rejection
Conventional Government fully managed one-side project that does not foster the link between production to processing/value addition	Government provides: (a) the development & management; (b) focusing on either supply side or demand side; (c) no consideration for the role of private sector full range of agro-industrial processing facilities. No deliberate effort to use agriculture for agro industrialization.	(a) Business opportunities for agriculture are missing (b) Government's main role in development is to create the enabling environment. (c) Private sector is best suited to take advantage of viable investment opportunities.

F. Implementation Arrangements

¹⁶ The readiness criteria includes obtaining a financing request from FMFBNP; completion of feasibility studies; completion of preliminary ESIA/ESIA studies; determination of priority commodity value chains; determination of site/ location of the infrastructure and last but not least; confirmed budget/equity contribution from the states.

Executing Agency

114. The Executing Agency for the SAPZ Project is the Federal Ministry of Agriculture and Rural Development of Nigeria (FMARD) working with the relevant core ministries in the country. FMARD is the ministry of the Federal Government that regulates agricultural research, agriculture & natural resources, forestry, and veterinary research all over the country. FMARD also has the responsibility of optimizing agriculture and integrating rural development for the transformation of the Nigerian economy, to attain food security and position Nigeria as a net food exporter for socio-economic development. The FMARD will execute the project with relevant State Ministries of Agriculture, who are the key Implementing Agents at the regional level. The EA has implemented various projects in the sector financed by international donors. Currently, they are managing 16 projects financed by AfDB, FAO, IFAD, World Bank and USAID.

Institutional Arrangements

115. A common implementation management framework is established to implement the SAPZ Project supported by all co-financiers following the federal nature of Nigeria's administration. The framework consists of (i) High-level strategic guidance and overseeing SAPZ Project implementation; (ii) Project execution and delivery; and (iii) Support in private sector management.

(i) Project Steering Committees

- Strategic direction and policy guidance for the SAPZ Project will be provided by an **Inter-Agency Steering Committee (IASC)** – chaired by the Minister of Finance, Budget and National Planning. The membership will include Federal Ministers of Agriculture and Rural Development, Industry, Trade & Investment, Water Resources, Works, Power, and representatives of the participating States and FCT. It will meet twice a year.
- Oversight for the SAPZ Project will be provided by a **Federal Inter-Agency Technical Committee (FIATC)** chaired by the Minister of Agriculture and Rural Development and comprising an official from the Federal Ministries of Finance, Water Resources, Trade and Industries, Power, Works & Housing, and Women's Affairs. The committee will hold quarterly sessions every year. The Steering Committee will provide support, guidance, and oversight of the progress of the Project implementation.
- At the States level, the project will also have **Inter-Agency Steering Committee (IASC)** – chaired by the Governor/Minister. The membership will include Commissioners of Agriculture and Rural Development, Finance/Planning, Industry, Trade & Investment, Water Resources; Works, and Power. It will meet twice a year.
- In each state, the SAPZ Project will support the set-up of a **State Inter-Agency Technical Committee (SIATC)** to be chaired by the Commissioner/Secretary of Agriculture and comprise representatives of key relevant ministries within the state (Finance/Planning, Industry, Trade & Investment, Water Resources; Works, and Power). The function of the SIATC is to provide oversight to the project delivery units at the state level. The SIATCs

will meet twice a year to review and clear the annual work plan and budget of the Project at the State level, as well as review and assess implementation performance.

- The SAPZ Project oversight committees, i.e. the IASC, FIATC, and SIATCs are Government-led and will continue their operations throughout the project implementation.

(ii) Project Implementation

- A joint **Federal Project Coordination Unit (FPCU)** funded by the federal and state governments, AfDB(financing other States within the larger SAPZ Program), IsDB, and IFAD will be established under the leadership of FMARD. The FPCU will serve as the secretariat of the FIATC and will coordinate the implementation of the SAPZ Project at the national level. The FPCU will provide technical support to staff, undertakes coordination of Project activities, and is responsible for consolidating the Annual Work Program and Budget (AWPB) and progress reports from the participating states for approval by the FIMTC, AfDB, IsDB, and IFAD. It ensures regular supervision, monitoring, and publicity of Project activities.
- At the state level, the SAPZ Project will establish **Participating States Implementing Units (PSIUs)**. The main functions of PSIU include: (i) project planning, implementation, and monitoring; (ii) preparation of the annual work plan, procurement, and budget (iii) supervising the implementation of the work program, organizing periodic reviews and fiduciary reporting; (iii) preparation of quarterly and annual project implementation reports; (v) monitoring and supervision of the established sub-projects; and (vi) reporting to the SIATC and FIATC.

(iii) Private Sector Management:

- At inception, a Transaction Advisory Firm (TAF) would be competitively selected as per the IsDB procurement guidelines. In line with international best practices, the TAF will assist to select teams of engineering consultancy firms to support the procurement of the Design as well as qualified contractors for undertaking civil works. The multi-disciplinary team of engineering consultants – Engineering Management Company (EMC) is necessary to coordinate the consultancy services for design and contracting for enabling infrastructure. The TAF will ensure that the design, master plans, and market feasibility of SAPZs are demand-driven, meet customer needs, are commercially viable, and bankable.
- The multi-disciplinary consulting engineering consultancy firms to be competitively procured will carry out the marketing of the SAPZs, identification of tenants for the AIH, the supervision of works and operations of the SAPZs.

Implementation Plan and Project Readiness

116. **Implementation Plan:** Overall project implementation period will last five (5) years starting from the date of the first disbursement. The Project milestone dates are given in the table below and the tentative Project Implementation Plan is provided in **Annex-6**.

Table-4: Key Implementation Dates

	Key Milestones	Planned Date	Final/Terminal Date
1.	Project Approval by IsDB Board	Dec 2021	
2.	Signing of Financing Agreement	Mar 2022	6 months from approval
3.	Project Effectiveness (Step-1)	Service Ijara Step 1: June 2022 Instalment Sale Step 2: Dec.2023	6 months from signing 18 months after signature
4.	Set-up PSIU	Jun 2022	
5.	Transaction Advisory Firm and EMC Selected/Contracted	Jul 2022	
6.	First Date of Disbursement (FDD)	Sep 2022	6 months from effectiveness
7.	Project Start-Up Workshop/First Supervision Mission by IsDB	Jun 2022	
8.	Delivery of Detailed Designs for Civil Works (1 st batch)	Dec 2022	
9.	Procurement of Works/Contract Award (1 st batch)	Jun 2023	
10.	Project Effectiveness (Step-2)	Jun 2023	
11.	Project Mid-Term Review	Dec 2024	
12.	Physical completion of all activities	Jun 2027	
13.	Project Last Date of Disbursement	Sep 2027	5 years from FDD
14.	Project Financial Closure (incl. final audit)	Dec 2027	6 months from LDD

117. **Project Readiness:** The Executing Agency has relevant experience in managing projects financed by Multilateral Development Banks (MDBs). Due diligence on fiduciary aspects has been carried out and appropriate measures are put in place for effective project implementation considering the risk-based approach to ensure quality at entry. The SAPZ Project, is a priority for the FGN, as it aims to increase household incomes and foster job creation in rural agricultural communities, especially for the youth and women, enhancing food and nutritional security in Nigeria. Hence, the project is expected to go through smooth signing and effectiveness process.
118. The project sites for all states are identified based on feasibility studies developed, and the key scope of works determined. Detailed designs will be developed during the Year-1 with the engagement of an experienced engineering firm competitively selected from the IsDB Member Countries. Environment and Social Impact Assessment (ESIA) was developed during the project preparation stage with the support of AfDB and AfDB policy will follow during implementation. Public disclosure was conducted through organizing stakeholders' consultations and placing the ESIA reports on the AfDB and IFAD web portal. Comprehensive Environment and Social Management Plan (ESMP) will be developed

during the Year-1¹⁷, which will be integrated into the bidding documents and managed during the construction phase. Preliminary gender analysis and needs assessment were undertaken to consider designing gender-friendly infrastructure in AIHs, which will be further fine-tuned during the project implementation through the engagement of consultants.

IsDB Project Monitoring and Implementation Support Plan

119. The IsDB's project monitoring will be primarily based on periodic reports and surveys that PSIU will be submitting to the IsDB following project commencement. The reports will detail the progress including project achievements, problems encountered, and mitigation actions. The reports will also include project performance, financial, and procurement monitoring activities. The procurement plans will require to be updated at least once every year and submitted to the Bank for review. The reporting system will also focus on outcomes, efficiency, and quality and will be consistent with adequate reporting standards.
120. The Bank's post-approval support will be close follow-up by the Regional Hub Abuja with concerned authorities to ensure timely signature, the effectiveness of the project, and withdrawal of funds from IsDB proceeds. The FGN will require to comply with the timeframe allocated for each process within six (6) months to avoid automatic cancellation of the project as per the IsDB policy. A project start-up workshop will be organized by IsDB to familiarize the EA, FPCU, PSIU, and other key stakeholders on IsDB procedures and policies once relevant project teams are established from the beneficiaries' side. The start-up workshop will also validate project interventions and elaborate in detail the Project implementation arrangements, including the project implementation schedule and procurement plan.
121. The IsDB would conduct project supervisions missions at least once a year and will prepare Project Implementation Assessment and Supervision Reports (PIASR). In addition to regular reviews, a comprehensive mid-term review of the project will be carried out with the involvement of representatives of the Project Steering Committees. A mid-term review will, among others, assess the overall performance of the project and the need for changes in its design, budget reallocation, and modification of KPI targets (if required) to ensure timely achieving the project objectives. A final project completion mission will be undertaken by the IsDB at the end of the project implementation to prepare IsDB's Project Completion Report. A list of IsDB planned missions (tentative) is provided in the table below:

Table-5: IsDB implementation support

Mission Type	Indicative Date (Quarter/Year)
Start-up workshop & Supervision #1	Q2/2022
Supervision # 2	Q2/2023
Supervision # 3	Q3/2024
Mid-Term Review/Supervision # 4	Q3/2025

¹⁷ AfDB policy will be followed.

Supervision # 5	Q3/2025
Supervision # 6	Q3/2026
Completion (PCR)	Q2/2027

122. The detailed Project Implementation Arrangements are available in **Annex-6**.

G. Fiduciary Due Diligence

Procurement Arrangements

123. The procurement of IsDB financed components will be as per the provisions contained in the Guidelines for the Use of Consultants under Islamic Development Bank Financing and the Guidelines for the Procurement of Goods and Works under Islamic Development Bank Financing (April 2019 edition) shall apply in the procurement of goods, works, and services under the project.
124. Federal Ministry of Agriculture and Rural Development (FMARD) is the Executing Agency and shall be responsible for the Engagement of Transaction Advisory Firms and Audit Firm.
125. Participating State Implementation Unit (PSIU) shall be responsible for carrying out procurement activities financed by the Bank, in accordance with the Bank’s guidelines. All Procurement shall be subject to prior review by the Bank.
126. A Procurement Specialist with experience in Multilateral Development Banks (MDBs) procurement may be appointed or seconded as staff of the State Project Implementation Unit (PSIU). However, IsDB will provide hand-holding support to the PSIUs as and when needed on IsDB procurement and procedures
127. Procurement of Works, Goods, and Services will be procured in accordance with the IsDB procurement Procedures using the Bank’s Standard Bidding Documents. The Standard IsDB Bidding Documents, Requests for Proposals, and Procurement Guidelines will be made available to the PSIU for use.
128. Based on the procurement findings and reviews that included lessons learned from past and ongoing IsDB projects, the capacity of the FPCU/SPIU, internal and local procurement processes, and potential market, the proposed procurement modes of the IsDB financed components are outlined below.
129. **Modes of Procurement:** Following are the proposed mode of the procurement:
- The Procurement of Access and Internal roads network will be conducted through International Competitive Bidding/Open (ICB/Open). The justification for selecting International Competitive Bidding/Open is because of the amount and to ensure participation and competition among Companies/Firms across the world, with exposure and adequate experience and expertise for such assignments, with a margin of preference for domestic contractors in line with the country policy.
 - Construction of Abattoir, Livestock and Hide and Skin infrastructures (in Kano State) will be conducted through International Competitive Bidding limited to Member

Countries (ICB/MC) Process. The justification for selecting ICB/MC is because of the amount and complexity of the job and there are competent Companies with expertise and competencies to compete for the Jobs in IsDB Member Countries.

- Other Civil Works such as constructions of offices, centers, rehabilitation of dams, etc, will be conducted through the National Competitive Bidding (NCB) Process. The justification for selecting NCB is because the jobs are not complex and there are competent National Companies with expertise and competencies to compete for the Jobs.
- The Shortlist of International firms will be used for the recruitment of transaction Advisory Firms and the method of selection is Quality and Cost Base Selection (QCBS/Open). International shortlist is chosen to ensure participation and competition among firms across the world, with exposure and adequate experience and expertise for such consultancy.
- Procurement of Goods (such as equipment, vehicles, furniture, seeds, and fertilizer) and (Livestock, Hide and Skin activities for Kano state) would be through National Competitive Bidding (NCB). NCB is chosen because the Goods are of low value, and available in the local market.
- The shortlist of national firms will be used for the recruitment of design and supervision consultants, private facility managers, an audit firm, and the Selection Method for design and supervision consultants is QCBS/LC. While for the audit firm, the mode of procurement is Least Cost Selection (LCS/LC). National shortlisting is chosen because of the amount and the fact that qualified consultants are available in Nigeria.
- The selection of staff for SAPZ Project may be selected/appointed consisting of Project Coordinator, Financial Management Officer, Procurement Officer, M&E Officer, the Environmental and Social Safeguard Officer, Infrastructure Engineer, Agricultural Productivity Officer, Knowledge Management and Communication Officer, Livestock Specialist and Development Communication Officer, etc will be seconded from the States and Federal Government whereas the PPP expert will be recruited competitively. IsDB no objection will be obtained for the final selection of staff both at the States and Federal level.

130. National Shopping (NS) for SPIU Office Furniture, Vehicle and Equipment. National Shopping is chosen because of the amount and the Goods are easily available in Nigeria. The procurement arrangements are summarized as follows:

131. The table below summarizes the procurement arrangements and methods to be adopted for the project while detailed procurement arrangements are mentioned at **Annex-7**.

Table-6: Procurement Arrangements

Project Components	Goods and Works				Shortlist Services		
	ICB	ICB/ MC	NCB	NS	MC	National	International
Component-1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management							
WORKS							
A. Ground and Site Works							
Civil Works for Infrastructural Development and Agro-Industrial Hubs (AIHs) Management (Ground and Site Clearance, Compound Wall Fencing, Gate and Gate house and Security Outpost)			X				
Civil Works for the non-processing facility (Administration Office, R&D Centre and Disaster Management, QA & QC Lab, Knowledge Centre and ICT, Industrial Job Placement Center, Community Vocational Centre, Health Centre, and Recreational/Playground)			X				
Civil Works for Processing Zone Support Facilities (Livestock Veterinary Clinics, Livestock Service Centre, Livestock Breeding Centre, Livestock Loading and Unloading Bays, Abattoir, Hide and Skin processing area, and Livestock Quarantine Zone)			X				

Civil Works for Common infrastructure and utilities (Fire Station, Sewage and Effluent Treatment Plant, Water Facility (boreholes, surface tank, overhead tank on hill and reticulation), Water Treatment Plant, Sewage and Effluent Treatment Plant, Solid Waste Management, and Public Toilets)			X				
Civil Works for Common infrastructure and utilities (Power Facility)			X				
Civil Works for Access and Internal Road Network, (including General Street Lights (Solar Power), Culvert, Drainage, and Truck Parking area)	X						
Civil Works for for construction of Abattoir, (in Kano State)		X					
GOODS							
Procurement of Equipment and Furniture for the processing zone and for support facilities			X				
Component-2: Enhancement of Agriculture Production and Productivity (ATCs & IRRIGATION INFRASTRUCTURE)							
WORKS							
Civil Works for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation			X				
GOODS							
Procurement of Equipment and Furniture for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation			X				
Procurement of high yield seeds, CPPs, fertilizers and Vehicles (livestock, Hidew and Skin activities for Kano State) etc. to Farmers			X				
Component-3: Consultancy Services							
SERVICES							
Training on Investment Promotion, Branding and Marketing of the Agro Industrial Zones, and Technical Assistance for Enabling Business Environment and Relevant Incentives to Support Private Sector Investments.						X	

Engage of Transaction Advisory Firms for FCT, Kano and Kwara States.*							X
Design and Supervision Consultancy Service for Civil Works structures for Ground and Site Clearance, Processing Zone and Non-Processing Zone facilities**						X	
Design and Supervision Consultancy Service for Civil Works for the water treatment plant and related services (boreholes, surface tank, overhead tank on hill and reticulation)**						X	
Design and Supervision Consultancy Service for Civil Works for Access and Internal Road Network, (including General Street Lights (Solar Power), Culvert, Drainage, and Truck Parking area)**						X	
Design and Supervision Consultancy Service for Civil Works for Water Treatment Plant, Sewage and Effluent Treatment Plant, Solid Waste Management, Public Toilets and Abattoir.						X	
Design and Supervision Consultancy Service for Civil Works for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation**						X	
Engagement of Private Sector Facility Managers**						X	
Component-4: Project Coordination and Management							
Engagement of PMU staff***						X	
Procurement of PSIU office equipment, vehicles and furniture				X			
Component-5: Financial Audit							
Procurement of Audit Firm****						X	

Notes: ICB (International Competitive Bidding open to non-Member Country firms), ICB/MC (International Competitive Bidding limited to Member Countries), NCB (National Competitive Bidding), NS (National Shopping), IS (International Shopping)

* QCBS/Open (Quality and Cost Based Selection among a International Short-list), ** QCBS/LC (Quality and Cost Based Selection among a National Short-list), ***the PPP Expert will be selected on IC/LC (Individual Consultant among Short-list of Local candidates) the rest of the Staff will be seconded from the States Departments, **** LCS/LC (Least Cost Selection among Short-list of Local firms),

132. During the start-up workshop, IsDB would familiarize the FPCU/PSIU staff with various IsDB Procurement and disbursement Processes.

Project Financial Management and Audit Arrangements

133. Due to the constraints imposed by COVID-19, a virtual assessment of the EA under which the PMU will be housed was conducted to ascertain its capacity to ensure that (i) project funds are used efficiently and economically; (ii) periodic, accurate, reliable, and timely financial reports are prepared; (iii) project assets are protected; and (iv) audit reports are submitted on time; and (v) adequate internal controls are in place. The Project Financial Management (including planning and budgeting, accounting, internal controls, treasury and asset management, financial reporting, and external audit) at the Federal level will be under the responsibility of the FMARD. At the State level, the respective State level, the

respective State Government's Ministry of Agriculture (MoA) will constitute separate PSIUs for the implementation of this Project. The EA will assign a qualified accountant and an internal auditor cleared by the Bank to the PMU.

134. The outcome of the financial management assessment of the project indicated that there is a moderate financial management risk due to its nature that is being implemented across a wide spread of areas in the two States and FCT necessitating the need for proper coordination given the inherent weakness in internal controls based on Bank experience in the ongoing projects.
135. To further strengthen the above FM environment, the following measures will be adopted under the IsDB financed SAPZ Project (i) strengthening the Project Management Unit's capacity regarding Bank financial management rules and procedures during the project startup workshop; (ii) the preparation of an accounting and financial procedures manual for the project; (iii) internal deployment or external recruitment of a dedicated qualified accountant/financial management and assistant accountant to the PMU; and (iv) oversight of the PMU financial activities by the internal control function of the EA.
136. **Financial Reporting:** In accordance with the Bank's financial reporting and auditing requirements, the FPCU will prepare and submit unaudited quarterly interim financial reports and the annual financial reports of the project in accordance with International Financial Reporting Standards. The interim financial reports will be sent to the Bank no later than 45 days after the end of the semester while the annual financial reports shall be audited by an independent external auditor and must be submitted to the Bank no later than six months after the end of each audit period. The recruitment of the external auditor will be based on terms of reference (TOR) approved by the Bank.
137. **Financial Audit:** The projects' annual financial audit will be conducted by an independent external audit firm acceptable to the Bank and will be performed in accordance with international auditing standards. The shortlist of audit firms will be drawn from the Audit Service of Nigeria's database of qualified private audit firms, the recruitment will be in accordance with the Banks' procurement policies and guidelines. Audit reports must be submitted to the Bank no later than six months after the end of each fiscal year. The auditor will also provide a letter to management on internal control procedures, including recommendations for the improvement of the control system, as well as accounting and financial procedures. This letter will accompany the audit. The ToRs for the appointment of the auditor will be reviewed and cleared by the Banks' PFM unit. There will be a central FPCU responsible for the recruitment of the external auditor who will undertake the audit of Beneficiary States (FCT, Kano, and Kwara).
138. In addition, a staff from the Office of the Auditor General of the Federation to be seconded to the FPCU to oversee the project's financial statements, its accounts, utilization of budget, special account, and other financial aspects as well as the technical aspects of the execution of the work.
139. For special account replenishment, the Auditor shall regularly carry out concurrent verification to verify and confirm that funds were utilized for eligible expenses and reflected fairly in the statement of expenditures. The auditor will also carry out the final

audit of the entire Project before closing the project accounts and bringing to the management's attention any issues, which need to be addressed.

140. Further details of financial management is mentioned in **Annex-8**.

Project Disbursement Arrangements

141. All the disbursements of the IsDB funded SAPZ Project will be undertaken as per the procedures and guidelines of the Bank. Due to the nature of the project, the activities (civil works, goods, consultants, etc.) will involve several stakeholders.
142. The disbursement will be made through direct payment and to the Special Account after the presentation of the supporting documents (invoices and other related documents) and it will be specified in the Disbursement letter. Once approved, disbursement requests as per the IsDB template will be prepared by the executive agency and sent to IsDB through the Federal Ministry of Finance, Budget and National Planning.
143. The civil works, Goods, consultant services, and financial audit (Component 1, 2, 3, and 5) will be paid through direct payment. Any advances made for contracts will be secured by a bank guarantee and civil work contracts will be secured by performance-based bonds and/or a retention amount withheld.
144. The project funds relating to support to the Project Coordination and Management (Component 4) will be disbursed to the dedicated Special Account with a ceiling of US\$ 1.2 million based on the forecasted 6 months expenditure for the project for running costs, other relevant expenses. The replenishment of the Special Account can be made only based on a certificate/report from the Auditor that the funds for which replenishment is sought have been used for the intended purposes. For the smoothness of the special account, every state (FCT, Kano, and Kwara) shall open a special-account at their level and the audit report will consolidate them for the audit. The Maximum amount to be financed out of the special account is US\$ 3.71 million with a ceiling of US\$ 1.2 million (US\$ 0.40 million per beneficiary state).
145. Supporting documentation will be retained by the Federal Ministry of Agriculture and Rural Development of Nigeria (FMARD) for review purposes by Bank missions and external auditors. Any advances made for contracts will be secured by a bank guarantee and civil work contracts will be secured by performance-based bonds and/or a retention amount withheld.
146. Additional information regarding the project's disbursement arrangement is provided in **Annex-9**, while the tentative disbursement plan is shown in the following table:

Table-7: Tentative Disbursement Plan

Years	Amount (\$ million)	%age
Year-1 (2022)	7.65	5%
Year 2 (2023)	42.83	28%
Year-3 (2024)	54.67	36%
Year-4 (2025)	41.28	27%
Year-5 (2026)	4.10	3%

Total (including contingencies)	150.52	100%
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H. Project Results and Monitoring

Key Development Results Indicators

147. The SAPZ Project aims to contribute to the national target of increasing household incomes and fostering job creation in rural agricultural communities, especially for the youth and women leading to enhanced food and nutritional security in Nigeria. This will be achieved through the development of eight (8) modern Agro-Industrial Hubs (AIHs)¹⁸, building enabling environment to attract private sector investment, capacity development, and introducing new technologies. The IsDB will finance the establishment of 3 AIHs and 10 ATCs, which is expected to achieve the following key outcomes after the completion of the first phase of the Project:
- (i) Increase in investments by private sector companies within the AIHs to US\$ 375 million;
 - (ii) Creation of 185,000 new jobs, including 50% for Women and 50% for Youth;
 - (iii) Increase in the yields of key crops by at least 50%;
 - (iv) Reducing Post-Harvest Losses within the catchment area by at least 10-20%.
 - (v) Average increase of small producers/farmers income by 25% (baseline: average US\$ 600/months)
148. The Output level indicators will be measuring the following KPIs:
- (i) Service Infrastructure developed for the AIHs;
 - (ii) Enabling economic infrastructure provided for value chain development;
 - (iii) Farm-level infrastructure developed;
 - (iv) Certified inputs provided to farmers in the vicinity of AIHs;
 - (v) Skills of value chain actors developed;
 - (vi) Development/ strengthening of enabling Policy, and Regulation for SAPZs; and
 - (vii) Technical assistance and capacity building for staff of relevant public and collaborating institutions.
149. The key performance indicators measuring the progress toward achieving the main project outcomes are summarized below, while a detailed Results Based Logical Framework is provided in **Annex-1**:

Monitoring and Evaluation of Outcomes/Results

150. Progress towards achievement of the project implementation will be monitored through the indicators as defined in the Project Logical Framework. At the project start-up, consultants will be commissioned to undertake a baseline survey, establish a Management Information System to be operated by the Project's Monitoring and Evaluation (M&E) Officers. A baseline survey will set the current condition at the field level and validate/define the baseline data, including the development of interim targets and monitoring arrangements.
151. The main objectives of the Project's M&E system will be to inform and guide decision-makers and stakeholders, the FPCU, and PSIUs on the performance of the Project

¹⁸ Of which three (3) are financed by the IsDB under the proposed project.

implementation from a result-based management perspective, and assess and document the outcomes and impact of the Project. The M&E system should provide periodic, complete, and reliable data and information to allow the assessment of Project performance and Project results. The FPCU will put in place M&E tools and procedures according to Government's monitoring framework and respond to respective funding agent monitoring requirements. Requirements will be consolidated and harmonized in order to have a common mechanism for monitoring the Project's development results.

152. The SAPZ Project will prepare standardized progress reporting formats for each participating stakeholder in consultation with the funding agencies to ensure that these formats meet the required standards of the IsDB. This will also allow consistency and ease of reporting throughout the Project. The FPCU jointly with PSIU will report to financiers on a quarterly basis covering progress during the quarter and cumulative progress against AWPB targets and Project core performance indicators. Moreover, FPCU will be required to produce a progress report and updated logical framework for each supervision mission. In addition, the M&E unit will be required to conduct periodic field visits to capture progress, challenges, and lessons learned.
153. The Project Mid-Term Review in Year-3 will revisit the KPIs to ensure their feasibility to achieve and make necessary adjustments/corrections to the quantifiable targets, as required. A participatory final evaluation will be conducted to undertake a project impact assessment. The evaluation will include a beneficiary survey in order to assess the level of satisfaction and other relevant indicators such as estimated time and cost savings arising from the project, changes in behavioral practices, and related factors.
154. The Project end assessment will also assess the preliminary impact of the Project and beneficiary satisfaction, particularly in those areas where the system is fully operational for a certain period. The project will assess the economic, social, and environmental impacts and preliminary assessment of the sustainability of the project intervention in a long run. Recommendations and lessons learned will be drawn up for benefits in the preparation of future similar investments by the FGN and development partners.

I. Project Risks and Sustainability

Project Risks

155. Key risks to the implementation of the SAPZ Project include: (i) risks related to the country's fragility context; (ii) operational risks, such as possible delays in one source of funding, access to land for women, youth and IDPs, and low appetite of the financial institutions to partner with the Project to finance smallholder farmers; (iii) institutional risks, including political interference in the Project Management Units at national and state levels and low capacity of staff recruited, and ineffective coordinating structures at national, state and local government levels; (iv) financial management risks, including capacity gaps in fiduciary issues, sub-optimal budgetary processes, the fact that the SAPZ relies on multiple financiers, large Project size and related coordination risks, non-payment of counterpart obligations, heightened risk of poor financial management practices at the community level, as well as inadequate operations of internal control/audit and financial

reporting issues. Respective mitigation measures have been identified and are detailed in Annex-10.

Project Sustainability

156. The proposed Project is specifically mentioned in the Government's policies on agriculture and State governments have applied and undertaken some preparatory studies to meet set criteria for participation in the Project. There is therefore ownership of the activities of the project from the onset. The selected components of the projects are demand-driven, in that the elements were selected through a participatory approach through which the critical gaps/needs within agro-industrial clusters were identified and prioritized during the project preparation and appraisal processes.
157. The guiding principles for the development of the SAPZs are (i) for government to provide the enabling environment through the basic infrastructure in and around AIHs as an enabler for private sector investments; and (ii) for private sector management of the AIHs through a Facility Management company procured at inception and on-boarded into a Special Purpose Vehicle (SPV) to be set up in each State. These are good indicators that there is a political will to develop the agro-processing sector. The presence of the private sector will contribute to ensuring the sustainability of the Project. To strengthen the capacity for promoting and managing the related ATCs, the Project integrates a robust capacity building for relevant institutions and value chain groups, and youth. The sustainability of the certified input system is assured through the involvement of private sector companies.
158. The SAPZ Project's strategy for sustainability is inbuilt in its approach and interventions. The IsDB funded infrastructure is aimed at crowding in private sector investments in agro-processing and AIHs and ATCs will both have private sector-led management and revenues from beneficiary industry and service providers to maintain and further develop the support infrastructure.

Economic Sustainability

159. Overall, the project is expected to have medium to high economic sustainability. The strong national ownership of the project is a key sustainability factor. The project is listed in the Government Agenda as one of the flagship projects. In addition, the community ownership and participatory approaches used in this project are some of the most powerful sustainability elements of the project.
160. The project is designed to create functional Agriculture activities from production to processing to ensure sustainable management of rural assets and services based on the selected components which are demand driven, in that the elements were selected through a participatory approach through which the critical needs for within agro-industrial clusters were identified and prioritized during the project preparation and appraisal processes.
161. The project will establish and strengthen existing and new private farmers for long-term sustainability. This represents both institutional and financial sustainability, as these stakeholders will introduce a fees system to operate and maintain the system.

Considerable capacity building programs are included in the project in order to underpin sustainability. Those capacity building activities target both local administration institutions, and equally importantly processors and are technically supported by government institutions and agencies. The above elements ensure a high level of economic sustainability of the project.

Social Sustainability

162. The project sustainability is built in its market facilitation approach to achieve sustainable, scalable systemic change in the agriculture value chain. The participation of strong private market actors integrated into the SAPZ with economic interests in the implementation and delivery of services and inputs to smallholders will achieve development from proven and innovative practices facilitated by the project. The key value chain platforms and structures within the SAPZ will be enhanced and provided with leadership, management, and business skills needed to drive the growth of the market. Local Producers will be strengthened as their production diversifies and their organizations become profitable. The networking facilitated by the project between actors with complementary economic and social interests will continue beyond the life of the project in FCT, Kano, and Kwara.
163. The project feasibility study has taken into consideration a number of key factors influencing the sustainability of project activities and outcomes. Consultative meetings will be reinforced during implementation with other stakeholders including government entities to (i) generate a good understanding of the project, by all stakeholders of the project; (ii) to enhance ownership of the project (iii) to understand agency expectations about the project; (iv) to enable stakeholders involved in the project to provide views, hence participating in or refining project designs. Further consultations with beneficiaries and stakeholders will continue during the start-up as per the social regulatory requirements, implementation and post-implementation. The views and comments of the public will be incorporated, to the extent possible. The overall responsibility of the social monitoring will lie with the project executing agency. The monitoring plan is proposed for implementation at two levels i.e. regular monitoring at site level and supervision monitoring. The regular monitoring will entail on-site inspection for example construction activities to verify measures identified in the approved designed project included in the clauses for Contractor(s) are being implemented. The activity will ensure compliance of project implementation with the mitigation measures set out.
164. At the social level, the types of positive impacts of project activities, for the most part, relate to the following points: reduction of rural exodus in the project areas, reduction of rural poverty, increase in producers' incomes, the creation of jobs, the contribution to the empowerment of private rural producers, the strengthening of the skills of the various actors involved in the agricultural sectors.
165. In terms of gender and improving the condition of women, the project will also target the implementation of sub-projects and activities usually favored by women, and for which they have recognized know-how (market gardening, rice cultivation, small livestock, traditional poultry farming, processing activities, marketing, etc.) and from which they can derive income.

Environmental Sustainability

166. The SAPZ Project has been classified as Category 1 in accordance with the Integrated Safeguards System (ISS) and national legislation of the African Development Bank. The validated category is based on the large-scale, multisector and sensitive nature of the Project. The IsDB funded SAPZ Project consisting of several investments of 3 AIHs and 10 ATCs has been identified by the Government of Nigeria. In line with national legislation and IsDB requirement, the Government prepared strong Environmental and Social Impact Assessments for the investments to be realized.

Operational Sustainability

167. The guiding principles to conduct the design of the SAPZs are linked to the activities impacting the end beneficiaries and to be derisked by the enabling environment to be provided by the government through the basic infrastructure around AIHs and the land as an enabler for the operations to be undertaken by the private sector. The presence of the private sector will contribute to ensuring the sustainability of the Project.
168. To strengthen the capacity for promoting and managing operations along with the related ATCs, the project integrates a tailored capacity building for relevant institutions and value chain actors. The sustainability of the certified input system is assured through the involvement of private sector companies. AIHs and ATCs will both have private sector-led management and revenues from beneficiary industry and service providers to maintain and further develop the support infrastructure. Capacity building programs are included in the project in order to underpin sustainability.

J. Project Justification

Technical Feasibility

169. The proposed project was primarily prepared based on information obtained from the i) Feasibility Studies prepared in April 2021; (ii) Environmental and Social Impact Assessment completed in January 2021; (iii) Technical document prepared by the AfDB; and (iv) additional information obtained during appraisal missions held on October 5 - 12, 2021.
170. As the largest economy in Africa, Nigeria boasts one of the world's largest youth populations and has significant potential as a consumer market. The Government is projected to be the third most populous country in the world by 2050. By virtue of its large population, the economy is heavily reliant on oil and is exposed to price shocks. The Federal Government of Nigeria has set an economic diversification agenda and has designated agriculture as one of the top priority sectors for development. The government is also eager to improve conditions to attract more foreign investment through the development of the SAPZs by providing incentives for investors in the agriculture sector.
171. Agriculture and Agroindustry are important parts of the economic strategy of low-income smallholder households in FCT, Kano, and Kwara. In their extensive form, i) they retain value during periods of neglect; iii) they can generate cash in a short period; they record strong participation of women and youth; and, iv) they can rapidly increase in value with

additional effort when the need or opportunity arises in the overall household enterprise. In terms of the proposed project, this existing role offers the very important advantage of familiarity among beneficiaries thanks to the integrated activities within the SAPZ. However, to realize the potential of these activities in the transition of low-income households into the processing zone due to the number of smallholders to be involved, a shift to more intensive and sustainable production is required. That means changes in certain of their characteristics, as well as in the supply and market systems on which they depend. Such changes to a traditional activity constitute a particular challenge. The proposed collaborative approach to project implementation is essential to overcome this dilemma of familiarity and gain buy-in and effective adoption of the requisite changes.

172. The project will be a facilitator, a catalyst, to establish the know-how and the stable relationships on which development will depend. It will also provide critical inputs, but other essential inputs will be provided by other partners (AfDB, IFAD) and existing Multinational Agribusiness market actors to confirm that the project will perform without any barriers. The design mechanism of the SAPZ will boost the income levels of smallholder households involved in the production, value-adding, and trade of agricultural commodities within the project areas that will allow: (i) increase in household assets ownership; (ii) increase in household savings; (iii) reduction in food insecurity. It will increase the volume and value of agribusiness of small-scale producers to enable them to improve their cash incomes leading to the concentration on the “demand-pull” side of the market.

Economic and Financial Analysis

173. The financial and economic analysis of the overall SAPZ Program including the contributions from IsDB, AfDB, AGTF, IFAD, and the Government of Nigeria (both Federal and State Governments) was undertaken to assess the likely impact of project interventions on the beneficiaries and the economic soundness of the overall project. The program derives its benefits from (i) private sector agribusiness investment models; and (ii) the increased value-addition from farming activities with farmers in value added linkages. The agribusiness investment is based on the following three models: (i) the small-scale investments, about 150 of them with at least USD 1 Million investment size each; (ii) the medium-scale investments, 300 of them with at least USD 2 Million investment size each; and (iii) the large-scale investments, 50 of them, with USD 5 Million investment size each. The increased value-addition from farming activities was based on 15 crops and production models, including, rice, cassava, maize, groundnut, sesame, tomato, sorghum, soybeans, cocoa, oil palm, banana, poultry, dairy, beef and fishery. Other assumptions include: (i) an average of 900,000 Ha of cultivated land; (ii) 0.5% increase in price per annum; and (iii) 5% increase in outputs per annum and 20-year project life.
174. In addition, the project is expected to create jobs and contribute to the reduction of the unemployment and poverty rates, the agriculture sector GDP, and the number of women- and youth-owned SMEs, linked to SAPZs. These are not tradable or tangible, and therefore could not reasonably be included in the financial and economic Cost-Benefit Analysis (CBA).

Table-8: Key Economic and Financial Figures

FIRR (base case):	30.71%	NPV (20 Years @ 12%)	USD 88.84 Billion
EIRR (base case):	30.85%	NPV (20 Years @ 12%)	USD 87.27 Billion

175. The results of the economic analysis show that the project is viable economically (EIRR of 30.85%) and financially (FIRR of 30.71%). Detailed economic analysis is discussed in Technical **Annex-11**.
176. The sensitivity tests conducted based on the reduction in prices (the main variable that is beyond the control of project management and operation) were used to measure the stability of the financial and economic performance indicators. The tests show that price drops should be lowered to 48.85% (break-even or "switching value") to cancel out the additional benefits generated respectively at the financial and economic level, thus indicating that the project profitability profile is robust.

K. Conditions of Financing

(a) Services Ijarah

Recipient: Federal Republic of Nigeria

Project Title: Special Agro-Industrial Processing Zone (SAPZ) Project for Nigeria.

Financing Mode: SERVICES IJARA

Financing Structure: The Bank shall, at the request of the Recipient, procure certain services related to the Project ("the Services") and sell such Services to the Recipient in batches. Each batch shall be delivered over a given period of three (3) months ("the Service Period"), in consideration of payment of the sale price to be fixed at the beginning of the respective Services period and paid on deferred instalments basis.

The Bank shall appoint the Recipient as its agent in procuring the Services of the Project.

Financing Amount: USD 17,375,155 (Seventeen million three hundred seventy five thousand one hundred fifty five U.S dollars)

Maturity: 20 years from the date of first disbursement to the due date of last installment of the sale price; tentatively composed of a sale price payment period of **(15)** years after a gestation period of **(5)** years.

Mark up Rate: To be applied to each disbursement, the sum of:

- (a) Reference rate of 10-year **US dollar** mid swap rates as of the disbursement date fixed for the entire duration of financing.
- (b) Contractual spread of **60 bps** fixed for the entire duration of financing.

(c) Funding spread prevailing at the time of disbursement which, from **30 June to 31 December 2021** is **75 bps**. The funding spread is subject to semi-annual update by the Bank to reflect cost of funding as published on the Bank’s website.

(d) Risk premium of **50 bps**.

In the event that the reference rate is negative, the reference rate shall be deemed to be zero. The use of Libor as a reference rate is tentative until the Bank takes a final position on the replacement reference rate by the end of 2021, which is expected to be the Secured Overnight Financing Rate (SOFR)

Advance Payment: semi-annual payments of accruing mark-up during the gestation period.

Documentation: The Framework Services Ijarah Agreement and the Agency Agreement (together the **Financing Agreements**) shall respectively be subject to 2020 Edition of the IsDB General Conditions applicable to Services Ijara Financing and 2020 Edition of the IsDB General Conditions applicable to Agency Agreements approved by the Bank’s Board of Executive Directors on 16th February 2020 (the **General Conditions**).

Effectiveness Conditions:

- (i) Legal opinion acceptable to the Bank issued by the Legal Authority of the Recipient stating that the terms and conditions of the Financing Agreements constitute enforceable and binding obligations upon the Recipient, and
- (ii) Duly executed Subsidiary Loan Agreement between the Federal Republic of Nigeria and at least one of the relevant Participating State Government namely, the Federal Capital Territory (FCT-Abuja), Kano, and Kwara.

Procurement: Unless otherwise indicated in the Agency Agreement, the Recipient, as an agent of the Bank, shall follow the Bank’s Procurement Guidelines and Procedures in procuring the Services.

The procurement of the Services shall be as follows:

Components	Mode of Procurement
Consultancy Services related to Infrastructure Development and Agro-Industrial Hubs (AIHs) Management	Short-Listing -National
Engage of Transaction Advisory Firms for FCT-Abuja, Kano, and Kwara States.	Short-Listing – International
Consultancy Services related to Enhancement of Agriculture Production and Productivity (ATCs & irrigation infrastructure)	Short-Listing -National
Training Services related to Policy and Institutional Development	Short-Listing -National
Hiring of Project Management Unit staff	Short-Listing -National
Procurement of PSIUs office equipment, vehicles, and furniture	National Shopping
Financial Audit Services	Short-Listing -National

Executing Agency: Federal Ministry of Agriculture and Rural Development (FMARD).

Implementation:

- (i) The Bank will, through the Recipient acting as the Bank’s agent, sign a series of Service Agreements with the service provider over a given period, to regulate all aspects of the Services to be provided.
- (ii) The Services shall be delivered in several batches, each over a period of three (3) months. Each batch of Services will comprise a list of detailed components and specifications.

- (iii) The Bank shall pay the service providers an agreed fee according to the agreed payment method as per the provisions of the Services Agreements.
- (iv) The Sale Price of the defined services will be fixed prior to the commencement of delivery of the services, based on detailed description of the services to be provided and the Recipient shall pay the sale price (including the Bank's profit) on deferred instalment basis.
- (v) The Recipient, in its capacity as the Bank's agent shall, on behalf of the Bank:
 - a) negotiate and agree with the service provider for the relevant prices, specifications and delivery of each batch of the Services;
 - b) ensure that the Service Agreements to be concluded between the service provider and the Recipient, as the Bank's agent, provides for comprehensive insurance coverage applicable to the Services based on market practices, with a reputable insurance company acceptable to the Bank, and the Bank is named as a loss payee under the insurance policies so made; and
 - c) submit request for disbursements under the Services Agreement.
- (vi) **Offer and Acceptance:** at the beginning of each considered period for delivery of Services, the Bank shall send to the Recipient a sale offer describing the Services to be delivered over that period. The Recipient shall, in exercise of its promise to purchase the Services from the Bank indicate its acceptance of the sale offer within seven (7) business days from the date of receipt of the sale offer.
- (vii) The Recipient shall arrange and be responsible for all costs not covered by the Bank's financing.

Procurement and Delivery Notice: The Recipient shall notify the Bank of:

- (i) the procurement of the Services following execution of the Services Agreement with the service provider; and
- (ii) the delivery of the Services by the service provider following completion of each Services period financed under each disbursement.

Deadlines: If at any time a binding obligation of the Recipient is not fulfilled within the stipulated time, the Bank has the right to terminate the Financing Agreements. If the deadline of any of:

- (i) signing the Financing Agreements within 6 (six) months from the approval date of the Project; or
- (ii) satisfying the conditions for the effectiveness of the Financing Agreements within 6 (six) months from the signature date of the Financing Agreements; or
- (iii) submitting the request for the first disbursement with 6 (six) months of the effectiveness date, **is not met, the Financing Amount approved will be automatically cancelled and, if applicable, the Financing Agreements will be automatically terminated.**

Other provision(s):

- (i) The General Conditions are incorporated by reference to these Terms and Conditions.
- (ii) The Recipient shall ensure that an independent financial auditor for the Project is appointed to provide quality audit to the satisfaction of the Bank. The Recipient shall, when submitting a request for any Disbursement, submit an official document confirming that an independent financial auditor for the Project is in place. Failure to appoint the independent auditor/staff from the Auditor

General Office shall be considered an Event of Default and shall result in suspension of the Approved Amount.

(b) Instalment Sale

Recipient: Federal Republic of Nigeria

Project Title: Special Agro-Industrial Processing Zone (SAPZ) Project for Nigeria

Financing Mode: **INSTALMENT SALE**

Financing Structure: The Bank shall, at the request of the Recipient, procure the Project assets, and sell the Project assets to the Recipient, in consideration of payment of the sale price in instalments. The Bank shall appoint the Recipient as its agent in procuring the Project assets.

Financing Amount: USD 133,147,557 (one hundred thirty three million one hundred forty-seven thousand five hundred fifty seven U.S dollars)

Maturity: **[20]** years from the date of first disbursement to the due date of last installment of the sale price; tentatively composed of a sale price payment period of **17** years after a gestation period of **3** years.

Mark up Rate:

1. To be applied to each disbursement, the sum of:
 - (a) Reference rate of 10-year **US Dollar** mid swap rates as of the disbursement date fixed for the entire duration of financing*.
 - (b) Contractual spread of **60 bps** fixed for the entire duration of financing; and
 - (c) Funding spread prevailing at the time of disbursement, which from **1 July to 31 December 2021** is **75 bps**.
 - (d) Risk premium of **50 bps**
2. The funding spread is subject to semi-annual update by the Bank to reflect cost of funding as published on the Bank's website.

In the event that the reference rate is negative, the reference rate shall be deemed to be zero.

*The use of LIBOR as a reference rate is tentative until the Bank takes a final position on the replacement reference rate by the end of 2021, which is expected to be the Secured Overnight Financing Rate (SOFR)

Advance Payment: Semi-annual payments of accruing mark-up during the gestation period.

Documentation

The Framework Agreement and the Agency Agreement (together the **Financing Agreements**) shall respectively be subject to 2020 Edition of the IsDB General Conditions Applicable to Instalment Sale Financing and 2020 Edition of the IsDB General Conditions Applicable to Agency Agreements approved by the Bank’s Board of Executive Directors on 16th February 2020 (the **General Conditions**).

Effectiveness Conditions:

- (i) Legal opinion acceptable to the Bank issued by the Legal Authority of the Recipient stating that the terms and conditions of the Financing Agreements constitute enforceable and binding obligations upon the Recipient,
- (ii) Duly executed Subsidiary Loan Agreement between the Federal Republic of Nigeria and at least one of the relevant Participating State Government namely, the Federal Capital Territory (FCT-Abuja), Kano, and Kwara; and
- (iii) The Bank’s issuance of its “No Objection” on the award of the Contract relating to the first civil works contract financed by the Bank.

Procurement:

Unless otherwise indicated in the Agency Agreement, the Recipient, as an agent of the Bank, shall follow the Bank’s Procurement Guidelines and Procedures in procuring the Project assets.

The procurement of the Project assets shall be as follows:

Component	Mode of Procurement
Component-1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management	
Civil works for Ground and site works	NCB
Civil Works for Access and Internal Road Network	ICB
Civil Works for construction of Abattoir, Livestock and Hide and Skin Infrastructure (in Kano State)	ICB/MC
Procurement of Equipment and Furniture for the processing zone and support facilities	NCB
Component-2: Enhancement of Agriculture Production and Productivity (ATCs & irrigation infrastructure)	
Civil Works for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation	NCB
Procurement of Equipment and Furniture for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation	NCB
Procurement of high yield seeds, CPPs, fertilizers, etc. to Farmers	NCB

Executing Agency:

Federal Ministry of Agriculture and Rural Development (FMARD).

Implementation:

The Recipient, in its capacity as the Bank’s agent shall, on behalf of the Bank:

- (i) negotiate and agree with the contractor/consultant for the relevant prices, specifications and delivery of the Project assets.
- (ii) ensure that the procurement agreement(s) to be concluded between the contractor and the Recipient, as the Bank’s agent, provides for the contractor’s all risks insurance with a reputable

insurance company acceptable to the Bank, and the Bank is named as a loss payee under the insurance policies so made.

(iii) submit request for disbursements for payments under the procurement agreement(s).

(iv) arrange and be responsible for all costs not covered by the Bank's financing.

Delivery Notice: The Recipient shall take delivery of the Project assets on behalf of the Bank and issue notice of delivery of the Project assets to the Bank

Offer and Acceptance: Upon the Recipient receiving a sale offer from the Bank, the Recipient shall, in exercise of its promise to purchase the Project assets from the Bank upon delivery, indicate its acceptance of the sale offer within seven (7) business days from the date of receipt of the sale offer.

Deadlines: If the deadline of any of the following is not met:

(i) signing the Financing Agreements within 6 (six) months from the approval date of the Project; or

(ii) satisfying the conditions for the effectiveness of the Financing Agreements within 18 (eighteen) months from the signature date of the Financing Agreements; or

(iii) submitting the request for the first disbursement within 6 (six) months from the Effectiveness Date of the Financing Agreements,

the Financing Amount approval will be automatically cancelled and, if applicable, the Financing Agreements will be automatically terminated.

Other provision(s): (i) The General Conditions are incorporated by reference to these Terms and Conditions.

(ii) The Recipient shall ensure that an independent financial auditor for the Project is appointed to provide quality audit to the satisfaction of the Bank. The Recipient shall, when submitting a request for any Disbursement, submit an official document confirming that an independent financial auditor for the Project is in place. Failure to appoint the independent auditor/staff from the Auditor General Office shall be considered an Event of Default and shall result in suspension of the Approved Amount.

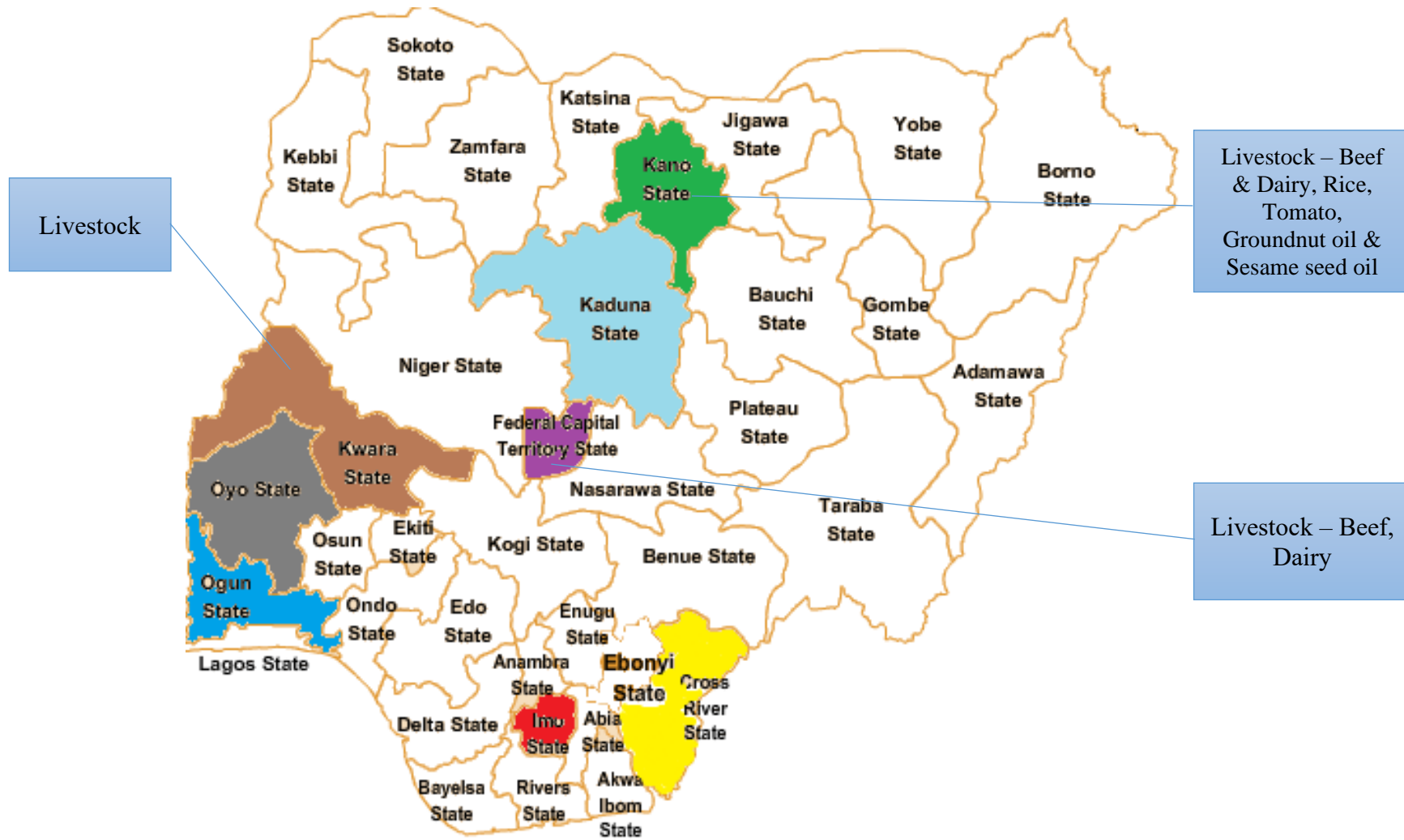
Results Framework and Monitoring (Results Based Logical Framework) <small>5Project Contribution to the IsDBG</small>			
Strategy Map (Level 2 – Results)			
No.	Core Sector Indicators [Outcomes]	Targets	Source
1	People Employed (Number)	185,000	1.3
2	Crop yield increased (%)	50	2.1
3	Rural enterprises established or promoted (number)	3,700	2.3
No.	Core Sector Indicators [Outputs]	Targets	Source
1	Local/Rural roads built, upgraded or rehabilitated (km)	215	1.1.1-2/2.2.2
2	Installed energy generation capacity (MW)	1.3	1.1.3
3	Agricultural storage capacity built or upgraded (number)	10	2.1.1
4	Market centers established, upgraded or rehabilitated (numbers)	3	2.1.2
5	Area irrigated (hectares)	150	2.2.1
6	Population accessing finance (number)	37,000	2.3.1
7	People trained (number)	37,060	2.4.1/3.2.1
IMPACT: Contribute to the national target of increasing household incomes and foster job creation in rural agricultural communities of FCT, Kano, and Kwara in Nigeria through the establishment of Special Agro-Industrial Processing Zones (SAPZ), which aimed at developing priority value chain as well as enhance food and nutritional security in Nigeria.			
Results Summary	Performance Indicators	Means of Verification	Risks
OUTCOME: (By 2027)			
1- Private Sector Investments and Job Creation in SAPZ Project States	1.1: Total Value of new investments by private sector companies within the AIHs and ATCs – US\$375.0 million (Baseline:0) 1.2: Total number of jobs created –185,000 jobs (35,000 direct and 150,000 indirect;/ 50% Women, 50% Youth) (Baseline: 0)	Project reports, reference surveys Beneficiary survey data NBS data	Government commitment on delivery of State Program Continuity of business environment for private sector investment in agro-industry
2- Agricultural Productivity and Skills for Agro-Industrialization	2.1: Average changes in yield (disaggregated by value chain/commodity type) – 50-100% (Baseline:5-10) 2.2: Impact on Post-Harvest Losses within the catchment area – 10-20% (Baseline:50) 2.3: Average increase of small producers/farmers income by 25% (baseline: average US\$ 600/months)	Project reports, reference surveys, baseline studies Beneficiary survey data NBS data	Assets are operated and maintained sustainably through adequate revenue and by qualified staffs
Results Summary	Performance Indicators	Means of Verification	Risks
OUTPUTS (by 2026)			
1.1 Service Infrastructure developed for the AIHs	1.1.1 Link road to AIHs constructed – 145 km 1.1.2 Internal roads within AIHs constructed – 45 km	Project Progress Reports from the	Key stakeholders engaged in design and planning stage; Technical designs quality assured.

	<p>1.1.3 Energy provided to AIHs – 1.3 MW</p> <p>1.1.4 Administrative buildings/offices constructed - 3 AIHs</p> <p>1.1.5 Water, Sewerage, Centralized industrial effluent systems installed - 3 AIHs</p> <p>1.1.6 Optic fiber system infrastructure constructed - 3 AIHs</p>	PSIU, and relevant line ministries	<p>Adherence to procurement procedures and schedule.</p> <p>Availability of qualified contractors.</p>
<p>2.1 Enabling economic infrastructure provided for value chain development</p> <p>2.2 Farm level infrastructure developed</p> <p>2.3 Certified inputs provided to farmers in the vicinity of AIHs</p> <p>2.4 Skills of value chain actors developed</p>	<p>2.1.1 Aggregation Centers (ACs) constructed – 10 ACs</p> <p>2.1.2 Agricultural Transformation Centre (ATCs) constructed – 3 ATCs</p> <p>2.2.1 Irrigable land rehabilitated/ extended – 150 ha</p> <p>2.2.2 Feeder roads constructed/rehab. at farm level–35 km</p> <p>2.3.1: Farmers financed by collaborating financial & capacity development institutions – 37,000 farmers</p> <p>2.3.2: Value of agricultural inputs for selected commodities provided to farmers (certified seeds, fertilizers, other agrochemicals, mechanization, etc.) (disaggregated by commodity and input type) – US\$ 18 million</p> <p>2.3.3: Use of fertilizers within the SAPZ catchment area – 200 kg/ha (Baseline: 20)</p> <p>2.4.1: Farmers trained/empowered on climate smart agricultural techniques – 37,000 farmers</p> <p>2.4.2 Farmers and MSMEs trained on food safety and quality standards - 10,000 number (50% young farmers and 50% youth-led MSMEs)</p> <p>2.4.3 Farmers, MSMEs and service providers using digital applications to enhance productivity – 375,000 number (50% youth, 50% women)</p> <p>2.4.4 Number of MSMEs in the sector of agri-business receiving financial and enterprise support – 3,700 number (50 % women-led and 60 % youth-led)</p>	Project Progress Reports from the PSIU, and FMARD	<p>Adequate supervision and quality control; Cost-over run managed, if applicable.</p> <p>Access to finance ensured, including for women and youth</p> <p>Training and awareness campaigns conducted timely by qualified experts</p> <p>Policy document updated and adopted.</p>
<p>3.2 Development/ strengthening of enabling Policy, Legislation and Regulation for SAPZs in Nigeria</p> <p>3.2. Technical assistance and capacity building for staff of relevant public and collaborating institutions</p>	<p>3.1.1 Existing agro-industrial zone policy document reviewed, updated and approved by the Federal and State Governments- 1 document</p> <p>3.1.2 Institutional/special regulatory regime established (independently or within existing institution) – 1 regulatory regime</p> <p>3.2.1 Staff of relevant public institutions in States trained – 60 staffs</p> <p>3.2.2 Incentives for Agro-Processing Hub site management documented and implemented – 3 (Baseline for all output indicators is set at Zero)</p>	Project Progress Reports from the PSIU, and FMARD	
KEY ACTIVITIES	INPUTS		

Project start-up:	
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<ul style="list-style-type: none"> - Financing Agreement Processing – Signing (by Mar 2022) and Effective (Jun 2022) - Establishment of FPCU/PSIU teams through competitive recruitment (by Jun 2022) - Project Start-Up Workshop (by Jun 2022) 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Inputs</th> <th style="text-align: center;">USD(Million)</th> </tr> </thead> <tbody> <tr> <td>Total Cost:</td> <td style="text-align: right;">217.10</td> </tr> <tr> <td>IsDB Loan:</td> <td style="text-align: right;">150.52</td> </tr> <tr> <td>IFAD Loan:</td> <td style="text-align: right;">22.75</td> </tr> <tr> <td>FGN & States:</td> <td style="text-align: right;">43.83</td> </tr> </tbody> </table>	Inputs	USD(Million)	Total Cost:	217.10	IsDB Loan:	150.52	IFAD Loan:	22.75	FGN & States:	43.83
Inputs	USD(Million)										
Total Cost:	217.10										
IsDB Loan:	150.52										
IFAD Loan:	22.75										
FGN & States:	43.83										
<p>Component 1: Infrastructure Development and Agro-Industrial Hubs Management</p> <ul style="list-style-type: none"> 1.1. Construction works and supervision (from July 2023 till Dec 2026) 1.2. Procurement and Supply of Equipment/Furniture for AIHs (from Jan 2024 till Dec 2026) 1.3. Development of ESMP/Gender Analysis and their implementation (Apr 2023 till Dec 2026) 											
<p>Component 2: Agricultural Productivity and Production</p> <ul style="list-style-type: none"> 2.1 Support to farmers on high yield seeds, crops, fertilizers: supply of inputs, goods and provision of relevant training (annually prior and during cropping seasons) 2.2 Skill development for employability and job creation: <ul style="list-style-type: none"> 2.2.1 Training and awareness campaigns (annually) 2.2.2 Gender analysis/studies/development of guidelines (by Dec 2024) 2.2.3 Advisory and TA support to MSMEs in Agri-business and Agri-technology 											
<p>Component 3: Consultancy Services</p> <ul style="list-style-type: none"> 3.1 Transaction Advisory and Engineering Services: Start (by Feb 2022) and Contracts award (by Jul 2022) 3.2 Delivery of Detailed Designs and Tender Documents (by Dec 2022 – 1st batch) 3.3 Launching Tendering (Jan 2023) & Contract Award (Jun 2023) – 1st batch 3.4 Procurement of Private Sector Facility Managers (by Dec 2024) 3.5 Policy Document Review and Update (by Jun 2025) 3.6 Training in Investment Promotion, Branding and Marketing of the Agro Industrial Zones (regularly) 3.7 Capacity Building for Staff of Relevant Public Institutions in the States (regularly) 											
<p>Component 4: Project Coordination and Management</p> <ul style="list-style-type: none"> 4.1 Baseline Survey (by Jun 2023) & Project End-Impact Assessment (by Jun 2026) 4.2 Supply of Office Equipment and related goods (by Dec 2022) 4.3 Training for PSIU staffs (periodically) 4.4 Progress Reports (Quarterly) and PCR (by Jun 2027) 											
<p>Component 5: Financial Audit</p> <ul style="list-style-type: none"> 5.1 Financial Audit Reports: selection by Dec 2022 and Audit (Annually by June) 											

Project Locations (IsDB proposed financing to FCT, Kano, and Kwara)



Detailed Project Description

Project Design and Scope/Components

The SAPZ Project goal is to increase household incomes and foster job creation in rural agricultural communities, especially for the youth and women; enhancing food and nutritional security in Nigeria, starting with the Project states. The development objective is to support inclusive and sustainable agro-industrial development and enhance the competitiveness of the agriculture sector through the promotion of select value chains in Nigeria. The SAPZ Project interventions will promote increased productivity, aggregation and consistent supply of quality raw materials, value addition, market access and private sector investment in select agricultural commodities.

The SAPZ Project (Phase I) will prioritize the development of agro-industrial activities, involving investments to maximize the use of existing infrastructure assets and catalyze crowding-in of new private sector investments. To promote efficient use of resources and ensure well-coordinated activities among participating States, the approach would be to design the Agro-Industrial Hubs (AIHs) within areas of high agricultural production. Soft infrastructure - institutions, human capacity, rules, and regulations for governing, managing, or operating the SAPZs across all the sectors and value chains, will also be supported. This will help contribute to the elimination of rural poverty, promoting commodities that have a high potential to boost export revenues or import substitution; as well as revive past, valuable, agro-industrial activities.

SAPZs are agro-based spatial development initiatives designed to concentrate agro-processing activities within areas of high production, processing and marketing of selected commodities. Essential elements of the SAPZ include the Agro-Industrial Hubs (AIHs), Agricultural Transformation Centers (ATCs), and agricultural production areas. The Project has the following six broad components in addition to the Financial Audit.

Component-1. Infrastructure Development and Agro-Industrial Hubs (AIHs) Management:

This component will support the establishment of AIHs and will catalyze processing activities of the Value Chain commodities. For the component to meet and address the specific objective of the project which is to increase the competitiveness and business environment of the Nigerian agriculture sector, it will provide both hard and soft infrastructure that would allow public and private sector investment into the sector at the upstream and downstream axes of the value chain. The target value chains were selected based on their high potential for value addition as per the feasibility study and recommendation of the concerned State authorities. Specifically, the IsDB financing will support the Livestock (including beef and dairy) value chains in FCT, Kano, and Kwara.

The component's activities will therefore entail the construction and/or upgrading of AIH infrastructure including office buildings and training centers, general services layout (fencing, internal and access roads/parking, drainage, power supply, water, sewerage, effluent management, health-and-safety, etc.). It will also provide specialized services (quarantine, quality control labs/certification centers, breeding centers, etc.), business support services including administrative, knowledge/ICT/procurement/employment centers as well as ESMP implementation activities.

The SAPZ Project has identified the development of eight main AIHs out of which IsDB will participate in the financing of three Hubs at the following locations:

- (i) Paiko-kore/Dobi Livestock Industrial Hub Gwagwalada Area Council of the FCT for the Beef and Dairy value chains.
- (ii) Bagauda Agro-Industrial Hub in Kano State for the Beef, Tomato, Rice, and Oil Seed (Groundnuts and Sesame) value chains.
- (iii) Lata-Nana Grazing Reserve Special Livestock Processing Hub in Kwara for Beef and Dairy value chains.

Component-2. Agricultural Productivity and Production:

Under the current circumstances, most of the AIHs have a shortfall in the standard and quantity requirements by the SAPZs in terms of raw material supply. Significant efforts must be made to improve basic farm infrastructure and raw materials requirements in order to enhance agricultural production and productivity. This component will therefore seek to boost the supply of raw materials in the production areas that are in proximity and linked to the Agro-Industrial Hubs being developed under Component 1. Furthermore, the interventions under this component will support farm-level productivity enhancing infrastructure in agribusiness zones such as the irrigation schemes rehabilitation, land development, water supply, etc. and the development of Agricultural Transformation Centers (ATCs). These ATCs will be strategically located within the farming communities around the AIH and would be used for the facilitation of farmers' access to essential inputs such as quality seeds, agro-chemicals, farm mechanization/digitalization, and primary handling facilities. Ownership of the ATCs lies with the State governments but will be managed by a Facility Manager on their behalf. Feeder roads would further improve access to the production zones and ATCs.

In addition, this component will support the capacity building activities related to Good Agriculture Practices (GAP) including climate-smart agriculture, quality requirements, testing and conformity standards, and food safety. Farmers would also be provided with access to tailored agri-inputs and financing through digital applications. Irrigation would be put in place in specific areas. Activities of this component will also include: (i) an Information and Communication Technology (ICT) platform on which all actors are registered; this includes a database of all producers; (ii) seed system of high yielding and climate-adapted crop and livestock varieties, and mechanization services; (iii) training, registration, and financing of "last-mile" agro-dealer networks; (iv) an electronic wallet to

directly support producers with smart government subsidies to offset some of the costs of inputs, especially fertilizer and seeds; and (v) farm advisory services and R&D.

Specifically, the SAPZ Project (under IsDB financing) will finance ten (10) ATCs in the following locations/sites:

- (i) FCT: **Two (2)** ATCs in Kawu in Bwari Area Council and Karshi in Abuja Municipal Council for the Livestock (dairy and beef) value chain.
- (ii) Kano State: **Four (4)** ATCs in Kura, Bagwai, Dawanau, and Kakara for the Rice, Tomato, and Groundnuts/Sesame Seed Oil respectively.
- (iii) Kwara: **Four (4)** ATCs in Afon Milk Collection Center, Asa LGA, Gidan Magajiya Grazing Reserve, Baruten LGA, Kinikini Grazing Reserve, Kaiama LGA, and Olodan Grazing Reserve, Ifelodun LGA for the Livestock value chain.

This Component will enhance the competitiveness of small, medium & large farmers to meet the supply of products according to industrial requirements as found in the AIH by way of introducing new automated machines and/or expanding the existing farms/plants for the existing farmers and access to capital to new farmers from youth and women to get involved in the livestock. To boost employment opportunities, the project will build and enhance the capacity of MSMEs, youth, and women-led enterprises through robust Business Development Service and entrepreneurship training for entrepreneurs to sharpen their business skills and create more jobs.

- **Farm Input Growth Enhancement and Resilience Support:** Access to affordable fertilizers, improved seed and crop protection products (CPPs) such as herbicides, fungicides, insecticides, etc., by farmers are key to raising agricultural productivity. A platform, the Farm Inputs Growth and Resilience Enhancement Support Project, to facilitate delivery of fertilizer, seeds and crop protection products (CPPs) to farmers.
- **An Information and Communication Technology (ICT) platform including a database of producers:** The ICT platform offers a 'single registry' of all beneficiaries, agro-dealers, input suppliers, mechanization service providers, financial services etc.
- **Building an agro-dealer for last mile delivery:** Access of inputs to farmers often depend on the last-mile actor in input supply chains, the "village agro-dealer" that reduce the distance that farmers in rural areas have to travel to purchase inputs. Building a network of trained and properly financed agro-dealers are linked to suppliers significantly increase the uptake of subsidies and inputs by farmers.
- **An electronic wallet for efficient delivery of agro-inputs:** Delivery of modern agricultural inputs to farmers faces several hurdles that requires support from government, especially for smallholder farmers. A high-tech approach, by which subsidies are delivered and gradually transitioned to private sector finance through an electronic voucher (the e-Wallet) that leverages the power of mobile telephony to achieve scale and provide nationwide access to mobile money, has been developed and implemented in several African countries. The e-wallet will be a part of the package to be provided by the Business Service Providers (BSPs) and properly targeted to the appropriate beneficiaries in the farmers registry.

- **Mechanization Services:** Agricultural mechanization covers primary production (tractors, tillers, harvesters), primary processing (threshing, drying, bagging); and secondary processing (milling) to help reduce cost of production and productivity per farm worker. Mechanization can be made accessible to farmers through an agricultural equipment leasing scheme in the ATCs.
- **Farmer Advisory Services and Support to National Research and Development (R&D):** Farmer professionalization are key requirements for proper use of farm inputs for increased productivity. Extension will include village-based agents, National Agriculture Research System (NARS), International R&D organizations. The approach is the formation of a “Compact” between national and international R&D organizations producer associations, private sector off-takers, government to draw up a clear action plan on productivity targets, volumes of inputs required and extension advisory services to reach at least 40% of producers.

Component-3. Consultancy Services: Under this component, Design and Supervision Consultants will be engaged to produce the SAPZ master plans (detailed designs) for AIHs & ATCs and supervision of civil works and facility managers to undertake the operation and maintenance of the zones. The component will also support the services of Transaction Advisory Firms, which will assist private sector business to acquire plots and operate their specific processing facilities. Among others, the component will include procurement of Facility Managers.

Under this component, a communications and market branding strategy will be developed for the Nigeria SAPZ Project to raise awareness. The Project will also undertake annual investment promotion events to attract local and international investors to the respective AIHs and ATCs. This component will undertake a market-sounding exercise for each of the AIH locations to gauge private sector appetite and interest towards investing in the selected AIH, take into consideration investor requirements with regards to the development of the sites, and required incentives from the private sector perspective.

The SAPZ for Nigeria should support the national action plan for agricultural transformation that facilitates public private partnerships and foster a conducive business climate. This component will therefore contribute to: (i) improving enabling policy, legislation, and regulations for Agro-Industrial Zones in the country; (ii) enabling business environment (special regulatory regime) to support private sector investment, including One-Stop Shops, digital infrastructure, customs offices, immigration support, land access, contracts and permits in the Agro-Industrial Hubs; (iii) investment promotion, branding, and marketing of the agro-industrial zones; (iv) capacity building for staff of relevant public institutions; and (v) technical assistance for the review and mainstreaming of IT-based business registration & licensing systems, standard operating procedures for the SAPZ initiative in Nigeria. Specific and targeted support for policies, laws, rules, and regulations to address inefficiencies in agricultural value chains will be supported under this component.

Component-4. Project Coordination and Management:

This component will support the establishment of a decentralized Project implementation arrangement including the establishment of a Special Delivery Team to be called Federal Project Coordination Unit (FPCU) within FMARD and Participating State Implementing Units (PSIUs) at the State-level. Other services to be supported include training of PSIUs staff, vehicles, equipment and furniture. The staff will be seconded from the State departments. Oversight structures to be established are an Inter-Agency Steering Committee (IASC) and the FPCU at the Federal and participating State Inter-Ministerial Steering Committee.

Component-5. Financial Audit: This component, financed fully by the IsDB, includes the services of an independent Financial Audit firm to carry out an annual audit of the project's (FCT, Kano, and Kwara) financial situation. A staff from the Office of the Auditor General of the Federation to be seconded to the FPCU to oversee the project's financial statements, its accounts, utilization of budget, special account, and other financial aspects as well as the technical aspects of the execution of the work.

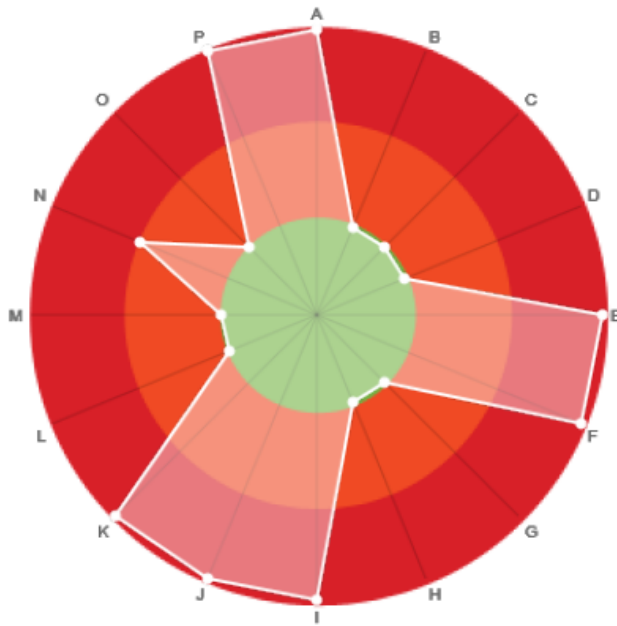
Component-6. Contingency Emergency ResponseComponent (CERC): This standalone zero-value component is embedded in the project to allow for the use of the present project resources to cover emergency response activities by re-allocating Non-Disbursed funds amongst approved components upon request from the country.

Climate Change Mainstreaming and Risk Rating

Final project climate risk ratings

High Risk

Breakdown of climate risk topic ratings



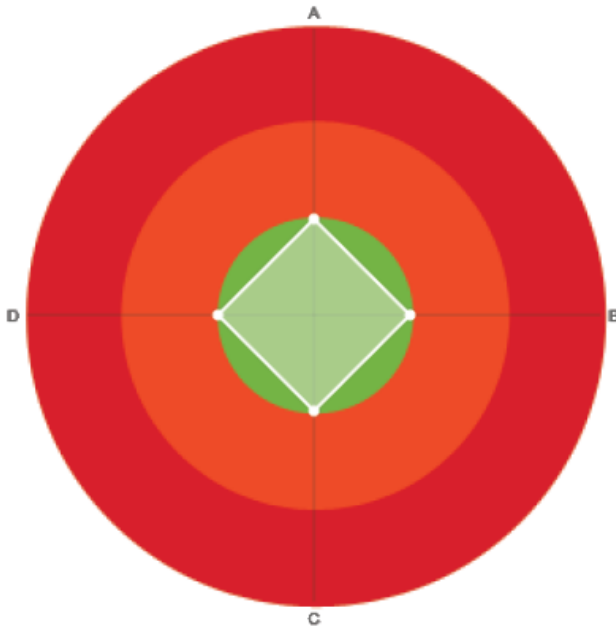
- A) Temperature increase
- B) Wild fire
- C) Permafrost
- D) Sea ice
- E) Precipitation increase
- F) Flood
- G) Snow loading
- H) Landslide
- I) Precipitation decrease
- J) Water availability
- K) Wind speed increase
- L) Onshore Category 1 storms
- M) Offshore Category 1 storms
- N) Wind speed decrease
- O) Sea level rise
- P) Solar radiation change

Final project geological hazard risk ratings

Low Risk

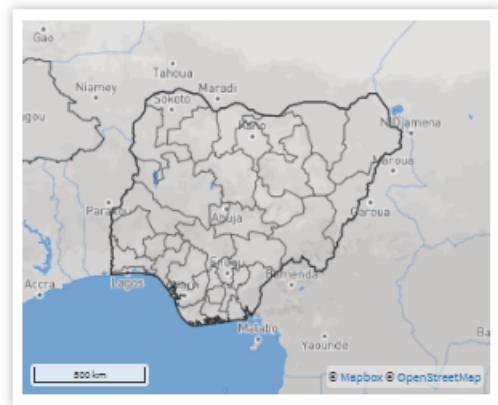
Breakdown of geological hazard risk ratings

- A) Earthquake
- B) Seismic landslide
- C) Tsunami
- D) Volcano

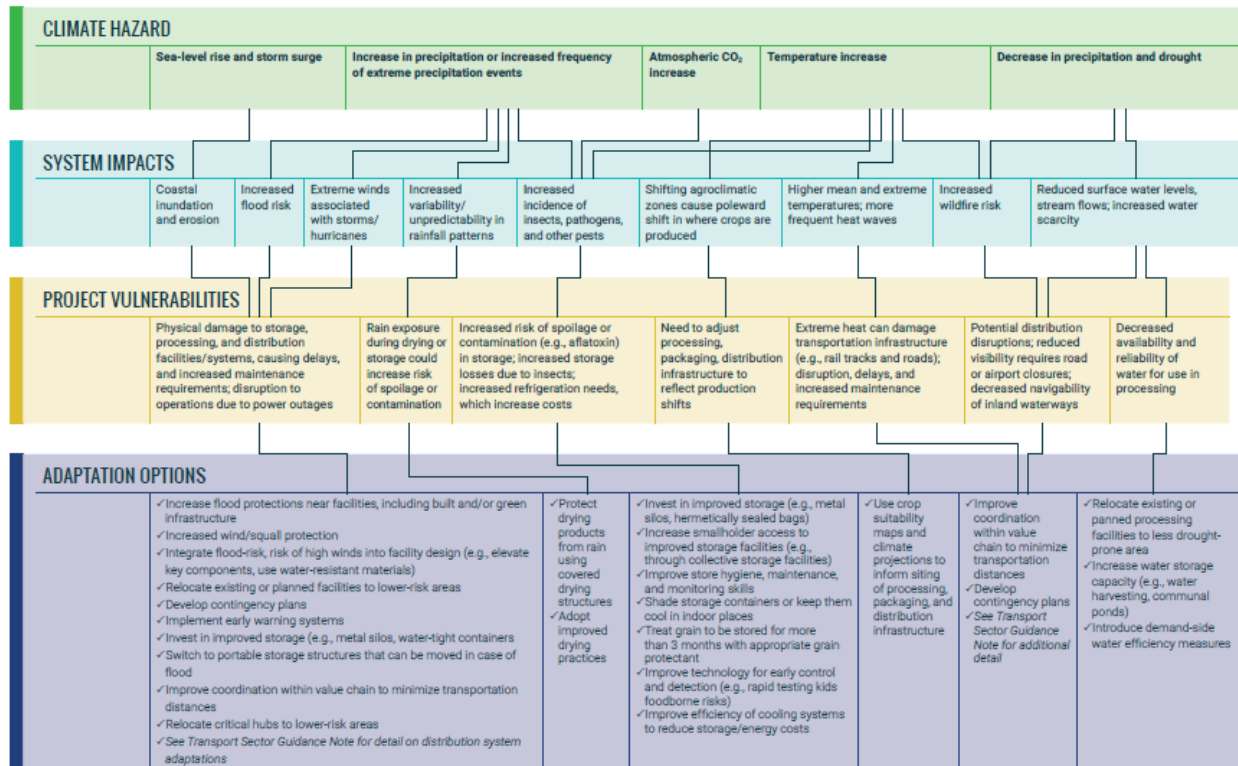


Nigeria

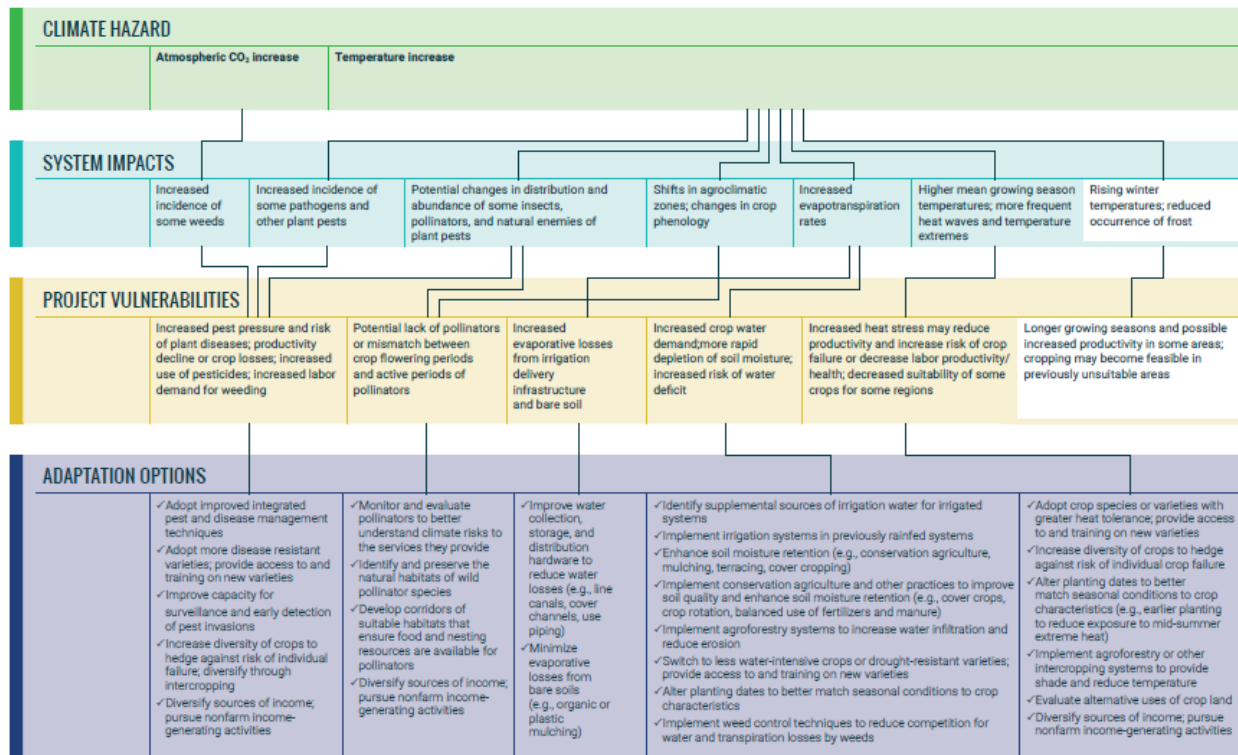
River flood	High
Urban flood	High
Coastal flood	High
Water scarcity	High
Extreme heat	High
Wildfire	High
Landslide	Medium
Volcano	Medium
Tsunami	Low
Earthquake	Very low

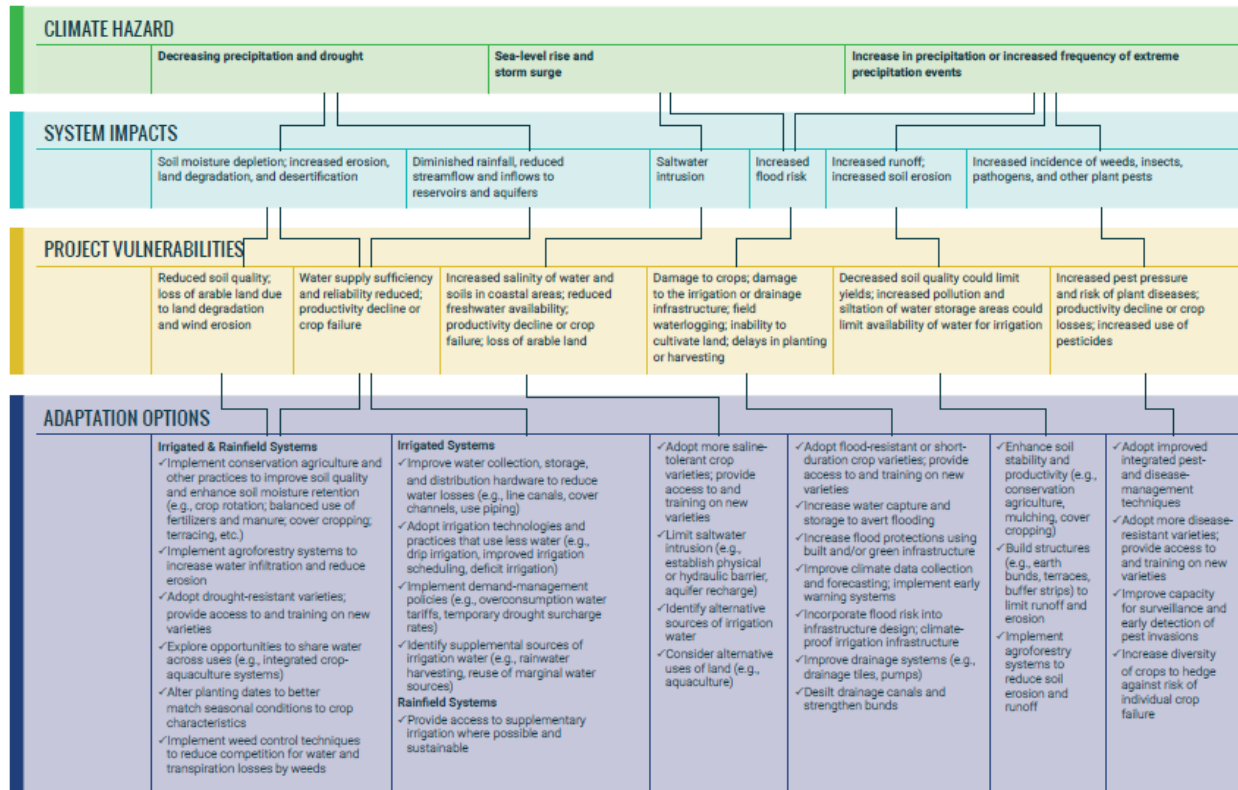


DECISION TREE FOR POSTHARVEST SUPPLY CHAIN PROJECTS

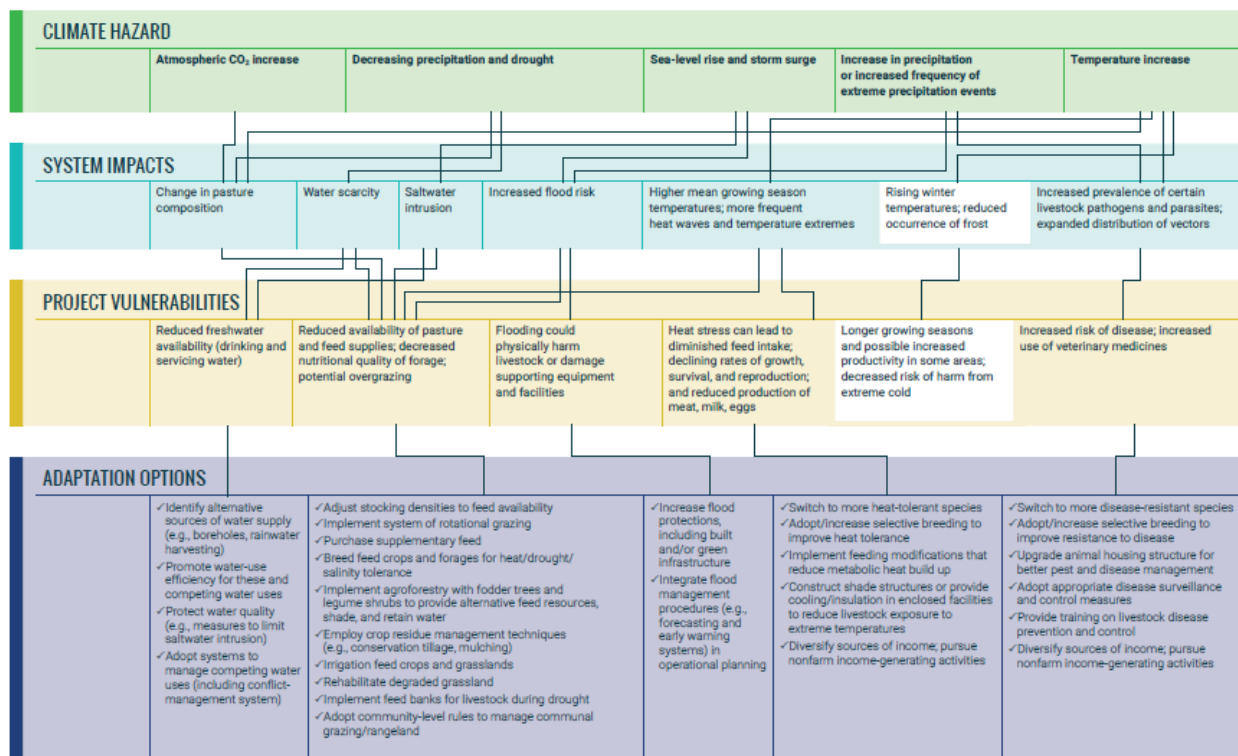


DECISION TREE FOR CROP PRODUCTION PROJECTS





DECISION TREE FOR LIVESTOCK PRODUCTION PROJECTS



Project Costs / Detailed Financing Plan

Amount in US\$ millionSr. No.	Component	IsDB						IFAD		Govt./States		Total	
		Service Ijara (Step-1)		Installment Sale (Step-2)		Total IsDB		Amount	%	Amount	%	Amount	%
		Amount	%	Amount	%	Amount	%						
1	Infrastructure Development and Agro-Industrial Hubs Management	-	0%	121.61	100%	121.61	79%	-	0%	31.74	21%	153.35	71%
2	Agricultural Productivity and Production	-	0%	5.33	100%	5.33	16%	21.44	64%	6.90	21%	33.67	16%
3	Consultancy Services	12.47	100%	-	0%	12.47	93%	-	0%	0.99	7%	13.46	6%
4	Project Coordination and Management	3.71	97%	0.12	3%	3.83	62%	0.22	4%	2.11	34%	6.16	3%
5	Financial Audit	0.38	100%	-	0%	0.38	100%	-	0%	-	0%	0.38	0%
6	Contingency Emergency Response Component	-		-		-		-	0%	-	0%	-	0
Base Cost		16.55	12%	127.06	88%	143.60	69%	21.66	10%	41.74	20%	207.01	95%
Contingencies		0.83	12%	6.09	88%	6.92	69%	1.08	11%	2.09	21%	10.09	5%
Total Project Cost (FCTA, Kano & Kwara)		17.38	12%	133.15	88%	150.52	69%	22.75	10%	43.83	20%	217.10	100%

DETAILED PROJECT COST					DETAILED FINANCING PLAN				
FEDERAL CAPITAL TERRITORY									
	Unit	No.	Unit Cost	Total Cost (\$)	IsDB		IFAD	Govt.	Total
					Service Ijara (Step-1)	Installation Sale (Step-2)			
Component - 1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management									
A. CIVIL WORKS									
1. GROUND AND SITE WORKS									
General Site Clearance	Hectare	25	6,600.00	165,000.00		165,000.00			165,000.00
Compound Wall Fencing	Kilometer	11.5	155,670.00	1,790,205.00		1,790,205.00			1,790,205.00
Gate and Gate house	Number	1	26,390.00	26,390.00		26,390.00			26,390.00
Security Outpost	Number	2	39,600.00	79,200.00		79,200.00			79,200.00
2. NON PROCESSING FACILITIES									
Administration Office, R&D Centre and Disaster Management	Number	1	1,377,000.00	1,377,000.00		1,377,000.00			1,377,000.00
QA & QC Lab	Number	1	63,300.00	63,300.00		63,300.00			63,300.00
Knowledge Centre and ICT	Number	1	500,000.00	500,000.00		500,000.00			500,000.00
Industrial Job Placement Center	Number	1	108,510.00	108,510.00		108,510.00			108,510.00
Community Vocational Centre	Number	1	710,000.00	710,000.00		710,000.00			710,000.00
Health Centre	Number	1	431,000.00	431,000.00		431,000.00			431,000.00
Recreational/Playground	Number	1	216,000.00	216,000.00		216,000.00			216,000.00
3. PROCESSING ZONE SUPPORT FACILITIES									
Upgrading of milk collection and processing centres.	Lumpsum	1	820,000.00	820,000.00				820,000.00	820,000.00
Livestock Veterinary Clinics	Number	1	770,000.00	770,000.00		770,000.00			770,000.00
Livestock Service Centre	Number	1	770,000.00	770,000.00		770,000.00			770,000.00
Livestock Breeding Centre	Number	1	471,710.00	471,710.00		471,710.00			471,710.00
Livestock Loading and Unloading Bays	Number	2	89,840.00	179,680.00		179,680.00			179,680.00
Livestock Quarantine Zone	Number	1	419,000.00	419,000.00		419,000.00			419,000.00

4. COMMON INFRASTRUCTURE AND UTILITIES										
Construction of A2-Gwagwalada-Paikon Kore Road leading to SAPZ Hub	Lumpsum	1	3,250,000.00	3,250,000.00					3,250,000.00	3,250,000.00
Construction of Paikon Kore-Dobi-Izom Road Leading to the SAPZ Hub	Lumpsum	1	3,840,000.00	3,840,000.00					3,840,000.00	3,840,000.00
Construction of Bwari-Kau Road leading to one of the RTCs	Lumpsum	1	6,060,000.00	6,060,000.00					6,060,000.00	6,060,000.00
Drilling of boreholes within the grazing reserves	Number	8	3,750.00	30,000.00					30,000.00	30,000.00
Fire Station	Number	1	210,000.00	210,000.00				210,000.00		210,000.00
Water Facility (boreholes, surface tank, overhead tank)	Lumpsum	1	197,890.00	197,890.00				197,890.00		197,890.00
Water Treatment Plant	Lumpsum	1	650,000.00	650,000.00				650,000.00		650,000.00
Power Facility	Lumpsum	1	2,400,000.00	2,400,000.00				2,400,000.00		2,400,000.00
Sewage and Effluent Treatment Plant	Lumpsum	1	348,000.00	348,000.00				348,000.00		348,000.00
Solid Waste Management	Number	1	150,000.00	150,000.00				150,000.00		150,000.00
Public Toilets 8-Unit WC (46m2)	Number	6	60,000.00	360,000.00				360,000.00		360,000.00
Provision of onsite Broadband Network connectivity to SAPZ Customer Premises (with redundancy)	Lumpsum	1	1,250,000.00	1,250,000.00				1,250,000.00		1,250,000.00
5. ROADS, CULVERYS AND DRAINAGE										
Internal Road:18m Wide /b	Kilometer	6	509,000.00	2,799,500.00				2,799,500.00		2,799,500.00
Internal Roads: 12m Wide /c	Kilometer	11	255,000.00	2,805,000.00				2,805,000.00		2,805,000.00
General Street Lights (Solar Power)	Number	1,120	1,428.57	1,599,998.40				1,599,998.40		1,599,998.40
RC Side Drains (1.2m x 1.2m) and Vehicular Crossings	Kilometer	29	228,000.00	6,612,000.00				6,612,000.00		6,612,000.00
RC Drain Size 2.0m x 1.5m /d	Kilometer	5.5	316,360.00	1,739,980.00				1,739,980.00		1,739,980.00
Truck Parking	Hectare	2	395,780.00	791,560.00				791,560.00		791,560.00
Access Road: Dual – 7.3m Carriage +1.5m Shoulder /e	Kilometer	18	255,000.00	4,590,000.00				4,590,000.00		4,590,000.00
Access Road: Single – 7.3m Carriage +1.5m Shoulder /f	Kilometer	20.2	139,840.00	2,824,768.00				2,824,768.00		2,824,768.00
6. INFRASTRUCTURE & SOCIAL AMENITIES UPGRADE FOR INDIGENOUS AND PASTORALIST COMMUNITIES AROUND THE HUB										
Provision of solar street lights, upgrading of health centres, schools, markets, water and sanitation	Lumpsum	1	11,904,761.90	11,904,761.90					11,904,761.90	11,904,761.90

B. GOODS									
1. EQUIPMENTS									
Veterinary	Lumpsum	1	520,000.00	520,000.00		520,000.00			520,000.00
Livestock	Lumpsum	1	82,000.00	82,000.00		82,000.00			82,000.00
IT	Lumpsum	1	55,000.00	55,000.00		55,000.00			55,000.00
Education	Lumpsum	1	35,000.00	35,000.00		35,000.00			35,000.00
Residential	Lumpsum	1	5,000.00	5,000.00		5,000.00			5,000.00
Security Scanner	Lumpsum	1	200,000.00	200,000.00		200,000.00			200,000.00
Laboratory	Lumpsum	1	15,000.00	15,000.00		15,000.00			15,000.00
Medical	Lumpsum	1	20,000.00	20,000.00		20,000.00			20,000.00
Fire Tender	Lumpsum	1	500,000.00	500,000.00		500,000.00			500,000.00
2. FURNITURE									
Furniture	Lumpsum	1	176,500.00	176,500.00		176,500.00			176,500.00
Sub Total (A + B + C)			64,918,953.30		-	39,014,191.40	-	25,904,761.90	64,918,953.30
ATCs & IRRIGATION INFRASTRUCTURE									
A. CIVIL WORKS									
1. ATC INFRASTRUCTURE									
Service Centre	Number	2	42,710.00	85,420.00		85,420.00			85,420.00
Processing Centre	Number	2	42,710.00	85,420.00		85,420.00			85,420.00
Truck Parking	Number	2	42,590.00	85,180.00		85,180.00			85,180.00
Water Facility	Number	2	39,580.00	79,160.00		79,160.00			79,160.00
Power Facility	Number	2	79,160.00	158,320.00		158,320.00			158,320.00
Storage Warehouse	Number	2	215,440.00	430,880.00		430,880.00			430,880.00
Cold Storage	Number	2	100,910.00	201,820.00		201,820.00			201,820.00
Solid Waste Management Plant	Number	2	42,130.00	84,260.00		84,260.00			84,260.00
Security Outpost	Number	2	13,200.00	26,400.00		26,400.00			26,400.00
Fire Station	Number	2	65,960.00	131,920.00		131,920.00			131,920.00
Admin Block	Number	2	91,800.00	183,600.00		183,600.00			183,600.00
Health/Veterinary Centre	Number	2	47,990.00	95,980.00		95,980.00			95,980.00
Market	Number	2	52,800.00	105,600.00		105,600.00			105,600.00
QA & QC Lab	Number	2	21,100.00	42,200.00		42,200.00			42,200.00
Quarantine Zone	Number	2	26,400.00	52,800.00		52,800.00			52,800.00
Road, Single - 7.3m Carriage +1.5m Shoulder (Asphalt)	Kilometer	2.8	422,160.00	1,182,048.00		1,182,048.00			1,182,048.00
Road Side Drains /a	Kilometer	5.6	250,130.00	1,400,728.00		1,400,728.00			1,400,728.00

2. IRRIGATION INFRASTRUCTURE										
Rehabilitation of Dam	Number	1	1,056,411.60	1,056,411.60		1,056,411.60			1,056,411.60	
Pilot Improved Pasture Development	Hectare	50	1,000.00	50,000.00		50,000.00			50,000.00	
B. GOODS										
1. EQUIPMENTS										
Equipments	Set	2	560,000.00	1,120,000.00		1,120,000.00			1,120,000.00	
2. FURNITURE										
Furniture	Lumpsum	2	20,000.00	40,000.00		40,000.00			40,000.00	
Sub Total (A + B + C)				6,698,147.60		-	6,698,147.60	-	-	6,698,147.60
INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT FOR AGRO-INDUSTRIAL HUBS										
A. ENVIRONMENTAL AND SOCIAL MANAGEMENT										
1. CIVIL WORKS										
ESMP Implementation	Lumpsum	1	400,000.00	400,000.00		400,000.00			400,000.00	
Payment of compensation	Lumpsum	1	2,020,000.00	2,020,000.00				2,020,000.00	2,020,000.00	
B. GENDER NEED ASSESSMENT										
1. SERVICES										
a. CONTRACTUAL SERVICES										
Needs Assessment and Design of Gender Friendly In	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00	
Sub Total (A + B + C)				2,422,500.00		-	400,000.00	-	2,022,500.00	2,422,500.00
TOTAL COMPONENT - 1				74,039,600.90		-	46,112,339.00	-	27,927,261.90	74,039,600.90
Component - 2: AGRICULTURAL PRODUCTIVITY AND PRODUCTION										
A. SUPPORT TO FARMERS ON HIGH YIELD SEEDS, CPPS, FERTILIZERS										
1. SERVICES										
a. TECHNICAL ASISTANCE										
Strengthening of the Existing Policies, Laws, Rules and Regulations/Technical Support to NASC for Seed Inspection /a	Lumpsum	1	700,000.00	700,000.00				700,000.00	700,000.00	

b. TRAINING										
Training of Pastoralists on Artificial Insemination & Management of improved breeds	Lumpsum	1	250,000.00	250,000.00				250,000.00	250,000.00	
Training of Farmers on high Yield Seeds, CPPs, Fertilizers etc.	Lumpsum	1	125,000.00	125,000.00				125,000.00	125,000.00	
2. GOODS										
Provision of high yield seeds, CPPs, fertilizers etc. to Farmers /b	Lumpsum	1	200,000.00	200,000.00				200,000.00	200,000.00	
Pilot provision of improved animal breeds to Pastoralists	Lumpsum	1	2,000,000.00	2,000,000.00			2,000,000.00			2,000,000.00
Sub total - A			3,275,000.00	3,275,000.00	-	2,000,000.00	-	1,275,000.00	3,275,000.00	3,275,000.00
B. SKILL DEVELOPMENT FOR EMPLOYABILITY AND JOB CREATION										
1. SERVICES										
a. TRAINING										
Sensitization Workshops for Women Agricultural Cooperatives and WSMEs on Climate Smart Agricultural Technologies	Lumpsum	1	11,875.00	11,875.00				11,875.00	11,875.00	
Leadership Academy and Capacity Building Training for Women	Lumpsum	1	6,250.00	6,250.00				6,250.00	6,250.00	
Prevention and Response to Gender Based Violence Using the Existing Referral Mechanisms	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00	
Capacity Building to 700 Youth on Job Creation & Entrepreneurship	Lumpsum	1	10,000.00	10,000.00				10,000.00	10,000.00	
Mitigation Measures for the Potential Increase of HIV/AIDS, Malaria, Sexual Abuse and Harassment, for Project Communities and civil workers	Lumpsum	1	3,750.00	3,750.00				3,750.00	3,750.00	
b. STUDIES										
Development of Gender Guidelines	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00	
Need Assessment on the Introduction of Gender-Friendly and Climate Smart Agricultural Technology	Lumpsum	1	1,250.00	1,250.00				1,250.00	1,250.00	
Needs Assessment and Situation Analysis to Establish Gender Hot Line in the Agro-Industrial Hubs	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00	
Reflection of Gender Responsiveness/Affirmative Action for Equal Access of Men and Women to Productive Resources and Inputs	Lumpsum	1	6,250.00	6,250.00				6,250.00	6,250.00	
c. TECHNICAL ASISTANCE										
Support to MSMEs in Agri-business and Agri-technology	Lumpsum	1	875,000.00	875,000.00				875,000.00	875,000.00	
Establishment of Gender One-Stop Shop in the Knowledge Centre	Lumpsum	1	5,000.00	5,000.00				5,000.00	5,000.00	

2. GOODS									
Installment of Gender-Friendly and Climate Smart Agricultural Technology	Set	1	5,000.00	5,000.00				5,000.00	5,000.00
Provision of Starter packs to support job creation and entrepreneurship by trained youth.	Set	1	400,000.00	400,000.00				400,000.00	400,000.00
Sub total - B				1,331,875.00				1,331,875.00	1,331,875.00
TOTAL COMPONENT - 2				4,606,875.00		2,000,000.00		2,606,875.00	4,606,875.00
Component - 3: CONSULTANCY SERVICES									
A. Design and Supervision									
Detailed Design & Supervision of Works (AIH)	Lumpsum	1	950,000.00	950,000.00	950,000.00				950,000.00
Detailed Design & Infrastructure Supervision (ATCs)	Lumpsum	1	300,000.00	300,000.00	300,000.00				300,000.00
B. Transaction Advisory Services									
Transaction Advisory Services	Lumpsum	1	1,040,000.00	1,040,000.00	1,040,000.00				1,040,000.00
C. Private Facility Manager									
Procurement of Private Sector Facility Managers	Lumpsum	1	400,000.00	400,000.00	400,000.00				400,000.00
D. Training (Business Development)									
Investment Promotion, Branding and Marketing of the Agro Industrial Zones	Lumpsum	1	200,000.00	200,000.00	200,000.00				200,000.00
E. Capacity Building									
Technical Assistance and Capacity Building for Staff of Relevant Public Institutions in the States	Lumpsum	1	100,000.00	100,000.00			100,000.00		100,000.00
Enabling Business Environment and Relevant Incentives to Support Private Sector Investments	Lumpsum	1	400,000.00	400,000.00	400,000.00				400,000.00
TOTAL COMPONENT - 3				3,390,000.00	3,290,000.00			100,000.00	3,390,000.00
Component - 4: PROJECT COORDINATION AND MANAGEMENT									
A. SERVICES									
1. TRAINING									
Capacity Building of the PIU staff	Lumpsum	1	100,000.00	100,000.00			100,000.00		100,000.00
Communication	P/Year	3	25,000.00	75,000.00	75,000.00				75,000.00
Startup workshop	Lumpsum	1	25,000.00	25,000.00	25,000.00				25,000.00
Mid-Term Review	Lumpsum	1	20,000.00	20,000.00		20,000.00			20,000.00
Project Completion	Lumpsum	1	20,000.00	20,000.00		20,000.00			20,000.00

B. GOODS									
1. Equipment									
Office Equipment (General)	Set	1	200,000.00	200,000.00	200,000.00				200,000.00
Accounting Software	Set	1	20,000.00	20,000.00	20,000.00				20,000.00
M&E Software	Set	1	20,000.00	20,000.00	20,000.00				20,000.00
Knowledge Products/Publications	Per/Year	5	50,000.00	250,000.00				250,000.00	250,000.00
2. VEHICLE									
Vehicles 4 WD PICK UPS/BUS	Number	3	50,000.00	150,000.00	150,000.00				150,000.00
C. PERSONNEL									
PPP Expert	P/M	60	2,000.00	120,000.00	120,000.00				120,000.00
D. ALLOWANCES									
Travel/ Monitoring Allowances	Year	5	89,600.00	448,000.00	148,000.00			300,000.00	448,000.00
E. GENERAL OPERATING COSTS									
Office Renovation/Rental	Lumpsum	1	40,000.00	40,000.00				40,000.00	40,000.00
Support to Steering Committee Secretariat	Lumpsum	5	30,000.00	150,000.00	150,000.00				150,000.00
Administrative Costs	Lumpsum	5	30,000.00	150,000.00	100,000.00			50,000.00	150,000.00
Internet Connection	Lumpsum	5	2,000.00	10,000.00				10,000.00	10,000.00
Logistics (Transport & Other Supplies)	Lumpsum	5	1,000.00	5,000.00				5,000.00	5,000.00
Utilities	Lumpsum	5	700.00	3,500.00				3,500.00	3,500.00
F. OPERATION & MAINTENANCE									
Office Furniture	Lumpsum	5	1,000.00	5,000.00				5,000.00	5,000.00
Subsistence	Lumpsum	5	8,000.00	40,000.00				40,000.00	40,000.00
O & M (Vehicles and Office Equip)	Veh-Year	15	14,000.00	210,000.00	210,000.00				210,000.00
Insurance of Project Vehicles	Veh-Year	15	6,000.00	90,000.00	90,000.00				90,000.00
TOTAL COMPONENT - 4				2,151,500.00	1,308,000.00	40,000.00	-	803,500.00	2,151,500.00
Component - 5: Financial Audit									
A. SERVICES									
1 Financial Audit	P/Year	5	25,000.00	125,000.00	125,000.00				125,000.00
TOTAL COMPONENT - 5				125,000.00	125,000.00	-	-	-	125,000.00
TOTAL (Component 1, 2, 3, 4 & 5)				84,312,975.90	4,723,000.00	48,152,339.00	-	31,437,636.90	84,312,975.90
Contingencies				4,098,648.80	236,150.00	2,290,616.95	-	1,571,881.85	4,098,648.80
Total Cost for FCT				88,411,624.70	4,959,150.00	50,442,955.95	-	33,009,518.75	88,411,624.70

KANO STATE									
Component - 1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management									
A. CIVIL WORKS									
1. GROUND AND SITE WORKS									
General Site Clearance	Hectare	9	5,300	47,700.00		47,700.00			47,700.00
Compound Wall Fencing	Kilometer	6	75,000	450,000.00		450,000.00			450,000.00
Gate and Gate house	Number	1	15,000	15,000.00		15,000.00			15,000.00
Security Outpost	Number	2	39,600	79,200.00		79,200.00			79,200.00
2. NON PROCESSING FACILITIES									
Administration Office, R&D Centre and Disaster Management	Number	1	206,550	206,550.00		206,550.00			206,550.00
QA & QC Lab	Number	1	47,475	47,475.00		47,475.00			47,475.00
Knowledge Centre and ICT	Number	1	170,280	170,280.00		170,280.00			170,280.00
Procurement Centre	Number	1	74,250	74,250.00		74,250.00			74,250.00
Industrial / Employment Hub	Number	1	108,510	108,510.00		108,510.00			108,510.00
Community Vocational Centre	Number	1	133,245	133,245.00		133,245.00			133,245.00
Health Centre	Number	1	143,970	143,970.00		143,970.00			143,970.00
Residential/ Duty Post	Number	1	237,975	237,975.00		237,975.00			237,975.00
Recreational/Playground	Number	1	116,030	116,030.00		116,030.00			116,030.00
3. PROCESSING ZONE SUPPORT FACILITIES									
Livestock Veterinary Clinics	Number	1	224,930	224,930.00		224,930.00			224,930.00
Livestock Service Centre	Number	1	85,120	85,120.00		85,120.00			85,120.00
Abattoir	Number	1	3,000,000	3,000,000.00			3,000,000.00		3,000,000.00
Hide and Skin processing area	Number	1	1,219,600	1,219,600.00		1,219,600.00			1,219,600.00
Van for Hides and Skin	Number	1	68,000	68,000.00		68,000.00			68,000.00
Livestock Breeding Centre	Number	1	371,710	371,710.00		371,710.00			371,710.00
Livestock Loading and Unloading Bays	Number	1	127,760	127,760.00		127,760.00			127,760.00
Livestock Quarantine Zone	Number	1	860,580	860,580.00		860,580.00			860,580.00

4. COMMON INFRASTRUCTURE AND UTILITIES											
Fire Station	Number	1	138,341	138,341.00			138,341.00		138,341.00		
Water Facility (3 boreholes)	Lumpsum	1	369,390	369,390.00			369,390.00		369,390.00		
Power Facility	Lumpsum	1	2,085,000	2,085,000.00			2,085,000.00		2,085,000.00		
Sewage and Effluent Treatment Plant	Lumpsum	1	221,634	221,634.00			221,634.00		221,634.00		
Solid Waste Management	Number	1	88,480	88,480.00			88,480.00		88,480.00		
Public Toilets 4-Unit WC (46m2)	Number	4	42,000	168,000.00			168,000.00		168,000.00		
5. ROADS, CULVERYS AND DRAINAGE											
Internal Road:18m Wide	Kilometer	5	356,300	1,781,500.00			1,781,500.00		1,781,500.00		
Internal Roads: 12m Wide	Kilometer	10	191,250	1,912,500.00			1,912,500.00		1,912,500.00		
General Street Lights (Solar Power)	Kilometer	1.	976,000.	976,000.00			976,000.00		976,000.00		
RC Side Drains (1.2m x 1.2m) and Vehicular Crossings	Kilometer	15	220,000	3,300,000.00			3,300,000.00		3,300,000.00		
RC Drain Size 2.0m x 1.5m	Kilometer	0.5	237,270.	118,635.00			118,635.00		118,635.00		
Truck Parking	Hectare	5	296,835	1,484,175.00			1,484,175.00		1,484,175.00		
Access Road: Dual – 7.3m Carriage +1.5m Shoulder	Kilometer	7	191,250	1,338,750.00			1,338,750.00		1,338,750.00		
B. GOODS											
1. EQUIPMENTS											
Veterinary	Lumpsum	1	390,000	390,000.00			390,000.00		390,000.00		
Livestock	Lumpsum	1	88,000	88,000.00			88,000.00		88,000.00		
IT	Lumpsum	1	30,000	30,000.00			30,000.00		30,000.00		
Education	Lumpsum	1	26,000	26,000.00			26,000.00		26,000.00		
Residential	Lumpsum	1	3,750	3,750.00			3,750.00		3,750.00		
Security Scanner	Lumpsum	1	150,000	150,000.00			150,000.00		150,000.00		
Laboratory	Lumpsum	1	11,250	11,250.00			11,250.00		11,250.00		
Medical	Lumpsum	1	15,000	15,000.00			15,000.00		15,000.00		
Fire Tender	Lumpsum	1	375,000	375,000.00			375,000.00		375,000.00		
2. FURNITURE											
Furniture	Lumpsum	1	161,500	161,500.00			161,500.00		161,500.00		
Sub Total (A + B + C)				23,020,790.00			-	20,020,790.00	-	3,000,000.00	23,020,790.00

ATCS AND IRRIGATION INFRASTRUCTURE									
A. CIVIL WORKS									
1. ATC INFRASTRUCTURE									
Service Centre	Number	4	42,710	170,840.00		170,840.00			170,840.00
Processing Centre	Number	4	42,710	170,840.00		170,840.00			170,840.00
Truck Parking	Number	4	42,590	170,360.00		170,360.00			170,360.00
Water Facility	Number	4	39,580	158,320.00		158,320.00			158,320.00
Power Facility	Number	4	79,160	316,640.00		316,640.00			316,640.00
Storage Warehouse	Number	4	215,440	861,760.00		861,760.00			861,760.00
Solid Waste Management Plant	Number	4	42,130	168,520.00		168,520.00			168,520.00
Security Outpost	Number	4	13,200	52,800.00		52,800.00			52,800.00
Fire Station	Number	4	65,960	263,840.00		263,840.00			263,840.00
Admin Block	Number	4	91,800	367,200.00		367,200.00			367,200.00
Market	Number	4	52,800	211,200.00		211,200.00			211,200.00
QA & QC Lab	Number	4	21,100	84,400.00		84,400.00			84,400.00
Road. Single – 7.3m Carriage +1.5m Shoulder (Asphalt)	Kilometer	5.6	422,160.	2,364,096.00		2,364,096.00			2,364,096.00
Road Side Drains /a	Kilometer	11.2	250,130.	2,801,456.00		2,801,456.00			2,801,456.00
2. IRRIGATION INFRASTRUCTURE									
Irrigable Land Rehabilitation /b	Number	1	1,319,260	1,319,260.00		1,319,260.00			1,319,260.00
Rehabilitation of Bagauda Dam	Number	1	923,480	923,480.00		923,480.00			923,480.00
B. GOODS									
1. EQUIPMENTS									
Equipments	Set	4	560,000	2,240,000.00		2,240,000.00			2,240,000.00
2. FURNITURE									
Furniture	Set	4	20,000	80,000.00		80,000.00			80,000.00
Sub Total (A + B +C)				12,725,012.00		12,725,012.00			12,725,012.00

INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT FOR AGRO-INDUSTRIAL HUBS									
A. ENVIRONMENTAL AND SOCIAL MANAGEMENT									
1. CIVIL WORKS									
ESMP Implementation	Lumpsum	1	400,000	400,000.00				400,000.00	400,000.00
B. GENDER NEED ASSESSMENT									
1. SERVICES									
a. CONTRACTUAL SERVICES									
Needs Assessment and Design of Gender Friendly In	Lumpsum	1	5,000	5,000				5,000.00	5,000.00
Sub Total (A + B + C)				405,000.00				405,000.00	405,000.00
TOTAL COMPONENT - 1				36,150,802.00				3,405,000.00	36,150,802.00
Component - 2: AGRICULTURAL PRODUCTIVITY AND PRODUCTION									
A. SUPPORT TO FARMERS ON HIGH YIELD SEEDS, CPPS, FERTILIZERS									
1. SERVICES									
a. TECHNICAL ASISTANCE									
Strengthening of the Existing Policies, Laws, Rules and Regulations/Technical Support to NASC for Seed Inspection	Lumpsum	1	625,000	625,000.00				625,000.00	625,000.00
b. TRAINING									
Training of Farmers on high Yield Seeds, CPPs, Fertilizers etc.	Lumpsum	1	250,000	250,000				250,000.00	250,000.00
2. GOODS									
Provision of high yield seeds, CPPs, fertilizers etc. to Farmers	Lumpsum	1	1,000,000	1,000,000.00			1,000,000.00		1,000,000.00
Sub total - A				1,875,000.00				875,000.00	1,875,000.00
B. SKILL DEVELOPMENT FOR EMPLOYABILITY AND JOB CREATION									
1. SERVICES									
a. TRAINING									
Sensitization Workshops for Women Agricultural Cooperatives and WSMEs on Climate Smart Agricultural Technologies	Lumpsum	1	11,875	11,875.00				11,875.00	11,875.00
Leadership Academy and Capacity Building Training for Women	Lumpsum	1	6,250	6,250.00				6,250.00	6,250.00
Prevention and Response to Gender Based Violence Using the Existing Referral Mechanisms	Lumpsum	1	2,500	2,500.00				2,500.00	2,500.00
Capacity Building to Youth on Job Creation & Entrepreneurship	Lumpsum	1	500,000	500,000.00				500,000.00	500,000.00
Mitigation Measures for the Potential Increase of HIV/AIDS, Malaria, Sexual Abuse and Harassment, for Project Communities and civil workers	Lumpsum	1	7,500	7,500.00				7,500.00	7,500.00

b. STUDIES											
	Development of Gender Guidelines	Lumpsum	1	2,500	2,500.00				2,500.00	2,500.00	
	Need Assessment on the Introduction of Gender-Friendly and Climate Smart Agricultural Technology	Lumpsum	1	1,250	1,250.00				1,250.00	1,250.00	
	Needs Assessment and Situation Analysis to Establish Gender Hot Line in the Agro-Industrial Hubs	Lumpsum	1	2,500	2,500.00				2,500.00	2,500.00	
	Reflection of Gender Responsiveness/Affirmative Action for Equal Access of Men and Women to Productive Resources and Inputs	Lumpsum	1	6,250	6,250.00				6,250.00	6,250.00	
c. TECHNICAL ASISTANCE											
	Support to MSMEs in Agri-business and Agri-technology	Lumpsum	1	625,000	625,000.00				625,000.00	625,000.00	
	Establishment of Gender One-Stop Shop in the Knowledge	Lumpsum	1	5,000	5,000.00				5,000.00	5,000.00	
2. GOODS											
	Instalment of Gender-Friendly and Climate Smart Agricultural Technology	Set	1	5,000	5,000.00				5,000.00	5,000.00	
	Provision of Equipments to Support Job Creation & Entrepreneurship to Targets Youth	Set	1	625,000	625,000.00		625,000.00			625,000.00	
Sub total - B					1,800,625.00				-	1,175,625.00	1,800,625.00
C. VALUE CHAIN INFRASTRUCTURE (IFAD)											
1. VALUE CHAIN INFRASTRUCTURE											
	Assessments, feasibility studies & designs	Lumpsum	5	124,400	622,000.00			622,000.00		622,000.00	
	Rural Roads Construction	Kilometer	22	250,000	5,500,000.00			5,500,000.00		5,500,000.00	
	Access to land development especially for landless youth & women	Hectare	4	639,500	2,558,000.00			2,558,000.00		2,558,000.00	
	Access to irrigation and water control	Hectare	4	1,366,225	5,464,900.00			5,464,900.00		5,464,900.00	
	Agro Processing facilities constructed or rehabilitated	Per Year	4	242,250	969,000.00			969,000.00		969,000.00	
	Marketing/storage facilities constructed or rehabilitated	Per Year	4	340,750	1,363,000.00			1,363,000.00		1,363,000.00	
	Farmers Organisation aggregation center/ village bulking centers constructed	Per Year	4	340,750	1,363,000.00			1,363,000.00		1,363,000.00	
	Construction of culverts	Per Year	5	163,800	819,000.00			819,000.00		819,000.00	
	Construction of bridges	Per Year	5	279,200	1,396,000.00			1,396,000.00		1,396,000.00	
	Construction of Borehole equipped with solar pumping systems	Per Year	5	277,400	1,387,000.00			1,387,000.00		1,387,000.00	
Subtotal - C					21,441,900.00			-	-	21,441,900.00	21,441,900.00
TOTAL COMPONENT - 2					25,117,525.00			-	1,625,000.00	21,441,900.00	2,050,625.00

Component - 3: CONSULTANCY SERVICES										
A. Design and Supervision										
	Detailed Design & Supervision of Works (AIH)	Lumpsum	1	1,936,736	1,936,736.00	1,936,736.00			1,936,736.00	
	Detailed Design & Infrastructure Supervision (ATCs)	Lumpsum	1	420,000	936,451.00	936,451.00			936,451.00	
B. Transaction Advisory Services										
	Transaction Advisory Services	Lumpsum	1	1,040,000	1,040,000.00	1,040,000.00			1,040,000.00	
C. Private Sector Facility Manager										
	Procurement of Private Sector Facility Managers	Lumpsum	1	400,000	400,000.00	400,000.00			400,000.00	
D. Training (Business Development)										
	Investment Promotion, Branding and Marketing of the Agro Industrial Zones	Lumpsum	1	50,000	50,000.00			50,000.00	50,000.00	
E. Capacity Building										
	Technical Assistance and Capacity Building for Staff of Relevant Public Institutions in the States	Lumpsum	1	300,000	300,000.00			300,000.00	300,000.00	
	Enabling Business Environment and Relevant Incentives to Support Private Sector Investments	Lumpsum	1	70,000	70,000.00			70,000.00	70,000.00	
TOTAL COMPONENT - 3					4,733,187.00	4,313,187.00	-	-	420,000.00	4,733,187.00
Component - 4: PROJECT COORDINATION AND MANAGEMENT										
A. SERVICES										
1. TRAINING										
	Capacity Building for PIU Staff	Lumpsum	1	193,000	100,000.00			100,000.00	100,000.00	
	Communication	P/Year	5	25,000	125,000.00	125,000.00			125,000.00	
	Startup Workshop	Lumpsum	1	25,000	25,000.00	25,000.00			25,000.00	
	Mid-Term Review	Lumpsum	1	20,000	20,000.00		20,000.00		20,000.00	
	Project Completion	Lumpsum	1	20,000	20,000.00		20,000.00		20,000.00	
B. GOODS										
1. Equipment										
	Office Equipment (General)	Set	1	200,000	200,000.00	200,000.00			200,000.00	
	Office Equipment (Account)	Set	1	20,000	20,000.00	20,000.00			20,000.00	
	Accounting Software	Set	1	20,000	20,000.00	20,000.00			20,000.00	
	Knowledge Products/Publications	Per/Year	5	25,000	125,000.00			125,000.00	125,000.00	

2. VEHICLE									
Vehicles 4 WD PICK UPS/BUS	Number	3	50,000	150,000	150,000.00				150,000.00
C. PERSONNEL									
PPP Expert	P/M	60	2,000	120,000.00	120,000.00				120,000.00
D. ALLOWANCES									
Travel/ Monitoring Allowances	Year	5	74,400	372,000.00			222,000	150,000.00	372,000.00
E. GENERAL OPERATING COSTS									
Office Renovation/Rental	Lumpsum	1	100,000	100,000.00				100,000.00	100,000.00
Support to Steering Committee Secretariat	Lumpsum	5	30,000	150,000.00	150,000.00				150,000.00
Administrative Costs	Lumpsum	5	30,000	150,000.00	100,000.00			50,000.00	150,000.00
Internet Connection	Lumpsum	5	2,000	10,000.00				10,000.00	10,000.00
Logistics (Transport & Other Supplies)	Lumpsum	5	10,000	50,000.00				50,000.00	50,000.00
Utilities	Lumpsum	5	700	3,500.00				3,500.00	3,500.00
F. OPERATION & MAINTENANCE									
Office Furniture	Lumpsum	5	1,000	5,000.00				5,000.00	5,000.00
Subsistence	Lumpsum	5	8,000	40,000.00				40,000.00	40,000.00
O & M (Vehicles and Office Equip)	Veh-Year	15	10,000	150,000.00	150,000.00				150,000.00
Insurance of Project Vehicles	Veh-Year	15	5,000	75,000.00	75,000.00				75,000.00
TOTAL COMPONENT - 4				2,030,500.00	1,135,000.00	40,000.00	222,000.00	633,500.00	2,030,500.00
Component - 5: Financial Audit									
A. SERVICES									
1: Financial Audit	P/Year	5	25,000.00	125,000.00	125,000.00				125,000.00
TOTAL COMPONENT - 5				125,000.00	125,000.00	-	-	-	125,000.00
TOTAL (Component 1, 2, 3, 4 & 5)				68,157,014.00	5,573,187.00	34,410,802.00	21,663,900.00	6,509,125.00	68,157,014.00
Contingencies				3,328,850.70	278,659.35	1,641,540.10	1,083,195.00	325,456.25	3,328,850.70
Total Cost for Kano				71,485,864.70	5,851,846.35	36,052,342.10	22,747,095.00	6,834,581.25	71,485,864.70

KWARA STATE							
Component - 1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management							
A. CIVIL WORKS							
1. GROUND AND SITE WORKS							
General Site Clearance	Hectare	9	6,600.00	59,400.00	59,400.00	59,400.00	59,400.00
Compound Wall Fencing	Kilometer	15.4	155,670.00	2,397,318.00	2,397,318.00	2,397,318.00	2,397,318.00
Gate and Gate house	Number	1	26,390.00	26,390.00	26,390.00	26,390.00	26,390.00
Security Outpost	Number	2	39,600.00	79,200.00	79,200.00	79,200.00	79,200.00
2. NON PROCESSING FACILITIES							
Administration Office, R&D Centre and Disaster Management	Number	1	275,400.00	275,400.00	275,400.00	275,400.00	275,400.00
QA & QC Lab	Number	1	63,300.00	63,300.00	63,300.00	63,300.00	63,300.00
Knowledge Centre and ICT	Number	1	170,280.00	170,280.00	170,280.00	170,280.00	170,280.00
Procurement Centre	Number	1	99,000.00	99,000.00	99,000.00	99,000.00	99,000.00
Industrial/Employment Zone	Number	1	108,510.00	108,510.00	108,510.00	108,510.00	108,510.00
Community Vocational Centre	Number	1	177,660.00	177,660.00	177,660.00	177,660.00	177,660.00
Health Centre	Number	1	143,970.00	143,970.00	143,970.00	143,970.00	143,970.00
Residential/ Duty Post	Number	1	317,300.00	317,300.00	317,300.00	317,300.00	317,300.00
Recreational/Playground	Number	1	116,030.00	116,030.00	116,030.00	116,030.00	116,030.00
3. PROCESSING ZONE SUPPORT FACILITIES							
Livestock Veterinary Clinics	Number	1	671,030.00	671,030.00	671,030.00	671,030.00	671,030.00
Livestock Service Centre	Number	1	85,120.00	85,120.00	85,120.00	85,120.00	85,120.00
Livestock Breeding Centre	Number	1	471,710.00	471,710.00	471,710.00	471,710.00	471,710.00
Livestock Loading and Unloading Bays	Number	1	89,840.00	89,840.00	89,840.00	89,840.00	89,840.00
Livestock Quarantine Zone	Number	1	259,590.00	259,590.00	259,590.00	259,590.00	259,590.00
4. COMMON INFRASTRUCTURE AND UTILITIES							
Fire Station	Number	1	197,630.00	197,630.00	197,630.00	197,630.00	197,630.00
Water Facility	Lumpsum	1	197,890.00	197,890.00	197,890.00	197,890.00	197,890.00
Water Treatment Plant	Lumpsum	1	527,700.00	527,700.00	527,700.00	527,700.00	527,700.00
Power Facility	Lumpsum	1	2,120,000.00	2,120,000.00	2,120,000.00	2,120,000.00	2,120,000.00
Sewage and Effluent Treatment Plant	Lumpsum	1	316,620.00	316,620.00	316,620.00	316,620.00	316,620.00
Solid Waste Management	Number	1	126,400.00	126,400.00	126,400.00	126,400.00	126,400.00
Public Toilets 8-Unit WC (46m2)	Number	2	60,000.00	120,000.00	120,000.00	120,000.00	120,000.00

5. ROADS, CULVERYS AND DRAINAGE											
Internal Road: 18m Wide	Kilometer	3	509,000.00	1,527,000.00			1,527,000.00		1,527,000.00		
Internal Roads: 12m Wide	Kilometer	9.5	255,000.00	2,422,500.00			2,422,500.00		2,422,500.00		
General Street Lights (Solar Power)	Kilometer	0.1	2,506,600.00	250,660.00			250,660.00		250,660.00		
RC Side Drains (1.2m x 1.2m) and Vehicular Crossings	Kilometer	12	228,000.00	2,736,000.00			2,736,000.00		2,736,000.00		
RC Drain Size 2.0m x 1.5m	Kilometer	0.5	316,360.00	158,180.00			158,180.00		158,180.00		
Truck Parking	Hectare	0.32	395,780.00	126,649.60			126,649.60		126,649.60		
Access Road: Dual – 7.3m Carriage +1.5m Shoulder	Kilometer	19	255,000.00	4,845,000.00			4,845,000.00		4,845,000.00		
Access Road: Single – 7.3m Carriage +1.5m Shoulder	Kilometer	30.20	139,840.00	4,223,168.00			4,223,168.00		4,223,168.00		
B. GOODS											
1. EQUIPMENTS											
Veterinary	Lumpsum	1	520,000.00	520,000.00			520,000.00		520,000.00		
Livestock	Lumpsum	1	82,000.00	82,000.00			82,000.00		82,000.00		
IT	Lumpsum	1	55,000.00	55,000.00			55,000.00		55,000.00		
Education	Lumpsum	1	35,000.00	35,000.00			35,000.00		35,000.00		
Residential	Lumpsum	1	5,000.00	5,000.00			5,000.00		5,000.00		
Security Scanner	Lumpsum	1	200,000.00	200,000.00			200,000.00		200,000.00		
Laboratory	Lumpsum	1	15,000.00	15,000.00			15,000.00		15,000.00		
Medical	Lumpsum	1	20,000.00	20,000.00			20,000.00		20,000.00		
Fire Tender	Lumpsum	1	500,000.00	500,000.00			500,000.00		500,000.00		
2. FURNITURE											
Furniture	Lumpsum	1	176,500.00	176,500.00			176,500.00		176,500.00		
Sub Total (A + B +C)				27,114,945.60			-	27,114,945.60	-	-	27,114,945.60
ATCs AND IRRIGATION INFRASTRUCTURE											
A. CIVIL WORKS											
1. ATCs INFRASTRUCTURE											
Service Centre	Number	4	42,710.00	170,840.00			170,840.00		170,840.00		
Processing Centre	Number	4	42,710.00	170,840.00			170,840.00		170,840.00		
Truck Parking	Number	4	42,590.00	170,360.00			170,360.00		170,360.00		
Water Facility	Number	4	39,580.00	158,320.00			158,320.00		158,320.00		
Power Facility	Number	4	79,160.00	316,640.00			316,640.00		316,640.00		
Storage Warehouse	Number	4	215,440.00	861,760.00			861,760.00		861,760.00		
Solid Waste Management Plant	Number	4	42,130.00	168,520.00			168,520.00		168,520.00		
Security Outpost	Number	4	13,200.00	52,800.00			52,800.00		52,800.00		
Fire Station	Number	4	65,960.00	263,840.00			263,840.00		263,840.00		
Admin Block	Number	4	91,800.00	367,200.00			367,200.00		367,200.00		
Market	Number	4	52,800.00	211,200.00			211,200.00		211,200.00		
QA & QC Lab	Number	4	21,100.00	84,400.00			84,400.00		84,400.00		
Road, Single – 7.3m Carriage +1.5m Shoulder (Asphalt)	Kilometer	5.6	422,160.00	2,364,096.00			2,364,096.00		2,364,096.00		
Road Side Drains	Kilometer	11.2	250,130.00	2,801,456.00			2,801,456.00		2,801,456.00		

1. IRRIGATION INFRASTRUCTURE											
Rehabilitation of Dam	Number	1	1,055,410.00	1,055,410.00			1,055,410.00		1,055,410.00		
Pilot Improved Pasture Development	Hectare	50	20,000.00	1,000,000.00			1,000,000.00		1,000,000.00		
Marketing, Storage and Post Harvest Facilities	Lumpsum	1	3,100,000.00	3,100,000.00			3,100,000.00		3,100,000.00		
B. GOODS											
1. EQUIPMENTS											
Equipments	Set	4	560,000.00	2,240,000.00			2,240,000.00		2,240,000.00		
2. FURNITURE											
Furniture	Set	4	20,000.00	80,000.00			80,000.00		80,000.00		
Sub Total (A + B + C)				15,637,682.00			-	15,637,682.00	-	-	15,637,682.00
INFRASTRUCTURE DEVELOPMENT AND MANAGEMENT FOR AGRO-INDUSTRIAL HUBS											
A. ENVIRONMENTAL AND SOCIAL MANAGEMENT											
1. CIVIL WORKS											
ESMP Implementation	Lumpsum	1	400,000.00	400,000.00				400,000.00	400,000.00		
B. GENDER NEED ASSESSMENT											
1. SERVICES											
a. CONTRACTUAL SERVICES											
Needs Assessment and Design of Gender Friendly In	Lumpsum	1	4,000.00	4,000.00				4,000.00	4,000.00		
Sub Total (A + B + C)				404,000.00			-	-	-	404,000.00	404,000.00
TOTAL COMPONENT - 1				43,156,627.60			-	42,752,627.60	-	404,000.00	43,156,627.60
Component - 2: AGRICULTURAL PRODUCTIVITY AND PRODUCTION											
A. SUPPORT TO FARMERS ON HIGH YIELD SEEDS, CPPS, FERTILIZERS											
1. SERVICES											
a. TECHNICAL ASISTANCE											
Strengthening of the Existing Policies, Laws, Rules and Regulations/Technical Support to NASC for Seed Inspection	Lumpsum	1	625,000.00	625,000.00				625,000.00	625,000.00		

b. TRAINING									
Training of Farmers on high Yield Seeds, CPPs, Fertilizers etc.	Lumpsum	1	250,000.00	250,000.00				250,000.00	250,000.00
2. GOODS									
Provision of high yield seeds, CPPs, fertilizers etc. to Farmers	Lumpsum	1	1,075,000.00	1,075,000.00			1,075,000.00		1,075,000.00
Sub Total - A				1,950,000.00			-	1,075,000.00	-
B. SKILL DEVELOPMENT FOR EMPLOYABILITY AND JOB CREATION									
1. SERVICES									
a. TRAINING									
Sensitization Workshops for Women Agricultural Cooperatives and WSMEs on Climate Smart Agricultural Technologies	Lumpsum	1	11,875.00	11,875.00				11,875.00	11,875.00
Leadership Academy and Capacity Building Training for Women	Lumpsum	1	6,250.00	6,250.00				6,250.00	6,250.00
Prevention and Response to Gender Based Violence Using the Existing Referral Mechanisms	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00
Capacity Building to Youth on Job Creation & Entrepreneurship	Lumpsum	1	500,000.00	500,000.00				500,000.00	500,000.00
Training on Technology and Innovation in Dairy Value Chain	Lumpsum	1	50,000.00	50,000.00				50,000.00	50,000.00
Mitigation Measures for the Potential Increase of HIV/AIDS, Malaria, Sexual Abuse and Harassment, for Project Communities and civil workers	Lumpsum	1	3,750.00	3,750.00				3,750.00	3,750.00
b. STUDIES									
Development of Gender Guidelines	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00
Need Assessment on the Introduction of Gender-Friendly and Climate Smart Agricultural Technology	Lumpsum	1	1,250.00	1,250.00				1,250.00	1,250.00
Needs Assessment and Situation Analysis to Establish Gender Hot Line in the Agro-Industrial Hubs	Lumpsum	1	2,500.00	2,500.00				2,500.00	2,500.00
Reflection of Gender Responsiveness/Affirmative Action for Equal Access of Men and Women to Productive Resources and Inputs	Lumpsum	1	6,250.00	6,250.00				6,250.00	6,250.00
c. TECHNICAL ASISTANCE									
Support to MSMEs in Agri-business and Agri-technology	Lumpsum	1	625,000.00	625,000.00				625,000.00	625,000.00
Establishment of Gender One-Stop Shop in the Knowledge Centre	Lumpsum	1	5,000.00	5,000.00				5,000.00	5,000.00

2. GOODS									
Instalment of Gender-Friendly and Climate Smart Agricultural Technology	Set	1	5,000.00	5,000.00				5,000.00	5,000.00
Technology and Innovation in Dairy Value Chain	Lumpsum	1	150,000.00	150,000.00				150,000.00	150,000.00
Provision of Equipments to Support Job Creation & Entrepreneurship to Targets Youth	Set	1	625,000.00	625,000.00		625,000.00			625,000.00
Sub Total - B				1,996,875.00	-	625,000.00	-	1,371,875.00	1,996,875.00
TOTAL COMPONENT - 2				3,946,875.00	-	1,700,000.00	-	2,246,875.00	3,946,875.00
Component - 3: CONSULTANCY SERVICES									
C. Design and Supervision									
Detailed Design & Supervision of Works (AIH)	Lumpsum	1	2,223,580.00	2,223,580.00	2,223,580.00				2,223,580.00
Detailed Design & Infrastructure Supervision (ATCs)	Lumpsum	1	1,200,000.00	1,200,000.00	1,200,000.00				1,200,000.00
D. Transaction Advisory Services									
Transaction Advisory Services	Lumpsum	1	1,040,000.00	1,040,000.00	1,040,000.00				1,040,000.00
E. Private Sectors Facility Manager									
Procurement of Private Sector Facility Managers	Lumpsum	1	400,000.00	400,000.00	400,000.00				400,000.00
A. Training (Business Development)									
Investment Promotion, Branding and Marketing of the Agro Industrial Zones	Lumpsum	1	100,000.00	100,000.00				100,000.00	100,000.00
B. Capacity Building									
Technical Assistance and Capacity Building for Staff of Relevant Public Institutions in the States	Lumpsum	1	300,000.00	300,000.00				300,000.00	300,000.00
Enabling Business Environment and Relevant Incentives to Support Private Sector Investments /a	Lumpsum	1	70,000.00	70,000.00				70,000.00	70,000.00
TOTAL COMPONENT - 3				5,333,580.00	4,863,580.00	-	-	470,000.00	5,333,580.00

Component - 4: PROJECT COORDINATION & MANAGEMENT									
A. SERVICES									
1. TRAINING									
Capacity Building for PIU Staff	Lumpsum	1	200,000.00	200,000.00	100,000.00		100,000.00	200,000.00	
Communication	P/Year	5	25,000.00	125,000.00			125,000.00	125,000.00	
Startup workshop	Lumpsum	1	25,000.00	25,000.00	25,000.00			25,000.00	
Mid-Term Review	Lumpsum	1	20,000.00	20,000.00		20,000.00		20,000.00	
Project Completion	Lumpsum	1	20,000.00	20,000.00		20,000.00		20,000.00	
B. GOODS									
1. Equipment									
Office Equipment (General)	Set	1	200,000.00	200,000.00	200,000.00			200,000.00	
M&E Software	Set	1	20,000.00	20,000.00	20,000.00			20,000.00	
Accounting Software	Set	1	20,000.00	20,000.00	20,000.00			20,000.00	
Knowledge Products/Publications	Per/Year	5	30,000.00	150,000.00			150,000.00	150,000.00	
2. VEHICLE									
Vehicles 4 WD PICK UPS	Number	3	50,000.00	150,000.00	150,000.00			150,000.00	
C. PERSONNEL									
PPP Expert	P/M	60	2,000.00	120,000.00	120,000.00			120,000.00	
D. ALLOWANCES									
Travel/ Monitoring Allowances	Year	5	45,600.00	228,000.00	78,000.00		150,000.00	228,000.00	
E. GENERAL OPERATING COSTS									
Office Renovation/Rental	Lumpsum	1	30,000.00	30,000.00			30,000.00	30,000.00	
Support to Steering Committee Secretariat	Lumpsum	5	30,000.00	150,000.00	150,000.00			150,000.00	
Administrative Costs	Lumpsum	5	30,000.00	150,000.00	100,000.00		50,000.00	150,000.00	
Internet Connection	Lumpsum	5	4,000.00	20,000.00			20,000.00	20,000.00	
Utilities	Lumpsum	5	1,500.00	7,500.00			7,500.00	7,500.00	
F. OPERATION & MAINTENANCE									
Office Furniture	Lumpsum	4	1,000.00	4,000.00			4,000.00	4,000.00	
Subsistence	Lumpsum	5	8,000.00	40,000.00			40,000.00	40,000.00	
O & M (Vehicles and Office Equip)	Veh-Year	15	14,000.00	210,000.00	210,000.00			210,000.00	
Insurance of Project Vehicles	Veh-Year	15	6,000.00	90,000.00	90,000.00			90,000.00	
TOTAL COMPONENT - 4				1,979,500.00	1,263,000.00	40,000.00	-	676,500.00	1,979,500.00

Component - 5: Financial Audit									
A. SERVICES									
	Financial Audit	P/Year	5	25,000.00	125,000.00	125,000.00			125,000.00
TOTAL COMPONENT - 5				125,000.00	125,000.00	-	-	-	125,000.00
TOTAL (Component 1, 2, 3, 4 &5)				54,541,582.60	6,251,580.00	44,492,627.60	-	3,797,375.00	54,541,582.60
Contingencies				2,662,079.13	312,579.00	2,159,631.38	-	189,868.75	2,662,079.13
Total Cost for Kwara				57,203,661.73	6,564,159.00	46,652,258.98	-	3,987,243.75	57,203,661.73
TOTAL COST (FCT, Kano, Kwara & CPMU) - Including contingencies				217,101,151.13	17,375,155.35	133,147,557.03	22,747,095.00	43,831,343.75	217,101,151.13

Implementation Arrangements/Progress Reporting

A) Institutional Arrangements

The Executing Agency for the SAPZ Project is the Federal Ministry of Agriculture and Rural Development of Nigeria (FMARD) working with the relevant core ministries in the country. At the state level, State Participating Implementation Units (PSIUs) will be responsible for implementation oversight, whilst ongoing supervision of works shall be carried out by International engineering consultancy firm(s) to be competitively procured as per the IsDB procedures.

Central to the objective of the project, is to prescribe and implement arrangements for a smooth transition of the project delivery activities from public agents to private operation and management. This shall be accomplished by setting up Special Purpose Vehicles (SPV) at state levels into which private operators and managers would be onboarded, whilst the public authorities retain oversight and implementation monitoring responsibilities. Essentially, under this structure, the Zones will be public-enabled and privately operated and managed, as public private partnership (PPP) vehicles. The proposed transaction structure is similar to PPP variant to be developed along the following organizing principles:

- i Given that the density of private sector companies that populate these locations will be the measure of success of the zones, it is important to ensure the delivery of world class infrastructure, and that well-known Facility/Zone Manager/company manage the zones (Operate and Manage).
- ii At inception, an International multidisciplinary Engineering Consultant is competitively selected to provide procurement support for the construction works and to provide construction supervision and certification at later stages. Similarly, Transaction Advisory teams would also be competitively selected to provide procurement support for the operation and management company.
- iii Each state government shall incubate SPVs. It is recommended that for such an SPV to be successful, the States undertake to retain minority position (shares) in the SPV, with a provision that requires the government to gradually divest its position/ and exit the SPV, post-tender.
- iv Upon conclusion of the tender, the Zone Facility Management Company shall be on-boarded into the SPV, allowing the State government to relinquish its position in the SPV.
- v The SPV shall work closely with the construction companies to ensure a market-driven approach guides the delivery of the SAPZ infrastructure.
- vi The SPV shall develop Environmental and Social Management Systems to manage the E&S risks of SAPZ sites and will set rules for SME operators who set up activities in the Zones.

National-Level Oversight and Implementation:

Strategic direction and oversight for the SAPZ Project will be provided by an Inter-Agency Steering Committee (IASC) - chaired by the Minister of Finance, Budget and National Planning (FMFBNP). The membership will include: Federal Ministers of

Agriculture and Rural Development Industry, Trade & Investment Water Resources, Works & Housing, Power and representatives of the Participating States and FCT,

Oversight for the SAPZ Project will be provided by a Federal Inter-Agency Technical Committee (FIATC) chaired by the Minister of Agriculture and Rural Development and comprising an official from the Federal Ministries of FMFBNP, Water Resources, Trade and Industries, Power, Works & Housing, and Women Affairs. The Committee will hold quarterly sessions every year. The Steering Committee will provide support, guidance, and oversight of the progress of the project implementation.

The FIATC's role will among others, include monitoring and reporting on the implementations at the States' level, preparing and supervising the development of SAPZ for other Phases and liaison and advocacy with other agencies. In addition, the FIATC will be charged with implementation of the enabling legislation and policy framework for the SAPZ Project. Phase-1 of this Project will make necessary financial provisions for the development of other phases of the Project. To further add value and avoid duplication in the oversight and implementation functions of the IASC and FIATC, synergies will be built with the ongoing country Project for industrialization, drawing on UNIDO's experience in coordinating inter-ministerial Project for country partnership.

The FIATC Secretariat/FPCU will be Headed by a Project Coordinator with experience in Project management, and a good understanding of development assistance and the management of stakeholders. The Staff of the FPCU will also include an Infrastructure Engineer, M&E Officer, Environmental and Climate Change safeguards officer, Development Communication Officer, PPP expert, Agro-logistics Officer, Accountant and Procurement Officer. The staff will be seconded from the Government departments. The overall function of FPCU will include: (i) coordination of project planning, implementation and monitoring; (ii) monitoring the implementation of the annual work plan and budget, the performance of the respective State PIUs; (iii) organizing periodic participative reviews; and (iv) ensuring quarterly and annual project implementation reporting.

State Steering Committees:

A State Inter-Agency Technical Committee (SIATC) comprising of key relevant Ministries in each participating States would be established. This Committee will be chaired by the Governor/Minister. The membership will include: Commissioners of Agriculture and Rural Development, Finance, Industry, Trade & Investment, Water Resources, Works & Housing, and Power. The function of the SIATC is to provide oversight to the PSIU. This committee would be meeting twice in the year to review and approve the annual planning and budget of the Project at State level, as well as review and assess implementation performance.

State-level Implementation: Most of the implementation activities will take place at the States level. Therefore, the Project will finance the setting up of Participating States Implementing Units (PSIUs) whose major function is to manage the day-to-day implementation of the various components of the Project. The staffing composition for each state provided below, which will be seconded from the State departments..

Staff Positions (at States Level)	FCT	Kano	Kawara
Project Coordinator	X	X	X
M & E Officer	X	X	X
Environmental Mgt Safeguards Officer	X	X	X
Infrastructure Engineer	X	X	X
Livestock Specialist	X	X	X
Agricultural Productivity Officer	X	X	X
PPP Expert	X	X	X
Knowledge Management and Communication Officer	X	X	X
Financial Management Officer	X	X	X
Procurement Officer	X	X	X

The main functions of PSIU include: (i) project planning, implementation, and monitoring; (ii) preparation of the annual work plan, procurement, and budget; (iii) supervising the implementation of the work program, organizing periodic reviews and fiduciary reporting; (iv) preparation of quarterly and annual project implementation reporting; (v) monitoring and supervising the established subprojects; and (vi) report to the SIATC and FIATC. Institutional set up provided in Figure-1 below:

Figure-1: Project Organigramme

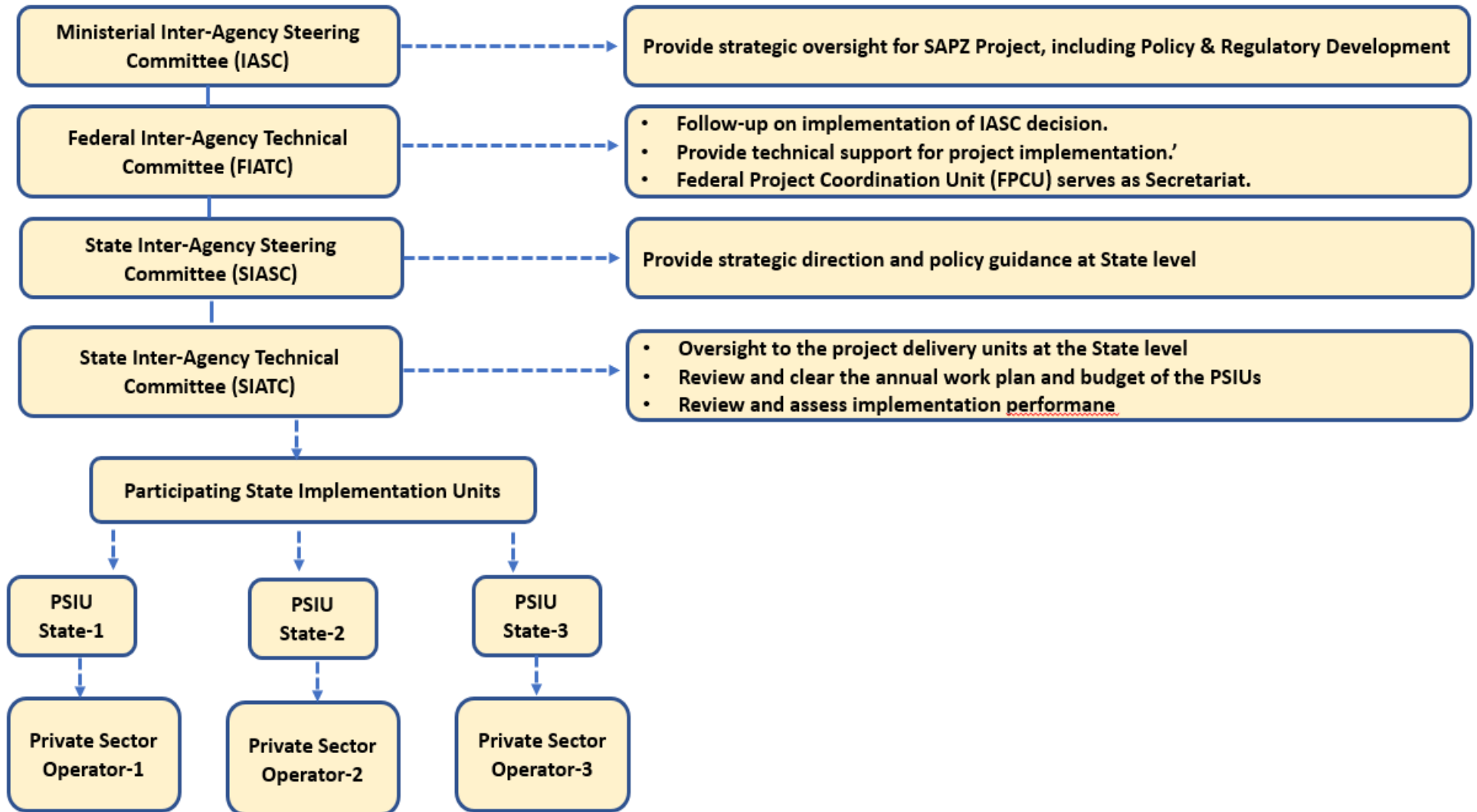
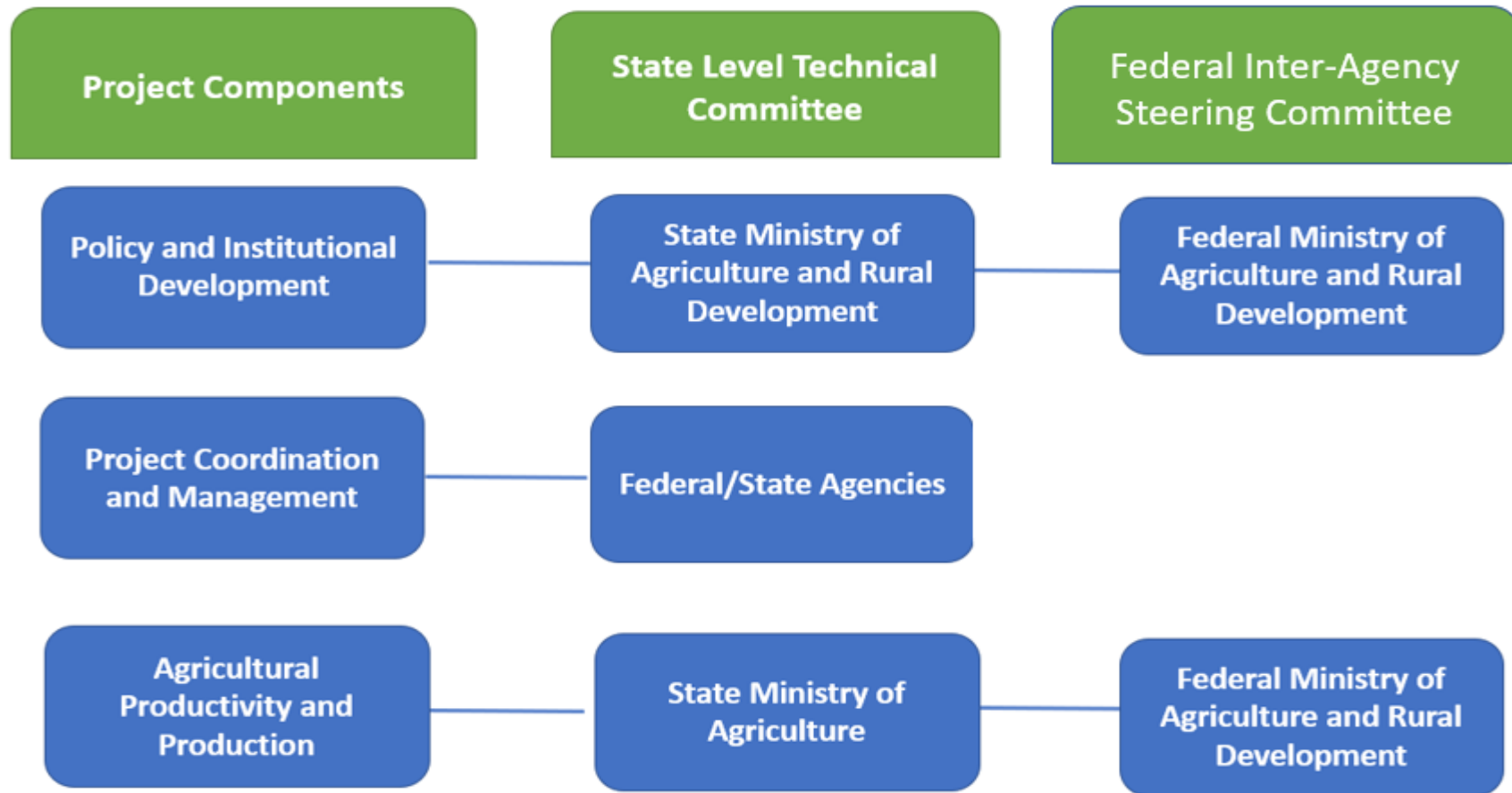


Figure-2: Key Role of the Government Agencies



B) Monitoring and Report

B.1. Project coordination and oversight

A decentralized, multi-layered coordination and oversight arrangement is proposed as follows:

- a) **Inter-Agency Steering Committee (IASC):** To be situated at *National Level*, the IASC would be responsible for providing strategic direction and oversight for the SAPZ Project and executive level coordination.
 - **Membership:** The IASC will be chaired by the Minister of Finance, Budget and National Planning with membership from other Federal Ministries including FMARD, Industry, Trade & Investment, Water Resources, Works, Power and the representatives of the Participating States.
 - **Duties:** Responsibilities would include to provide strategic direction/policy and general oversight for the implementation of SAPZ program.
 - **Meetings and reporting:** Meet twice a year and bi-annual reporting
- b) **Federal Inter-Agency Technical Committee (FIATC):** To provide technical, hands-on support to the IASC in support of executive decision-making.
 - **Membership:** The FIATC will be chaired by the Minister of Agriculture and Rural Development and comprising an official from the Federal Ministries of Finance, Water Resources, Trade and Industries, Power, Works & Housing, and Women's Affairs. The FIATC will be resourced by establishing a Project Coordination Unit that shall serve as the Secretariat of the Technical Committee.
 - **Duties:** The role of FIATC would be to serve as clearing house for resolving technical issues (e.g. legislation incentives). Progress reports on project implementation activities will also be presented to the FIATC by the participating states.
 - **Meetings and reporting:** Monthly meetings and quarterly reporting.
- c) **State Inter-Agency Steering Committee (SIASC):** At the States level, the project will also have SIASC – chaired by the Governor/Minister.
 - **Membership:** The membership will include Commissioners of Agriculture and Rural Development, Finance/Planning, Industry, Trade & Investment, Water Resources; Works, and Power..
 - **Duties:** the role of the SIASC will be to provide strategic direction and policy guidance for the SAPZ Project. It will meet twice a year.
- d) **State Inter-Agency Technical Committee (SIATC):** to provide technical support to the State Inter-Agency Steering Committee.
 - **Membership:** the SIATC will be chaired by the Commissioner/Secretary of Agriculture and comprise representatives of key relevant ministries within the state (Finance/Planning, Industry, Trade & Investment, Water Resources; Works, and Power).
 - **Duties:** The function of the SIATC is to (i) provide oversight to the project delivery units at the state level, (ii) review and clear the annual work plan and

budget of the Project at the State level, (iii) review and assess implementation performance. It will meet twice a year.

- The SAPZ Project oversight committees, i.e. the IASC, FIATC, and SIATCs are Government-led and will continue their operations throughout the project implementation.
- e) **Participating States Implementing Units (PSIU)** The Project will finance the setting up of PSIU whose major functions shall relate to managing day-to-day implementation of the various components of the Project, working closely with the teams of technical consultants and advisors.
- **Membership:** The PSIU will be resourced by onboarding a Project Coordinator, Infrastructure Engineer, Monitoring and Evaluation Officer, Environment and Social Safeguards Officer, Livestock Specialist, Agriculture Productivity Officer, PPP Expert, Knowledge Management Officer, Financial Management Specialist and Procurement Officer. The PPP Expert will be recruited competitively while the rest of the staff will be seconded by the concerned State Government or Agencies.
 - **Duties:** Roles and responsibilities would include: (a) project planning and implementation monitoring; (ii) preparation of the annual work plan, procurement plan and budget (iii) supervising the implementation of the work Project, organizing periodic reviews and fiduciary reporting; (iii) preparation of quarterly and annual project implementation reporting; (v) monitoring and supervising the established subprojects; and (vi) report to the State Steering Committee and IATC.
 - **Meetings and reporting:** Monthly meetings and quarterly reporting.

B.2. Supervision mechanisms

The PSIU will be responsible for overall coordination and supervision of the consultancy services to be provided by the EMC and the Transaction Advisors, on behalf of the IATC, whilst the EMCs supervise construction works being carried out by the contractors, on an ongoing, day-to-day basis. Among the duties of PSIU will also include supervising the work plan, overseeing preparation of quality deliverables and attainment of predetermined project milestones.

- **Engineering Consultancy:** Day-to-day construction supervision shall be handled and delivered by the Engineering Management Consultant (EMC), appointed for each SAPZ site. The scope of duties for the construction supervision shall include: (a) ongoing measurements and monitoring of site works; (b) works certification; and (c) periodic reporting.
- **Coordination and supervision of TA firms:** The PSIU will coordinate and supervise the TA, including supervising the work plan, overseeing preparation of quality deliverables and attainment of predetermined project milestones.
- **Coordination and supervision of design consultants & contractors:** The PSIU will also lead the overall coordination and supervision of the EMC, including supervising the work plan, overseeing preparation of quality deliverables and attainment of predetermined project milestones.

C) Implementation Plan and Project Readiness

Implementation Plan: Overall project implementation period will last five (5) years starting from the date of the first disbursement. The tentative Project Implementation Plan is provided below:

Project Implementation Plan

Key Activities	2022				2023				2024				2025				2026				2027			
	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III	Q-IV	Q-I	Q-II	Q-III	Q-IV
PROJECT START-UP																								
PS-1	←→																							
PS-2	←→																							
PS-3	←→																							
PS-4	←→																							
PS-5	Start-up												MTR											
Component 1: Infrastructure Development and Agro-Industrial Hubs Management																								
1.1					←→				←→				←→				←→				←→			
1.2					←→				←→				←→				←→				←→			
1.3					←→				←→				←→				←→				←→			
1.4	←→				←→				←→				←→				←→				←→			
1.5					←→				←→				←→				←→				←→			
Component 2: Agricultural Productivity and Production																								
2.1					←→				←→				←→				←→				←→			
2.2					←→				←→				←→				←→				←→			
2.2.1					←→				←→				←→				←→				←→			
2.2.2					←→				←→				←→				←→				←→			
2.2.3					←→				←→				←→				←→				←→			
Component 3: Consultancy Service																								
3.1	←→				←→				←→				←→				←→				←→			
3.2	←→				←→				←→				←→				←→				←→			
3.3	←→				←→				←→				←→				←→				←→			
3.4					←→				←→				←→				←→				←→			
3.5					←→				←→				←→				←→				←→			
3.6					←→				←→				←→				←→				←→			
Component 4: Project Coordination and Management																								
4.1	baseline				←→				←→				←→				←→				Impact Assessment			
4.2	←→				←→				←→				←→				←→				←→			
4.3					←→				←→				←→				←→				←→			
4.4					←→				←→				←→				←→				←→			
Component 5: Financial Audit																								
5.1	←→																							
5.2					←→				←→				←→				←→				←→			
5.3									←→				←→				←→				←→			
<p>Procurement/Selection ←→</p> <p>Contract Execution ←→</p>																								

Project Readiness: The Executing Agency has relevant experience in managing projects financed by Multilateral Development Banks (MDBs). The EA has implemented various projects in the sector financed by international donors. Currently, they are managing 16 projects financed by AfDB, FAO, IFAD, World Bank and USAID. Due diligence on fiduciary aspects has been carried out and appropriate measures are put in place for effective project implementation considering the risk-based approach to ensure quality at entry. The SAPZ Project, is a priority for the FGN as it aims to increase household incomes and foster job creation in rural agricultural communities, especially for the youth and women, enhancing food and nutritional security in Nigeria. Hence, the project is expected to go through smooth approval and signing process.

The project sites for all states are identified based on feasibility studies developed, and the key scope of works determined. Detailed designs will be developed during the Year-1 with the engagement of an experienced engineering firm competitively selected from the IsDB Member Countries. Environment and Social Impact Assessment (ESIA) was developed during the project preparation stage with the support of AfDB. Public disclosure was conducted through organizing stakeholders' consultations and placing the ESIA reports on the AfDB web portal. Comprehensive Environment and Social Management Plan (ESMP) will be developed during the Year-1, which will be integrated into the bidding documents and managed during the construction phase. Gender analysis and needs assessment will be undertaken during the project start in order to consider designing gender friendly infrastructure in AIHs.

D) IsDB Project Monitoring and Implementation Support Plan

The IsDB's project monitoring will be primarily based on periodic reports and surveys that PSIU will be submitting to the IsDB following project commencement. The reports will detail the progress including project achievements, problems encountered, and mitigation actions. The reports will also include project performance, financial, and procurement monitoring activities. The procurement plans will require to be updated at least once every year and submitted to the Bank for review. The reporting system will also focus on outcomes, efficiency, and quality and will be consistent with adequate reporting standards.

The Bank's post-approval support will be close follow-up by the Regional Hub Abuja with concerned authorities to ensure timely signature, the effectiveness of the project and withdrawal of funds from IsDB proceeds. The FGN will require to comply with the timeframe allocated for each process within six (6) months to avoid automatic cancellation of the project as per the IsDB policy. A project start-up workshop will be organized by IsDB to familiarize the EA, FPCU and PSIU and other key stakeholders on IsDB procedures and policies once relevant project teams are established from the beneficiaries' side. The start-up workshop will also validate project interventions and elaborate in detail the Project implementation arrangements, including the project implementation schedule and procurement plan.

The IsDB would conduct project supervisions missions at least once a year and will prepare Project Implementation Assessment and Supervision Reports (PIASR). In addition to regular

reviews, a comprehensive mid-term review of the project will be carried out with the involvement of representatives of the Project Steering Committees. A mid-term review will, among others, assess the overall performance of the project and the need for changes in its design, budget reallocation and modification of KPI targets (if required) to ensure timely achieving the project objectives. A final project completion mission will be undertaken by the IsDB at the end of the project implementation to prepare IsDB's Project Completion Report.

Procurement Arrangements

The procurement of IsDB financed components will be as per the provisions contained in the Guidelines for the Use of Consultants under Islamic Development Bank Financing and the Guidelines for the Procurement of Goods and Works under Islamic Development Bank Financing (April 2019 edition) shall apply in the procurement of goods, works and services under the project.

Federal Ministry of Agriculture and Rural Development (FMARD) is the Executing Agency and shall be responsible for the Engagement of Transaction Advisory Firms and Audit Firm. Participating State Implementation Unit (PSIU) shall be responsible for carrying out procurement activities financed by the Bank, in accordance with the Bank's guidelines. All Procurement shall be subject to prior review by the Bank.

A Procurement Specialist with experience in Multilateral Development Banks (MDBs) procurement shall be employed as staff of the PSIU. However, IsDB will provide hand-holding support to the PSIUs as and when needed on IsDB procurement and procedures.

Procurement of Works, Goods and Services will be procured in accordance with the IsDB procurement Procedures using the Bank's Standard Bidding Documents. The Standard IsDB Bidding Documents, Requests for Proposals, and Procurement Guidelines will be made available to the PSIU for use.

Based on the procurement findings and reviews that included lessons learned from past and ongoing IsDB projects, the capacity of the FPCU/SPIU, internal and local procurement processes and potential market, the proposed procurement modes of the IsDB financed components are outlined below:

Modes of Procurement: Following are the proposed mode of procurement:

- The Procurement of Access and Internal roads network will be conducted through International Competitive Bidding/Open (ICB/Open). The justification for selecting International Competitive Bidding/Open is because of the amount and to ensure participation and competition among Companies/Firms across the world, with exposure and adequate experience and expertise for such assignments, with a margin of preference for domestic contractors which shall not exceed Ten (10%) percent of the value of the lowest Bid that satisfies the conditions of the technical and financial evaluation.
- Construction of Abattoir, Livestock and Hide and Skin infrastructures (in Kano State) will be conducted through International Competitive Bidding limited to Member Countries (ICB/MC) Process. The justification for selecting ICB/MC is because of

the amount and complexity of the job and there are competent Companies with expertise and competencies to compete for the Jobs in IsDB Member Countries.

- Other Civil Works such as constructions of offices, centers, rehabilitation of dams, etc, will be conducted through the National Competitive Bidding (NCB) Process. The justification for selecting NCB is because the jobs are not complex and there are competent National Companies with expertise and competencies to compete for the Jobs.
- The Shortlist of International firms will be used for the recruitment of transaction Advisory firms and the method of selection is Quality and Cost Base Selection (QCBS/Open). International shortlist is chosen to ensure participation and competition among firms across the world, with exposure and adequate experience and expertise for such consultancy.
- Procurement of Goods (such as equipment, vehicles, furniture, seeds, and fertilizer) and (Livestock, Hide and Skin activities for Kano state) would be through National Competitive Bidding (NCB). NCB is chosen because the Goods are of low value, and available in the local market.
- The shortlist of national firms will be used for the recruitment of Design and Supervision Consultants, Private Facility Manager an Audit Firm and the Selection Method for design and supervision consultants is QCBS/LC. While for Audit Firm the mode of procurement is Least Cost Selection (LCS/LC). National shortlisting is chosen because of the amount and the fact that qualified consultants are available in Nigeria.
- The Staff for Project FPCU/SPIU consisting of Project Coordinator, M&E Specialist, Environmental Management and Safeguard Officer, Infrastructure Engineer, Livestock Specialist, Agricultural Productivity Officer, Communication Officer, and Procurement Officer etc. will be seconded from the State Departemnts except for the PPP Expert who will be selected competitively through the selection of Individual Consultants (IC/LC) among the local qualified individual.
- National Shopping (NS) for SPIU Office Furniture, Vehicle and Equipment. National Shopping is chosen because of the amount and the Goods are easily available in Nigeria.

The procurement arrangements are summarized as follows:

The table below summarizes the procurement arrangements and methods to be adopted for the project:

Project Components	Goods and Works				Shortlist Services		
	ICB	ICB/ MC	NCB	NS	MC	National	International
Component-1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management							
WORKS							
A. Ground and Site Works							
Civil Works for Infrastructural Development and Agro-Industrial Hubs (AIHs) Management (Ground and Site Clearance, Compound Wall Fencing, Gate and Gate house and Security Outpost)			X				
Civil Works for the non-processing facility (Administration Office, R&D Centre and Disaster Management, QA & QC Lab, Knowledge Centre and ICT, Industrial Job Placement Center, Community Vocational Centre, Health Centre, and Recreational/Playground)			X				
Civil Works for Processing Zone Support Facilities (Livestock Veterinary Clinics. Livestock Service Centre, Livestock Breeding Centre, Livestock Loading and Unloading Bays, Abattoir, Hide and Skin processing area, and Livestock Quarantine Zone)			X				
Civil Works for Common infrastructure and utilities (Fire Station, Sewage and Effluent Treatment Plant, Water Facility (boreholes, surface tank, overhead tank on hill and reticulation), Water Treatment Plant, Sewage and Effluent Treatment Plant, Solid Waste Management, and Public Toilets			X				
Civil Works for Common infrastructure and utilities (Power Facility)			X				
Civil Works for Access and Internal Road Network, (including General Street Lights (Solar Power), Culvert, Drainage, and Truck Parking area)	X						
Civil Works for for construction of Abattoir, (in Kano State)		X					
GOODS							
Procurement of Equipment and Furniture for the processing zone and for support facilities			X				
Component-2: Enhancement of Agriculture Production and Productivity (ATCs & IRRIGATION INFRASTRUCTURE)							
WORKS							

Civil Works for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation			X				
GOODS							
Procurement of Equipment and Furniture for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation			X				
Procurement of high yield seeds, CPPs, fertilizers and Vehicles (livestock, Hidew and Skin activities for Kano State) etc. to Farmers			X				
Component-3: Consultancy Services							
SERVICES							
Training on Investment Promotion, Branding and Marketing of the Agro Industrial Zones, and Technical Assistance for Enabling Business Environment and Relevant Incentives to Support Private Sector Investments.						X	
Engage of Transaction Advisory Firms for FCT, Kano and Kwara States.*							X
Design and Supervision Consultancy Service for Civil Works structures for Ground and Site Clearance, Processing Zone and Non-Processing Zone facilities**						X	
Design and Supervision Consultancy Service for Civil Works for the water treatment plant and related services (boreholes, surface tank, overhead tank on hill and reticulation)**						X	
Design and Supervision Consultancy Service for Civil Works for Access and Internal Road Network, (including General Street Lights (Solar Power), Culvert, Drainage, and Truck Parking area)**						X	
Design and Supervision Consultancy Service for Civil Works for Water Treatment Plant, Sewage and Effluent Treatment Plant, Solid Waste Management, Public Toilets and Abattoir.						X	
Design and Supervision Consultancy Service for Civil Works for Agricultural Transformation Centers (ATCs) and Irrigational structures and rehabilitation**						X	
Engagement of Private Sector Facility Managers**						X	
Component-4: Project Coordination and Management							
Engagement of PMU staff***						X	
Procurement of PSIU office equipment, vehicles and furniture				X			
Component-5: Financial Audit							

Procurement of Audit Firm****						X	
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Notes: ICB (International Competitive Bidding open to non-Member Country firms), ICB/MC (International Competitive Bidding limited to Member Countries), NCB (National Competitive Bidding), NS (National Shopping), IS (International Shopping)

* QCBS/Open (Quality and Cost Based Selection among a International Short-list), ** QCBS/LC (Quality and Cost Based Selection among a National Short-list), ***the PPP Expert will be selected on IC/LC (Individual Consultant among Short-list of Local candidates) the rest of the Staff will be seconded from the States Departments, **** LCS/LC (Least Cost Selection among Short-list of Local firms),

Assessment of the procurement Capacity of the EA, the Federal Ministry of Agriculture and Rural Development (FMOARD) and the States Project Implementing Units (PSIU)

The EA (FMOARD) has experience in managing agricultural projects and procurement processes. The EA has capable and experienced staff in managing agricultural and rural development projects. The Three participating States (FCT, Kano and Kwara) has some experience in the management of procurement with Multilateral Development Agencies (MDAs). All the Three States (FCT, Kano and Kwara) Ministries of Agriculture has managed FADAMA Projects. Kano State is currently managing LLF Project financed by IsDB and APPEAL Project Financed by World Bank. Kwara State Ministry of Agriculture has also managed Agric Development Project (ADP) financed by AfDB.

Need for hands-on support – Training and start-up workshop would be conducted. Procurement team at the IsDB Regional Hub will provide as needed hands-on support to the EA and PSiUs. Project envisages support of various technical support agencies.

Contract management capability and capacity – The FMOARD has robust contract/Project management system including clear governance structure for project execution. The Three States have experiences in contract management in view of the experience gained in managing national contracts and MDBs finance contracts. Federal Ministry of Agriculture and Rural Development (FMOARD) would procure the services Transaction Advisors (TA) that will provide Projrct management support including Contract management. The SPIU shall be strengthened with a Procurement Specialist with experience in MDBs Procurement.

Anticorruption Policy - The Federal Government of Nigeria has taken several steps to improve the integrity of the Public Procurement system. In 2000, the Anti-Corruption Act was adopted by the National Assembly and promulgated. To further enhance the integrity of the procurement system and to eliminate fraud and corruption, the Federal Government of Nigeria established the Economic and Financial Crimes Commission (EFCC). The EFCC has made considerable progress in bringing fraud to justice. It collaborates with the Auditor-General and the National Assembly in pursuing cases of financial crimes. The Independent Corrupt Practices and Related Offenses Commission (ICPC) was created to address corruption within the Public service.

The BPP is explicitly mandated to perform procurement audits. In addition, a well-defined and operational appeals mechanism for complaints in public procurement has been created as provided for in the Public Procurement.

Complaints management and dispute resolution systems – FMOARD and FCT are guided by both Public Procurement Act of 2007 and internal procurement regulation plus other extant laws governing procurement. The PPA 2007 has clearly outlined complainants management and dispute resolution systems.

Kano and Kwara States have Procurement Laws that are mirror of the National Public Procurement Act of 2007.

The features of the national procurement procedures and regulations of Nigeria:

The Government of Nigeria has enacted a law on public procurement known as the Public Procurement Act 2007. The Law which is in direct compliance with the extant laws of the Multilateral Development Banks (MDBs) has provided the executing agency ample experience with global best practices for procurement of Goods, Works, and Consultancy services.

The PPA 2007 has established procedures for procurement of Goods, Works, and Consultancy services by public entities in order to achieve economy, efficiency, integrity, promote competition and ensure that competitors are treated fairly.

The PPA provides for procurement planning and its integration into the budget formulation process in order to assure timely payments of contractual obligations. It prescribes that there should be no procurement without a corresponding budget provision.

The Bureau of Public Procurement (BPP) is the regulatory authority responsible for the monitoring and oversight of public procurement, harmonizing the existing government policies and practices by regulating, setting standards, and developing the legal framework and professional capacity for public procurement in Nigeria.

The Bureau has developed and updated Procurement Manual, Standard Bidding Documents (SBDs) for Goods, Works, and Consultancy services.

Electronic procurement (e-GP) is not yet introduced in the country, although the Government of Nigeria (GON) has taken measures in that direction. The BPP is leading the efforts to design, develop and operationalize electronic procurement.

Market Analysis:

Nigeria's population of about 200 million people presents a huge market—the largest in Africa—for domestic production. In addition, a large segment of Nigeria's labor force is young and entrepreneurial—about 5.3 to 6.0 million people entered the labor force annually. Moreover, market access to other member countries of the Economic Community of West African States (ECOWAS) and the wider African region offers opportunities to Nigeria's private enterprises.

Nigeria has great potential for construction sector given the country’s infrastructure and other construction needs. Nigeria’s private sector is well organized. The construction industry is competitive with large, medium, and small contractors. Nevertheless, the private sector has constraints, including shortage of skilled labor, construction materials, access to credits, etc.

Procurement Risk and Capacity Assessment (PRCA). Assessment of procurement capacities and procurement risks were undertaken for the project at the Federal and State level. Assessment of the State procurement system of FCT and the 2 participating States (Kano and Kwara) indicated political willingness for reform as demonstrated by passing the Law (all States) setting up of the Public Procurement Agencies. There are however capacity challenges noted. The assessment of the overall risk is rated “Low”. The appropriate risks mitigation measures have been included in the procurement PRCA action plan proposed below:

Procurement Risks and Mitigation Matrix

Risk Description	A	B	Overall Risk Score (A*B)	Description of Proposed Mitigation	Risk Owner	Procurement Stage
	Likelihood Rating	Impact Rating				
Inadequate Need Analysis	3	Moderate	M	Transaction Advisory Firms with Experience in Agro-Processing zone implementation arrangement will be engaged competitively at the start of the project to develop road map and timeline for the project including need analysis.	EA/SPIU	Procurement Planning
Poor Supply Chain Management	4	Low	L	The Transaction Advisory Firms shall also advise the Executing Agency (EA) and the State Project Implementation Units (SPIU) (TA) on Supply chain management.	EA/SPIU	Procurement Planning
Inefficient Contract Management	4	Low	L	Qualified SPIU staff shall be recruited to manage the day to day implementation of the project. A procurement specialist with experience in MDBs procurement will be engaged as part of SPIU staff. A start up workshop would be organize at the start of the project to familiarize them on IsDB procurement procedures including contract management.	EA/SPIU	Contract Management

Security challenges including the herders and farmers conflicts, and violent kidnappings	3	Moderate	M	Beyond the control of the project. The project will monitor the situation and will take appropriate actions to minimize its impact. The EA will collaborate with the relevant security agencies to ensure provision of adequate security at project site	EA/SPIU	Project Duration
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H : High ; M : Medium ; L : Low

Procurement Objective

The project procurement objectives are:

1. To ensure procurement efficiency and value for money that contributes to agricultural productivity, business promotion, access to finance and enhances market linkages in selected areas.
2. To ensure appropriate market participation at all level that is critical for realizing project development objectives.
3. All project implementing agencies (PIAs) carry out procurement in accordance with the approved procurement plan and in compliance with the Bank's Procurement Regulations.

Simplified Project Procurement Plan

This Procurement Plan indicates the specific contracts that will be necessary for the implementation of the Project. It is intended to provide information on the procurement of goods, works and services, how suppliers will be selected, the type (s) of contract (s) that will be used. The information relating to the Project subject to the Procurement Plan is shown in Table below

Country	Nigeria
Beneficiary's name	Federal Ministry of Agriculture and Rural Development (FMOARD)
Project Name	Special Agro-Industrial Processing Zones (SAPZ) Project
Project order number	NGA1040
Project code (after its approval)	NGA1040
Date of Approval (expected)	December 2021
Signature date (expected)	March 2022
Effective Date (expected)	Service Ijara Step-1: June 2022 Instalment Sale Step-2: December 2023
Funding Amount buy the BIsD	USD150.52 M
Financing method	

Execution Agency	Federal Ministry of Agriculture and Rural Development (FMOARD)
Expected date of the General Procurement Notice	February 2022
Project duration	Five years from the date of first disbursement
Period covered by this plan (12 months from Approval)	At the Startup Workshop a Zero PIASR will be developed and the Procurement Plan Updated for 12 months

The simplified procurement plan showing the packaging of goods, works and services and the detail procurement plan are shown below:

PROCUREMENT PACKAGE SUMMARY

Table 2: Procurement Package Summary - Goods and Civil Works

Procurement Method	Number of packages	Total amount USD\$
International Competitive Bidding (ICB) Open	1	16.08
International Competitive Bidding/MC (ICB/MC)	1	3.07
National Competitive Bidding (NCB)	14	16.72
National Shopping	1	0.39
Subtotal Goods and Works	17	36.26

Table 3 Procurement Package Summary – Consultancy/Technical Assistance

Method of Short-listing	Number of Packages	Total amount USD\$ Mi
International Firms	1	1.04
Member Country Firms	0	0
National Firms	7	4.09
Subtotal Consultancy Services/Technical Assistance	8	5.13
Total Procurement Package	25	41.39

Used Procurement Method is to be mentioned in Table 4;

1. Quality and Cost-Based Selection (QCBS)
2. Least Cost Selection (LCS)
3. National Shopping (NS)
4. Direct Contracting/SSS

Table 4: List of Indicative Procurement Packages IsDB financed items

S/ N	ACTIVITY		PROCUREMENT METHOD
	Component - 1: Infrastructure Development and Agro-Industrial Hubs (AIHs) Management		
	A. CIVIL WORKS		
1	GROUND AND SITE WORKS		
	General Site Clearance	591,900.00	NCB
	Compound Wall Fencing		
	Gate and Gate house		
	Security Outpost		
2	NON PROCESSING FACILITIES		
	Administration Office, R&D Centre and Disaster Management	1,238,285.00	NCB
	QA & QC Lab		
	Knowledge Centre and ICT		
	Procurement Centre		
	Industrial / Employment Hub		
	Community Vocational Centre		
	Health Centre		
	Residential/ Duty Post		
	Recreational/Playground		
3	PROCESSING ZONE SUPPORT FACILITIES		
	Livestock Veterinary Clinics/Public Health	310,050.00	NCB
	Livestock Service Centre		
	Abattoir	3,700,000.00	ICB/MC
	Van for Hides and Skin	567,470.00	NCB
	Livestock Breeding Centre		
	Livestock Loading and Unloading Bays		
	Lairage (not a typical Livestock Quarantine Zone)	860,580.00	NCB
	Hide and skin processing area	1,219,600.00	NCB
4	COMMON INFRASTRUCTURE AND UTILITIES		
	Fire Station	507,731.00	NCB
	Water Facility /a boreholes (3nos.)		
	Power Facility	1,134,000.00	NCB
	Sewage and Effluent Treatment Plant	478,114.00	NCB
	Solid Waste Management		
	Public Toilets 8-Unit WC (46m2)		
5	ROADS, CULVERYS AND DRAINAGE		
	Internal Road:18m Wide /b	16,077,112.00	ICB open
	Internal Roads: 12m Wide /c		

	General Street Lights (Solar Power)		
	RC Side Drains (1.2m x 1.2m) and Vehicular Crossings		
	RC Drain Size 2.0m x 1.5m /d		
	Truck Parking		
	Road. Single – 7.3m Carriage +1.5m Shoulder (Asphalt)		
	Road Side Drains /a		
	Access Road: Dual – 7.3m Carriage +1.5m Shoulder /e		
	Access Road: Single – 7.3m Carriage +1.5m Shoulder /f		
	C. GOODS		
1	EQUIPMENTS		
	Veterinary	1,250,750.00	NCB
	Livestock		
	IT		
	Education		
	Residential		
	Security Scanner		
	Laboratory		
	Medical		
	Fire Tender		
2	FURNITURE		
	ATCS AND IRRIGATION INFRASTRUCTURE		
	A. CIVIL WORKS		
1	ATC INFRASTRUCTURE		
	Service Centre	2,996,720.00	NCB
	Livestock Handling Centre		
	Truck Parking		
	Water Facility		
	Power Facility		
	Storage Warehouse		
	Solid Waste Management Plant		
	Security Outpost		
	Fire Station		
	Admin Block		
	Market		
	QA & QC Lab		
2	IRRIGATION INFRASTRUCTURE		
	Irrigable Land Rehabilitation /b	2,242,740.00	NCB
	Rehabilitation of Bagauda Dam		
	C. GOODS		
1	EQUIPMENTS		
	Equipment and Furniture	2,320,000.00	NCB
	Component - 2: AGRICULTURAL PRODUCTIVITY AND PRODUCTION		
	A. SUPPORT TO FARMERS ON HIGH YIELD SEEDS, CPPS, FERTILIZERS		
2	GOODS		
	Provision of high yield seeds, CPPs, fertilizers etc. to Farmers /	1,000,000.00	NCB
	B. SKILL DEVELOPMENT FOR EMPLOYABILITY AND JOB CREATION		
1	SERVICES		
	a. TRAINING		
	Capacity Building to Youth on Job Creation & Entrepreneurship	620,000.00	QCBS/LC

	Component – 3: CONSULTANCY SERVICES		
	Training on Investment Promotion, Branding and Marketing of the Agro Industrial Zones, and Technical Assistance for Enabling Business Environment and Relevant Incentives to Support Private Sector Investments	600,000.00	QCBS/LC
	Engagement of Transaction Advisory Firm by FMOARD for FCT, Kano and Kwara State	1,040,000.00	QCBS/Open
	Design and Supervision Consultancy for the Provision of Civil Structures	1,035,433.44	QCBS/LC
	Design and Supervision Consultancy for Provision Waste treatment plant and related structures	43,077.60	QCBS/LC
	Design and Supervision Consultancy for the construction of Roads, Culverts and Drainages	1,462,272.48	QCBS/LC
	Design and Supervision Consultancy for the Provision of Power facilities	130,557.60	QCBS/LC
	Design and Supervision Consultant for the Provision of Irrigation structures and rehabilitation	201,446.60	QCBS/LC
	Component - 4: PROJECT COORDINATION AND MANAGEMENT		
	B. GOODS		
1	EQUIPMENT		
	Office Equipment (General)	385,000.00	Shopping
	Office Equipment (Account)		
	M&E Software		
	Vehicles 4 WD PICK UPS		
	Accounting Software		
	Knowledge Products/Publications		

A detailed Procurement Plan will be produced after the engagement of Transaction advisory Firm and development of detailed project activities

Project Financial Management

Due to the constraints imposed by COVID-19, a virtual assessment of the EA under which the FPCU will be housed was conducted to ascertain its capacity to ensure that (i) project funds are used efficiently and economically; (ii) periodic, accurate, reliable and timely financial reports are prepared; (iii) project assets are protected; and (iv) audit reports are submitted on time; and (v) adequate internal controls are in place. The Project Financial Management (including planning and budgeting, accounting, internal controls, treasury and asset management, financial reporting, and external audit) at the Federal Level will be under the responsibility of the FMARD. At the State level, the respective State level, the respective State Government's Ministry of Agriculture (MoA) will constitute separate PSIUs for the implementation of this Project. The EA will assign a qualified accountant and an internal auditor cleared by the Bank to the FPCU.

The outcome of the financial management assessment of the project indicated that there is a moderate financial management risk due to its nature that is being implemented across a wide spread of areas in the two States and FCT necessitating the need for proper coordination given the inherent weakness in internal controls based on Bank experience in the ongoing projects.

To further strengthen the above FM environment, the following measures will be adopted under the IsDB financed SAPZ Project: (i) strengthening the Project Management Unit's capacity regarding Bank financial management rules and procedures during the project startup workshop; (ii) the preparation of an accounting and financial procedures manual for the project; (iii) internal deployment or external recruitment of a dedicated qualified accountant/financial management and assistant accountant to the FPCU; and (iv) oversight of the FPCU financial activities by the internal control function of the EA.

Accounting System and Internal Control

The EA (including Kano State and Kwara State) currently uses IPSAS accrual for financial reporting and adopts a computerized manual financial management system (excel based) to record financial transactions and generate financial statements and reports. The EA has a financial and administrative manual based on Government Financial Regulation and has been in use for many years and covers provide directive on how public funds will be utilized efficiently and effectively to achieve stated objectives.

The counterpart funds are captured in state budget and approved by the state assembly while funds transferred from the office of the accountant general into a designated account.

The EA has an internal audit/control function which conducts quarterly audits of financial activities. The internal audit function will support the FPCU internal control of financial transactions.

For the project to reduce FM risks, an accounting and financial procedures manual will be produced and adopted. It is to be noted that each financier will have dedicated special account(s) for its funds.

Financial Reporting: In accordance with the Bank's financial reporting and auditing requirements, the FPCU will prepare and submit unaudited quarterly interim financial reports and the annual financial reports of the project in accordance with International Financial Reporting Standards. The interim financial reports will be sent to the Bank no later than 45 days after the end of the semester while the annual financial reports shall be audited by an independent external auditor and must be submitted to the Bank no later than six months after the end of each audit period. The recruitment of the external auditor will be based on terms of reference (TOR) approved by the Bank.

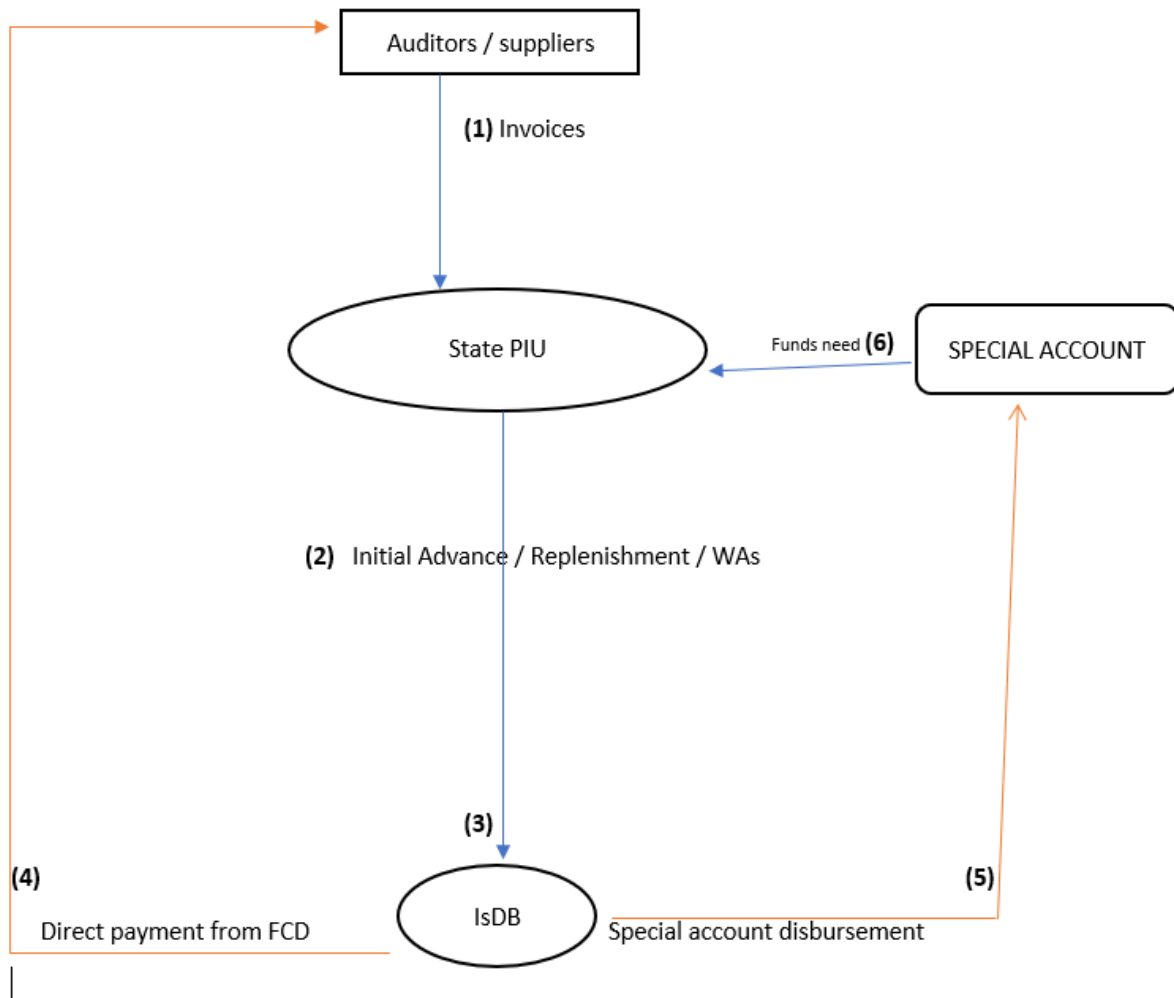
Financial Audit: The projects' annual financial audit will be conducted by an independent external auditor acceptable to the Bank and will be performed in accordance with international auditing standards. The shortlist of audit firms will be drawn from the Audit Service of Nigeria's database of the qualified private audit firms, the recruitment will be in accordance with the Banks' procurement policies and guidelines. Audit reports must be submitted to the Bank no later than six months after the end of each fiscal year. The auditor will also provide a letter to management on internal control procedures, including recommendations for the improvement of the control system, as well as accounting and financial procedures. This letter will accompany the audit. The ToRs for the appointment of the auditor will be reviewed and cleared by the Banks' PFM unit. There will be a central FPCU responsible for the recruitment of the external auditor who will undertake the audit of Beneficiary States (FCT, Kano and Kwara). In addition, a staff from the Office of the Auditor General of the Federation to be seconded to the FPCU to oversee the project's financial statements, its accounts, utilization of budget, special account, and other financial aspects as well as the technical aspects of the execution of the work.

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For Special Account replenishment, the Auditor shall regularly carry out concurrent verification to verify and confirm that funds were utilized for eligible expenses and reflected fairly in the statement of expenditures. The auditor will also carry out the final audit of the entire Project before closing the project accounts and bringing to the management's attention any issues, which need to be addressed.

Fund flow

Based on the method of disbursement and the assessment of the disbursement procedures at the national level the below fund flow is proposed for the implementation of the project.



Project Disbursement Arrangements

All the disbursements of the IsDB funded SAPZ Project will be undertaken as per the procedures and guidelines of the Bank. Due to the nature of the project, the activities (civil works, goods, consultants, etc.) will involve several stakeholders.

The disbursement will be made through direct payment and the Special Account after the presentation of the supporting documents (invoices and other related documents) and it will be specified in the Disbursement letter. Once approved, disbursement requests as per the IsDB template will be prepared by the executive agency and sent to IsDB through the Federal Ministry of Finance, Budget and National Planning.

The civil works, goods, consultancy services and audit (component 1, 2, 3 and 5) will be paid through direct payment. Any advances made for contracts will be secured by a bank guarantee and civil works contracts will be secured by performance-based bonds and/or a retention amount withheld.

The project funds relating to support to the Project Coordination and Management (Component-4) will be disbursed to the dedicated special account with a ceiling of US\$ 1.2 million based on the forecasted 6 months expenditure for the project for running costs, other relevant expenses. The replenishment of the Special Account can be made only based on a certificate/report from the Auditor that the funds for which replenishment is sought have been used for the intended purposes. For the smoothness of the special account, every state (Kano & Kwara) and FCT shall open a sub-account at their level and the audit report will consolidate them for the audit. The maximum amount to be financed out of the Special Account is US\$ 3.71 million with a ceiling of US\$ 1.2 million (US\$ 0.400 million per State).

Supporting documentation will be retained by the Federal Ministry of Agriculture and Rural Development of Nigeria (FMARD) for review purposes by Bank missions and external auditors. Any advances made for contracts will be secured by a bank guarantee and civil work contracts will be secured by performance-based bonds and/or a retention amount withheld.

The Disbursement Capacity Assessment is below detailed:

**PROJECT PREPARATION –
APPRAISAL MISSION - DISBURSEMENT CHECKLIST**

FDO: BECAYE SONNAR SENGHOR
Date of the appraisal mission: Due to COVID situation, this DCA is prepared based on desk review and interview with OTL, FPCU & PIU during the virtual appraisal meeting.
Date appraisal package cleared: 17 – 22 October 2021

Question	Yes	No	N/A	Comment
<ul style="list-style-type: none"> Do personnel/staff responsible for handling disbursement have specific experience with IsDB and/or International Financing Organizations (IFOs)? 	√			The Executing Agency has relevant experience in managing projects financed by MDB. The staff responsible for handling disbursement will be sourced from Project Financial Management Unit (PFMU) in Office of Accountant General and National Program Implementation Unit (NPIU) of different state (Kano, FCT AND Kwara). These units are fully equipped with competent and skilled professional Accountant who have participated in different donor projects.
<ul style="list-style-type: none"> Do EA/PIU demonstrate timeless and quality of provision of supporting documentation to validate accounting reports (e.g. invoices, purchase orders, receipts, etc.), including (if relevant) use of SOE procedures in past projects? 	√			The EA/ have already received donor funding for a similar project. In addition, experience and knowledge gathered from other international donor agencies' projects can be built upon for effective implementation of the project

<ul style="list-style-type: none"> Do EA/PIU staff have quality of performance in handling different types of disbursement modalities, i.e. reimbursement, reimbursement guarantee commitments, direct payment and special accounts? 	√			<p>The EA/PIU from federal and state government agencies have knowledge of different type of disbursement modalities, such as advance, reimbursement, direct payment, operating of special designated accounts etc</p>
<ul style="list-style-type: none"> Is the level of staff turnover high? 		√		<p>The level of staff turnover is very low or not applicable except in rear cases of retirement or promotion. Once an officer has been assigned to a project, the officer will serve the project till completion.</p>
<ul style="list-style-type: none"> Do the proposed disbursement arrangements take into account PFM arrangements and the procurement plan? 	√			<p>The proposed disbursement arrangements take into account PFM arrangements and procurement plan.</p>
<ul style="list-style-type: none"> Have the financial management risks including capacity of the project implementing entity and the cash flow needs been assessed and taken into account? 	√			<p>The financial management risks including capacity of the project implementing entity and the cash flow needs are essential for efficient and effective implementation of the project in order to achieve the PDO.</p>
<ul style="list-style-type: none"> What will be the disbursement modalities? Discuss and agree with PFM / borrower and the OTL the disbursement 	√			<p>The disbursement modalities have been discussed and agreed with FPCU, PFM, OTL, and PR. The agreed disbursement modalities are the use of Direct Payment and the Special Account..</p>

<p>modalities which will be used for the project.</p> <ul style="list-style-type: none"> • Are the project expenditures and withdrawal components clear, consistent with country financing parameters and based on the client's needs? • Will advance arrangements be used for the project and if so, are they appropriate? • Are there any retroactive financing provisions? • Are documentation requirements appropriate? • Are there any disbursement conditions for specific parts of the project and can they be readily monitored? • Has the borrower established banking arrangements for the Special Account? 	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p>	<p>The project expenditures and components are very clear and detailed in the PAD.</p> <p>A special account is planned for this project.</p> <p>There is no retroactive financing for this project</p> <p>The project financial management unit ensures appropriate documentation of all project transactions for both prior and post approval. All required documentation has been discussed and will be detailed in the disbursement letter</p> <p>There are no Disbursement conditions for this project. The main disbursement modalities will be detailed in the Disbursement Letter.</p> <p>The banking arrangement is in place for the opening of special accounts for the project to facilitate efficient and effective implementation of the project. In addition, Special account arrangements are detailed in all project documents (PAD, RRM).</p>
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<p>Based on the above, provide input/write-up on the disbursement arrangements in the Project Appraisal Document (PAD) and Report and Recommendation of Management (RRM); also draft the Disbursement Letter and provide a copy to the OTL and lawyer for inclusion in the appraisal package</p>				<p>Further information will be indicated in the Disbursement letter</p>
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Project Risk Matrix

Risk Category	RISK DESCRIPTION	RATING	MITIGATION MEASURE
Country's Political and Governance Context	Loss of interest in the project due to a change in Government and/or Security Risks.	Medium	The project is clearly a high priority for Federal and respective State Governments in Nigeria. The Governments has been consistent and focused with its goal to attract private sector investments into the country. The Project has been developed to cut across political change in Government with focus on private sector SPVs and minority stakes for the State Governments. Government will also mobilize security forces around the work sites depending on the need and community involvement.
Sector Strategies and Policies	The Government changes policy focus that will derail the SAPZ initiative in Nigeria	Medium	The Bank and other donors will continue to dialogue with the Government on continued reforms to improve business climate and maintain policy focus on the SAPZ Initiative.
Capacity of Implementing Entity	Implementation delays and coordination risks	Medium	FMARD will be the implementing agency for the SAPZs and will be actively managing implementation, FMARD has established a track record in implementing infrastructure projects and has strong buy-in from the states. The FMARD also has experience in PPP projects and has the trust of the private sector and is internationally recognized.
	Delay due to lengthy procurement process	Medium	It is planned to have a start-up workshop at an early stage of the project's implementation to help the FPCU Staff familiarize themselves with the Bank's procedures. A procurement specialist to be hired as FPCU staff.
	Possible delays in implementation including delays and/or errors in recording and reporting project related financial transactions due to lack of experience with IsDB procedures.	Medium	Training of FPCU staff of IsDB PFM and disbursement procedures during Start-up workshop. Regular supervision missions to address issues. Ensure presence of qualified and experienced staff in the PIU and at Central FPCU

Risk Category	RISK DESCRIPTION	RATING	MITIGATION MEASURE
Environment and climate change risks	Project activities will affect environmental sustainability. More so, there is high likelihood that a changing climate will have significant impact on the infrastructure and agricultural activities of the project.	High	Addressing the identified climate and environment risks of the project would require careful consideration of the proposed measures in Annex There is no one-size-fits-all solution for the various project locations. Therefore, location specific climate risks mitigation and abatement options should be considered across the various traffic corridors. Specifically, the identified climate risk and proposed measures should be included as part of the tender documents to be prepared for the contractors. Addressing these risks through improved and robust design options proposed in the tender documents offers the least no-regret approach to addressing the identified climate and environmental risks.
Slow Agribusiness investments	Delay in attracting private investment in the agribusiness.	Low	To mitigate this risk, the Project will undertake a market sounding and branding exercise with the private sector very early at project implementation and investment promotion events subsequently Support will be given to Government on continuing reforms to improve business climate and ease of doing business and specific incentive packages in place to attract investors.
Possible Delays in one Source of funding	Delays in implementation due to counterpart funding and financing of other donors.	Medium	-SAPZ has been designed and structured in a manner that any delays or non-accrual of activities financed by one partner will have no or minimal impact on other partner's activities and outcomes. Regular dialogue with State Government and Ministry of Finance to ensure counterpart funds for the project is planned in the budget cycle at the beginning of each fiscal year to reduce risk of implementation delays.
Ineffective coordinating structures at national, state and local government levels	Non achievement of Project outcomes	Medium	-Empowered coordination steering forums at national and state levels -Quarterly meetings to review implementation progress -Regular on-site monitoring missions by NFPCU and CPAT.
Inadequate Utilization of project resources	Non safeguard of project resources	Low	-A procedure manual and adequate software will be put in place for the project. In addition, special account will be used for very small expenditure and replenishment will be subject to certification by accredited auditor of previous expenditure

Economic and Financial Analysis

The financial and economic analysis of the whole program including the contributions from IsDB, AfDB, AGTF, IFAD, and the Government of Nigeria (both Federal and State Governments) was undertaken to assess the likely impact of the program interventions on the beneficiaries and the economic soundness of the overall program. The financial and economic analysis of the whole program is adopted based on the understanding that there is a close interdependency of activities and components supported by each partner, and both costs and benefits of the financing contributions by one partner depend on the similar actions by others.

The project derives its direct benefits from: (i) private sector agribusiness investment models; and (ii) the increased value-addition from farming activities with farmers in value added linkages. In addition, the project indirectly creates jobs and contributes to the reduction of the unemployment and poverty rates, the agriculture contribution to GDP, the number of women and youth owned SMEs, and linked to SAPZs.

Financial analysis: Some of the above benefits are not tradable or even tangible, and therefore could not reasonably be included in the financial and economic Cost-Benefit Analysis (CBA). All other benefits derived from private investments and farming activities were included in the CBA over a 20-year operating life. First, for the agribusiness investments, an assumption is proposed based on the following three models: (i) the small-scale investments, about 150 of them with at least USD 1.0 million investment size each; (ii) the medium-scale investments, 300 of them with at least USD 2.0 million investment size each; and (iii) the large-scale investments, 50 of them, with USD 5.0 million investment size each. Second, the increased value-addition from farming activities was based on 15 crops and production models, including, rice, cassava, maize, groundnut, sesame, tomato, sorghum, soybeans, cocoa, oil palm, banana, poultry, dairy, beef and fishery. Other assumptions include: (i) an average of 900,000 Ha of cultivated land; (ii) 0.5% increase in price per annum; and (iii) 5% increase in outputs per annum. The financial analysis based on the project and without project scenario is given as follows:

DESIGNATION	UNITS	PROJECT LIFE / MANAGEMENT PERIOD OF INVESTMENTS				
		2022	2023	2024	2025	2041
All Models Benefits		Year 1	Year 2	Year 3	Year 4	Year 20
Small-Scales Investment	"000 \$US	-	-	99,992.48	160,787.90	217,680.92
Medium-Scales Investment	"000 \$US	-	-	399,969.90	643,151.60	870,723.68
Large-Scales Investment	"000 \$US	-	-	166,654.13	267,979.83	362,801.53
Rice	"000 \$US	194,535.00	217,013.52	240,674.74	265,584.30	-
Cassava	"000 \$US	61,800.00	71,425.35	81,613.56	92,395.87	-

Maize	"000 \$US	-	-	44,400.23	49,258.74	-
Groundnut	"000 \$US	3,692.40	5,900.27	8,220.01	10,657.84	-
Sesame	"000 \$US	63,000.00	70,279.65	77,942.32	86,009.26	292,821.63
Tomatoes	"000 \$US	-	-	1,165,366.85	1,171,193.68	1,618,945.40
Sorghum	"000 \$US	5,692.80	5,950.11	34,381.92	52,629.38	68,738.86
Soyabeans	"000 \$US	-	1,498.94	2,967.67	6,089.18	58,200.65
Cocoa	"000 \$US	-	-	-	-	-
Oil Palm	"000 \$US	93,660.00	93,187.02	92,716.42	192,967.60	532,749.27
Banana	"000 \$US	-	-	-	-	-
Poultry	"000 \$US	2,317,620.00	2,305,916.02	2,294,271.14	53,945.53	2,722,711.27
Banana	"000 \$US	1,963,636.36	3,490,909.09	2,836,363.64	2,618,181.82	-
Poultry	"000 \$US	-	-	155,986.37	192,253.20	272,668.70
Dairy	"000 \$US	-	-	598,156.23	728,554.29	924,524.86
Beef	"000 \$US	-	-	10,620.68	17,966.66	22,799.43
Fishery	"000 \$US	-	-	119,844.48	121,642.14	167,806.99
Benefits with Project	"000 \$US	-	-	-	6,623,357.75	8,133,173.19
ALL MODELS COSTS						
Small-Scales Investment	"000 \$US	-	-	96,583.59	39,212.94	49,760.65
Medium-Scales Investment	"000 \$US	-	-	618,135.00	156,851.76	199,042.61
Large-Scales Investment	"000 \$US	-	-	257,556.25	65,354.90	82,934.42
Rice	"000 \$US	17,427.27	17,284.17	13,916.31	132,068.66	-
Cassava	"000 \$US	1,880.70	863.63	54.28	1,935.64	-
Maize	"000 \$US	-	-	-	15,561.35	-
Groundnut	"000 \$US	-	-	-	-	-
Groundnut	"000 \$US	848.18	852.42	367.48	15,828.54	-
Sesame	"000 \$US	20,160.00	20,260.80	23,998.19	24,118.18	26,121.71
Tomatoes	"000 \$US	7,200.00	7,200.00	141,283.79	170,555.15	174,156.71
Sorghum	"000 \$US	36,245.45	36,426.68	36,608.82	36,791.86	23,423.19
Soyabeans	"000 \$US	12,000.00	12,060.00	12,120.30	12,180.90	13,192.78
Cocoa	"000 \$US	22,967.05	-	-	-	-
Cocoa	"000 \$US	-	1,808.96	1,810.48	10,318.51	12,061.07
Oil Palm	"000 \$US	-	-	-	-	-
Oil Palm	"000 \$US	11,050.45	14,658.14	14,552.49	13,196.58	32,194.44
Banana	"000 \$US	-	-	-	-	-
Banana	"000 \$US	5,487,200.12	2,311,971.97	1,112,529.64	1,115,310.97	-
Poultry	"000 \$US	-	14,070.00	33,542.25	33,709.97	36,510.29

Dairy	"000 \$US	-	2,673.30	15,893.98	6,090.31	6,596.24
Beef	"000 \$US	-	2,673.30	15,893.98	6,090.31	6,596.24
Fishery	"000 \$US	-	15,953.64	106,080.58	110,999.71	109,141.00
Total Cost with Project	"000 \$US	5,593,181.96	2,424,117.97	2,468,201.47	1,962,304.94	771,731.36
PROJECT OVERALL BENEFITS	"000 \$US	-159,219.80	1,423,781.03	3,656,167.62	6,623,357.75	8,133,173.19
PROJECT OVERALL COSTS	"000 \$US	5,593,181.96	2,424,117.97	2,468,201.47	1,962,304.94	771,731.36
Cash Flow	"000 \$US	-5,752,401.75	-1,000,336.93	1,187,966.14	4,661,052.81	7,361,441.83
Net Present Value (NPV)	"000 \$US	34,080,937.16				
Internal Rate of Return (IRR)	%	48%				
Benefit/Cost Ratio (B/C)		4.53				

Thus, the financial analysis gave a net cash flow impact of over USD 700 million per year from the third year of operations which is expected grow significantly over 20 years with the same type of operations and the life of the investments. This implies that the financial benefits of the project over the period of operation exceed the cost of the investments needed to finance it and Net Present Value of USD 8.89 billion; (ii) a cost/benefit ratio of 2.72, which means that the benefits are higher than the cost of the investments; (iii) an internal rate of return of 30.71%, which is higher than the opportunity cost of capital (the capital cost of financial resources for investments in the project) estimated at 12%. Based on these results, it can be concluded that the project presents a profitability profile justifying the cost of the investments financially.

DESIGNATION	UNITS	PROJECT LIFE / MANAGEMENT PERIOD OF INVESTMENTS				
		2022	2023	2024	2025	2041
		Year 1	Year 2	Year 3	Year 4	Year 20
BENEFITS						
TOTAL PROJECT BENEFITS	"000 \$US	-	1,409,543.22	3,619,605.94	6,557,124.18	8,051,841.46
DISCOUNTED PROJECT BENEFITS	"000 \$US	- 140,738.93	1,123,679.23	2,576,364.01	4,167,170.96	834,708.36
COSTS						
PROJECT COSTS						
Total Project Cost Estimate	"000 \$US	62,599.19	162,061.13	119,459.56	117,361.86	
Total Cost of Production	"000 \$US	5,593,181.96	2,424,117.97	2,468,201.47	1,962,304.94	771,731.36
TOTAL PROJECT COSTS	"000 \$US	5,655,781.14	2,586,179.09	2,587,661.04	2,079,666.80	771,731.36
DISCOUNTED PROJECT COSTS	"000 \$US	5,049,804.59	2,061,686.14	1,841,846.02	1,321,665.85	80,002.89
PROJECT BENEFITS	"000 \$US	-140,738.93	1,123,679.23	2,576,364.01	4,167,170.96	834,708.36

PROJECT COSTS	"000 \$US	5,049,804.59	2,061,686.14	1,841,846.02	1,321,665.85	80,002.89
CASH FLOW	"000 \$US	-5,190,543.52	-938,006.91	734,518.00	2,845,505.11	754,705.46
Net Present Value (NPV)	"000 \$US	8,884,350.04				
Internal Rate of Return (IRR)	%	30.71%				
Benefit/Cost Ratio (B/C)		2.72				

Economic analysis: The economic analysis was carried out using the reference price method, namely the prices under conditions of economic efficiency, according to the "Pareto" optimum. It was conducted based on the comparison between the "with project" and "without project" situation of the production models presented in the financial analysis. In this model, tradable goods, i.e., goods likely to be the subject of commercial transactions beyond the country (FOB at the port and CIF at the Port of Marseille), are considered. In this case, the reference prices of these products (economic prices) are evaluated based on the ex-ante balance of these crops enabling to obtain export parity prices at farm gate. The labour force was economically valued at 60% of its financial value, to take into account the inelasticity of the labour demand in the country in general and in the project. Based on realistic assumptions, the economic rate of return (EIRR) of the project was estimated at 30.85%, with a B/C ratio of 2.72. Considering these results, the overall project profitability is deemed satisfactory.

DESIGNATION	UNITS	PROJECT LIFE / MANAGEMENT PERIOD OF INVESTMENTS				
		2022	2023	2024	2025	2041
		Year 1	Year 2	Year 3	Year 4	Year 20
BENEFITS						
TOTAL PROJECT BENEFITS	"000 \$US	-	1,434,065.25	3,630,857.98	6,533,302.25	7,181,368.44
DISCOUNTED PROJECT BENEFITS	"000 \$US	-	1,143,228.04	2,584,372.99	4,152,031.69	744,469.23
COSTS						
PROJECT COSTS						
Total Project Cost Estimate	"000 \$US	59,807.61	153,241.18	110,050.80	106,141.09	
Total Cost of Production	"000 \$US	5,580,824.79	2,416,748.87	2,423,561.56	1,889,464.23	648,663.31
TOTAL PROJECT COSTS	"000 \$US	5,640,632.39	2,569,990.05	2,533,612.36	1,995,605.32	648,663.31
DISCOUNTED PROJECT COSTS	"000 \$US	5,036,278.92	2,048,780.33	1,803,375.23	1,268,243.26	67,244.83
PROJECT BENEFITS	"000 \$US	-142,160.53	1,143,228.04	2,584,372.99	4,152,031.69	744,469.23
PROJECT COSTS	"000 \$US	5,036,278.92	2,048,780.33	1,803,375.23	1,268,243.26	67,244.83
CASH FLOW	"000 \$US	-5,178,439.45	-905,552.29	780,997.76	2,883,788.43	677,224.41
Net Present Value (NPV)	"000 \$US	8,727,083.53				
Internal Rate of Return (IRR)	%	30.85%				
Benefit/Cost Ratio (B/C)		2.72				

Sensitivity analysis: The sensitivity tests conducted based on the reduction in production prices were used to measure the stability of the financial and economic performance indicators. Thus, the tests show that prices should be lowered to 48.85% (break-even or "switching value") to cancel out the additional benefits generated respectively at the financial and economic level, with FIRR and EIRR equal to the opportunity cost of capital, i.e., 12 %. This test shows that the project profitability profile is robust, although it has not been performed on all endogenous values of the model. However, the price variable is of paramount importance since it is the only one that is beyond the control of project management and operation.

Summary of scenarios									
Scenarios	Current Values :	Price Drop -2.5%	Price Drop -5%	Price Drop -7.5%	Price Drop -10%	Price Drop -12.5%	Price Drop -15%	Price Drop -48.85 %	Price Drop -60%
Variable Cells :									
Increasing Price Drops	0.00%	2.50%	5.00%	7.50%	10.00%	12.50%	15.00%	48.85 %	60.00%
Resulting Cells :									
NPV	9,141,254.13	8,633,263.41	8,167,552.25	7,701,841.10	7,236,129.94	6,770,418.78	6,304,707.62	1,021.48	2,078,093.25
IRR	31.12%	30.26%	29.38%	28.50%	27.61%	26.71%	25.79%	12.00 %	6.64%
B/C Ratio	2.74	2.69	2.64	2.59	2.54	2.49	2.43	1.64	1.34