



NIRSAL PLC

THE NIGERIA INCENTIVE-BASED RISK
SHARING SYSTEM FOR AGRICULTURAL LENDING

NIRSAL ENVIRONMENTAL, SOCIAL SAFEGUARDS



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SOCIAL SAFEGUARDS**





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Policy Implementation and Commitment

This policy serves as our foundational commitment to environmental stewardship, social responsibility and sustainable governance. It is a living document that guides our decisions, actions and accountability. We will translate these principles into measurable outcomes, regularly review our progress and adapt to meet evolving challenges and opportunities.

By upholding these standards, we affirm our duty to our people, our partners, our planet and our shared future. This is not just our policy it is our promise.

NIRSAL 

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THE NIGERIA INCENTIVE-BASED RISK
SHARING SYSTEM FOR AGRICULTURAL LENDING

ENVIRONMENTAL, SOCIAL SAFEGUARDS





ENVIRONMENTAL AND SOCIAL SAFEGUARDS (ESS)

Updated @ 2025 for Nigeria Incentive-based Risk Sharing
Systems for Agricultural Lending (NIRSAL) Plc.

Approved by
the Board of Directors @ February, 2026.

CONTENTS

List of acronyms:.....	XII
PART I: INSTITUTIONAL GOVERNANCE & POLICY.....	2
Chapter 1: Introduction, Scope, and Objectives.....	2
1.1 Background and Context.....	2
1.2 The "De-Risking" Rationale for ESS.....	11
1.3 Scope of Application.....	13
1.3.1 Application to NIRSA Operations.....	13
1.3.2 Stakeholder Reach.....	14
1.3.3 The Entire AVC (Agribusiness Value Chain).....	14
1.4 Primary Strategic Objectives.....	14
1.5 Governance of the Policy.....	16
Chapter 2: Policy Statement & Commitment.....	19
2.1 The "Green Agribusiness" Commitment.....	19
2.2 Alignment with Sustainable Development Goals (SDGs).....	20
Chapter 3: Legal and Regulatory Framework.....	21
3.1 National Laws and Regulations (Nigeria).....	21
3.2 International Standards & Global Benchmarks.....	21
3.3 Policy alignment.....	22
3.4 The "Equivalence" Principle.....	22
.	
Chapter 4: Institutional Arrangements & Governance Structure.....	23
4.1 Board Level: The Sustainability & Risk Committee.....	23
4.2 Executive Level: The Chief Risk Officer (CRO).....	23
4.3 Management Level: The ESS Unit.....	24
4.4 Operational Level: Field Agents & Project Officers.....	24
4.5 The Institutional Flow of ESS in the Project Cycle.....	25

Chapter 5: Disclosure and Transparency	26
5.1 The "Presumption of Disclosure"	26
5.2 Language Accessibility and FPIC.....	26
5.3 Cumulative Impact Assessment (CIA) Protocol:.....	27
5.4 Transboundary Impact Assessment (TIA):.....	27
5.5 Strategic Integration of Governance.....	27

PART II: THE 10 NIRSA SAFEGUARD STANDARDS (NSS).....30

NSS 1: Assessment and Management of Environmental and Social Risks and Impacts	30
1.1 Objective and Philosophy.....	30
1.2 The Environmental and Social Management System (ESMS) Requirement.....	30
1.3 Screening and Categorization Process.....	31
1.4 The Mitigation Hierarchy.....	32
NSS 2: Labour and Working Conditions	32
2.1 Objective.....	32
2.2 Forced and Child Labour Prohibitions.....	32
2.3 Occupational Health and Safety (OHS).....	33
2.4 Fair Wages and Seasonal Labour Rights.....	33
2.5 Enforcement through the 5-Pillar Mechanism.....	33
NSS 3: Resource Efficiency and Pollution Prevention	34
3.1 Objective and Strategic Rationale.....	34
3.2 Resource Efficiency.....	34
3.2.1 Water Management and Foot-printing.....	34
3.2.2 Energy Efficiency and Transition.....	35
3.2.3 Greenhouse Gas (GHG) Accounting Thresholds.....	35
3.3 Pollution Prevention and Control.....	35

3.3.1 Integrated Pest Management (IPM) and Agrochemicals.....	35
3.3.2 Waste Management and the Circular Economy.....	36
3.3.3 Soil Health and Erosion Control.....	36
 NSS 4: Community Health, Safety, and Security.....	 36
4.1 Objective.....	36
4.2 Community Health and Safety Risks.....	36
4.2.1 Infrastructure and Equipment Safety.....	37
4.2.2 Exposure to Disease and Hazardous Materials.....	37
4.3 Ecosystem Services.....	37
4.4 Security Personnel Requirements.....	38
4.5 Emergency Preparedness and Response.....	38
4.6 Sexual Exploitation, Abuse, and Harassment (SEAH) Protocols.....	38
 NSS 5: Land Acquisition and Involuntary Resettlement.....	 49
5.1 Objective and Philosophy.....	49
5.2 The "Avoidance First" Strategy.....	49
5.3 Tenure Security and Due Diligence.....	40
5.4 Livelihood Restoration and Compensation.....	40
5.5 Free, Prior and Informed Consent (FPIC).....	40
 NSS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.....	 41
6.1 Objective.....	41
6.2 Zero-Deforestation Policy.....	41
6.3 Geospatial and Satellite Monitoring.....	41
6.4 Sustainable Management of Living Resources.....	42
6.5 Sourcing and Supply Chain Sustainability.....	42
6.6 Linkage to Climate Change (NSS 9).....	42

NSS 7: Indigenous Peoples and Vulnerable Groups.....	43
7.1 Objective and Inclusive Mandate.....	43
7.2 Defining Vulnerability in the Nigerian AVC.....	43
7.3 Gender Mainstreaming Strategy.....	43
7.4 Youth Inclusion and Agropreneurship.....	44
7.5 Vulnerability Assessment and Tailored Assistance.....	44
7.6 Indigenous Peoples Identification and FPIC.....	45
 NSS 8: Cultural Heritage.....	 45
8.1 Objective.....	45
8.2 Protecting Tangible and Intangible Heritage.....	45
8.3 The "Chance Find" Procedure.....	46
8.4 Respect for Sacred Groves and Burial Grounds.....	46
8.5 Stakeholder Engagement with Cultural Custodians.....	46
8.6 Integration into the Project Cycle.....	47
 NSS 9: Climate Change Resilience (The "Green" Standard).....	 47
9.1 Objective and Climate Rationale with IPCC Data.....	47
9.2 Linkage to the GCF Independent Redress Mechanism (IRM).....	47
9.3 Climate Risk Screening and Appraisal (Pillar 1 Integration).....	48
9.4 Climate Change Adaptation Strategies.....	48
9.5 Climate Change Mitigation and Carbon Sequestration.....	49
9.6 Monitoring and Reporting (The Green Dividend).....	49
 NSS 10: Stakeholder Engagement and Information Disclosure.....	 49
10.1 Objective and Transparency Mandate.....	49
10.2 The Stakeholder Engagement Plan (SEP).....	50
10.3 Information Disclosure Protocols.....	50
10.4 The 3-Tier Grievance Redress Mechanism (GRM).....	51
10.5 Annual E&S Performance Reporting.....	52

PART III: PROCEDURAL INTEGRATION INTO THE AVC.....	54
3.1 The Integrated E&S Risk Management Cycle (Detailed).....	54
Phase 1: Origination & Initial Screening (The "Entry Gate").....	54
Phase 2: Due Diligence & Categorization (The "Audit Phase").....	55
Phase 3: Management Planning & Conditionality (The "Contract Phase").....	55
Phase 4: Implementation & Monitoring (The "Field Phase").....	56
Phase 5: Evaluation & Incentive Release (The "Feedback Loop").....	56
3.2 Detailed Step-by-Step Checklist for Project Officers.....	57
3.3 Strategic Tools for Enforcement.....	58
3.4 Technical Requirements for the Environmental & Social Management Plan (ESMP).....	59
3.4.1 Core Components of a NIRSAL-Compliant ESMP.....	59
3.4.2 Legal Integration: The E&S Covenant.....	60
NSS 9: Climate Change Resilience (The "Green" Standard)	
Objective:.....	60
3.5.1 The Three Pillars of CSA Standards.....	60
3.5.2 Detailed Technical Standards for NSS 9.....	61
3.5.3 Verification and Integration with the 5-Pillar Mechanism.....	62
PART IV: IMPLEMENTATION & MONITORING.....	64
4.1 The BOS Enforcement Structure (36 States & FCT).....	64
4.1.1 The Role of the BOS in the ESS Framework.....	64
4.1.2 Organizational Hierarchy for Enforcement.....	65
4.2 The NIRSAL Negative List (Exclusion List).....	65
4.2.1 Prohibited Social & Ethical Activities.....	65
4.2.2 Prohibited Environmental Activities.....	65
4.3 Prohibited Pesticide Management Protocol.....	66

4.3.1 The "Zero-Tolerance" List.....	66
4.3.2 Integrated Pest Management (IPM) Standard.....	66
4.3.3 Storage and Disposal Requirements.....	67
4.4 Monitoring & Evaluation (KPIs).....	67
 PART V: INSTITUTIONAL REPORTING & DISCLOSURE.....	69
5.1 Structure of the Annual E&S Performance Report.....	69
5.1.1 Executive Summary & Portfolio Overview.....	69
5.1.2 The Safeguard Performance Scorecard.....	69
5.1.3 Incident Reporting & Grievance Metrics.....	70
5.1.4 Strategic Integration (Pillars 4 & 5).....	70
5.2 Public Consultation Protocols for Category A Projects.....	70
5.2.1 Mandatory Disclosure Timelines.....	71
5.2.2 Language Accessibility & Local Engagement.....	71
5.2.3 The Stakeholder Engagement Plan (SEP).....	71
5.3 Grievance Redress Mechanism (GRM) Transparency.....	71
 PART VI: SECTOR-SPECIFIC SAFEGUARD GUIDELINES.....	74
6.1 The Livestock Value Chain (LVC) Safeguards.....	74
6.1.1 Risk Profile: The "Social-Ecological" Nexus.....	74
6.1.2 Technical Standards for Livestock Projects.....	74
6.2 The Aquaculture Value Chain (AVC) Safeguards.....	75
6.2.1 Risk Profile: Water and Biodiversity.....	75
6.2.2 Technical Standards for Aquaculture.....	75
6.3 Perishable Crops & Horticulture (Horti-VC) Safeguards.....	76
6.3.1 Risk Profile: Chemical Intensity and Post-Harvest Loss.....	76
6.3.2 Technical Standards for Horticulture.....	76
6.4 Cross-Sectoral Remediation Protocol.....	77

PART VII: EMERGENCY PREPAREDNESS AND DISASTER RISK MANAGEMENT	
(DRM).....	79
7.1 The DRM Lifecycle: Prevent, Respond, Recover.....	79
7.1.1 Phase 1: Prevention and Early Warning (Pre-Impact).....	79
7.1.2 Phase 2: Emergency Response Protocol (The 24-Hour Rule).....	80
7.1.3 Phase 3: Post-Disaster Recovery and Remediation.....	80
PART VIII: RESOURCE EFFICIENCY AND MATERIAL MANAGEMENT.....	82
8.1 Water Foot-printing and Sustainable Management.....	82
8.1.1 The NIRSA Water Footprint Assessment (WFA).....	82
8.1.2 Technical Benchmarks for Water Efficiency.....	82
8.2 Energy Audits and Decent Carbon Transitions.....	83
8.2.1 Mandatory Energy Audits for Processors.....	83
8.2.2 Incentivizing Low-Carbon Logistics.....	83
PART IX: THE ESS LEGAL COMPENDIUM.....	85
9.1 National Statutory Framework (Nigeria).....	85
9.2 International Standards and Global Benchmarks.....	86
9.3 Enforcement and Legal Covenants.....	86
PART X: THE ESS TRAINING MANUAL FOR BOSs.....	89
10.1 The Field Audit Lifecycle.....	89
10.1.1 Stage 1: Pre-Audit Preparation.....	89
10.1.2 Stage 2: On-Site Verification Techniques.....	89
10.2 Digital Auditing via the ARMS ESS Tool.....	90
PART XI: THE ESS BUDGETARY AND RESOURCE ALLOCATION FRAMEWORK.....	92
11.1 The 1% BOS Monitoring Fee Mechanism.....	92
11.2 Strategic Allocation of the ESS Budget.....	92

11.3 Pillar 4 Integration: The IDB Cost-Offset.....	93
---	----

PART XII: THE POLICY REVIEW AND CONTINUOUS IMPROVEMENT ROADMAP

(2025-2030).....	95
12.1 The Continuous Improvement Loop.....	95
12.2 The 5-Year Strategic Roadmap (2025-2030).....	95
12.3 Policy Update Protocol.....	95

Final Summary of the Expanded ESS Policy Document

PART XIII: ANNEXURES & TECHNICAL TEMPLATES.....98

13.1 The Full NIRSAL Negative List (Exclusion List).....	98
13.2 OHS Audit Checklist (Agribusiness Specific).....	981
13.3 Template: ESS Compliance "Green Status" Certificate.....	99
13.4 Template: Incident Reporting Form (IRF).....	99

Annex A: TECHNICAL SPECIFICATIONS FOR POLLUTION CONTROL (NSS 3).... 101

A.1 Effluent Discharge Standards (Downstream/Processing).....	101
A.1.2 Effluent Treatment Plant (ETP) Requirements.....	101
A.2 Solid Waste Management & "Circular Economy".....	102
A.3 Air Emission and Noise Control.....	102

Annex B: GENDER MAINSTREAMING FRAMEWORK (NSS 7)..... 104

B.1 Strategic Rationale: The "Gender Dividend".....	104
B.2 The "30-40% Inclusion" Action Plan.....	104
B.2.1 Upstream: The "Female Cluster" Model.....	104
B.2.2 Pillar 2: Tailored Technical Assistance.....	105
B.2.3 Pillar 4: The Incentive Mechanism (IDB).....	105
B.3 Gender-Based Violence (GBV) and Harassment Protocol.....	105
B.4 Monitoring & Evaluation Indicators.....	105

Annex C: SEAH Incident Reporting Forms & Survivor-Centric Protocols..... 107

C.1: Confidential Survivor Intake Form.....	107
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C.2: SEAH Incident Report for Witnesses & Third Parties.....	108
C.3: Survivor Referral & Documentation Form.....	108
C.4: Case Management & Tracking Log (Restricted Access).....	108

Survivor-Centric Principles for Usage

Annex D: GHG Accounting Tool & Threshold Guidance.....	111
D.1 Objective and Climate Rationale.....	111
D.2 Mandatory GHG Accounting Threshold.....	111
D.3 The GHG Accounting Methodology.....	111
D.4 Standardized GHG Calculation Worksheet (Template).....	112
D.5 Mitigation and "Green Dividend" Incentives.....	113

Implementation Note for BOs

Annex E: Indigenous Peoples Identification Matrix.....	115
E.1 Objective & Rationale.....	115
E.2 The Four GCF Technical Criteria.....	115
E.3 Indigenous Peoples Screening Matrix (The "Toolkit").....	115
E.4 The "FPIC Trigger" (Determination & Action).....	116
E.5 Cultural Sensitivity Note for the Nigerian Context.....	116
Implementation for BOs.....	117

LIST OF ACRONYMS:

1.	ARMS:	Agribusiness Risk Management Solutions
2.	AVC:	Agribusiness Value Chain or Agricultural Value Chain
3.	CBN:	Central Bank of Nigeria
4.	CRG:	Credit Risk Guarantee
5.	CRO:	Chief Risk Officer
6.	CSA:	Climate-Smart Agriculture
7.	DRM:	Disaster Risk Management
8.	E&S:	Environmental and Social
9.	EHS:	Environmental, Health, and Safety
10.	EIA:	Environmental Impact Assessment
11.	ESDD:	Environmental & Social Due Diligence
12.	ESMP:	Environmental and Social Management Plan
13.	ESMS:	Environmental and Social Management System
14.	ESRS:	Environmental & Social Risk Screening
15.	ESS:	Environmental and Social Safeguard
16.	ETP:	Effluent Treatment Plant
17.	FPIC:	Free, Prior, and Informed Consent
18.	GBV:	Gender-Based Violence
19.	GCF:	Green Climate Fund
20.	GPS:	Global Positioning System
21.	GRM:	Grievance Redress Mechanism
22.	Horti-VC:	Perishable Crops & Horticulture Value Chain
23.	IDPs:	Internally Displaced Persons
24.	IDB:	Interest Drawback
25.	IFC:	International Finance Corporation
26.	IPM:	Integrated Pest Management
27.	IRF:	Incident Reporting Form
28.	KPI:	Key Performance Indicator
29.	KWh:	Kilowatt-hour
30.	LGA:	Local Government Area
31.	LVC:	Livestock Value Chain
32.	MD/CEO:	Managing Director / Chief Executive Officer

- 33. **NDC:** Nationally Determined Contributions
- 34. **NESREA:** National Environmental Standards and Regulations Enforcement Agency
- 35. **NGO:** Non-Governmental Organization
- 36. **NIRSAL:** Nigeria Incentive-Based Risk Sharing System for Agricultural Lending
- 37. **NSS:** NIRSAL Safeguard Standards
- 38. **OHS:** Occupational Health and Safety
- 39. **PFI:** Partner Financial Institution
- 40. **BOS:** Business Office Structure
- 41. **PPE:** Personal Protective Equipment
- 42. **SDG:** Sustainable Development Goals
- 43. **SEAH:** Sexual Exploitation Abuse and Harassment
- 44. **SEC:** Specific Energy Consumption
- 45. **SHF:** Smallholder Farmer
- 46. **WFA:** Water Footprint Assessment
- 47. **WHO:** World Health Organization

INSTITUTIONAL
GOVERNANCE
& POLICY

PART I: INSTITUTIONAL GOVERNANCE & POLICY

CHAPTER 1 INTRODUCTION, SCOPE & OBJECTIVES

1.1 Background and Context

1.1.1 About NIRSAL

Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL Plc.) is a dynamic non-bank financial institution established in 2013 to transform Nigeria's agricultural sector by de-risking it and making it more attractive to commercial finance. Born out of a landmark collaboration between the Central Bank of Nigeria, the Federal Ministry of Agriculture and Food Security and the Bankers' Committee, NIRSAL exists to unlock affordable, structured finance for agribusinesses across the value chain.

NIRSAL's core mandate is to redefine how agriculture and agribusiness-related credit risks are perceived, measured, priced and shared. We achieve this by:

- De - risking agribusiness finance.
- Fixing broken agricultural value chains.
- Building the long-term capacity of both financiers and agribusinesses.

Vision and Mission

NIRSAL's strategic direction is guided by a commitment to inclusive growth and national prosperity.

- Vision: "Transforming the Economy, Delivering Inclusive Growth and Impacting Lives"
- Mission: "To forge partnerships between agriculture and finance, maximizing the potential of agriculture for food security, job creation and economic growth"

NIRSAL is committed to delivering inclusive growth by de-risking the entire value chain, ensuring that every player from the smallholder farmer to the large-scale processor has the financial support to thrive, ultimately impacting lives through food security and sustainable wealth creation.

NIRSAL stands as a transformative bridge between the financial world and the vast potential of the Nigerian agricultural landscape. As a non-bank financial institution, it does not just lend money; it re-engineers the entire agricultural ecosystem to make it safe, profitable and attractive for private investors.

1.1.2 The Core Mandate

NIRSAL operates under a specific mandate to stimulate the flow of affordable finance and investments into the agricultural sector. Unlike a traditional bank, NIRSAL acts as a facilitator and a “risk-manager”. Its mandate is executed through five strategic pillars:

1. Risk Sharing: Sharing credit risks with banks by providing guarantees (up to 75%) to cover potential losses on agricultural loans.
2. Technical Assistance: Building the capacity of both banks (to understand agric-lending) and farmers (to improve productivity).
3. Insurance: Developing innovative insurance products (like weather-index insurance) to protect farmers from natural disasters.
4. Incentives: Rewarding diligent borrowers with interest rebates and providing incentives for banks that increase their agricultural portfolios.
5. Rating: Rating banks based on their effectiveness in agricultural lending to create a competitive and transparent environment.

1.1.3 Strategic Focus: The Value Chain Approach

NIRSAL's operational platform is structured around its Agricultural Value Chain (AVC) approach. Instead of looking at a farmer in isolation, NIRSAL looks at the entire journey from the "Pre-Upstream" (seeds and fertilizer) to the "Midstream" (processing and storage) and finally the "Downstream" (logistics and markets). By fixing the "broken links" in this chain, NIRSAL ensures that when a bank lends money, there is a clear path to production, a guaranteed buyer (off-taker) for the produce and a higher probability of loan repayment.

NIRSAL, as a lead de-risking entity for the Nigerian agricultural sector, recognizes that agricultural expansion is a primary driver of environmental change and social shifts. Nigeria's agricultural landscape is currently transitioning from subsistence-based farming to an industrialized, commercial model. While this transition is vital for national food security, it introduces complex risks including deforestation, soil degradation and community displacement.

To maintain its mandate of "facilitating agribusiness", NIRSAL must ensure that the capital it unlocks does not cause harm. This ESS Framework is the primary instrument for identifying, avoiding and mitigating the environmental and social (E&S) risks inherent in the Agricultural Value Chain (AVC). By establishing comprehensive standards, NIRSAL ensures that the transition to industrial agriculture is sustainable, protecting both the natural ecosystem and the social fabric of rural communities.

1.1.4 NIRSAL Business Processes

NIRSAL applies its expertise into the development of bespoke optimized and sustainable business models for agricultural value chains and value chain segments. NIRSAL's business models leverage market dynamics and technology to guarantee value chain optimization, cash flow stability and financial return maximization to key actors, particularly smallholder farmers.

NIRSAL'S Business Models	Details
Integrated Agribusiness Project Development (IAPD)	A turnkey agribusiness model which entails the aggregation of thousands of hectares of land for integrated value chain operations including year-round mechanized primary production, storage and processing using captive power from renewable energy sources for cluster activities. The IAPD increases productivity, reduces post-harvest losses, creates ready market, increases speed to market, minimises cost of operations, presents large bankable integrated financial tickets and increases financial returns to all participating actors.
Private Agriculture / Agribusiness Development (PAID)	NIRSAL's PAID model facilitates finance to develop brownfield projects operating below capacity through special arrangements between an agricultural land/asset owner and a technical investor / project manager as facilitated by NIRSAL for equity and debt financing.
Service to Enterprise in Agribusiness (SEA)	Under the SEA model, NIRSAL partners with public institutions in possession of agricultural land assets to prepare public servants for life after retirement through training, finance facilitation and market linkage for agricultural primary production investment.
Agricultural Primary Production Aggregation Service System (A-PASS)	A-PASS systematically shifts primary production from the sub-optimal disaggregated approach to a structured form through the aggregation of farmlands into blocks, cells and geo-cooperatives the inflow of finance and linkages to input and output market.

NIRSAL Risk Sharing Pillar – Pillar 1

The Risk-Sharing Pillar (often referred to as the Risk Sharing Facility) is the "engine room" of NIRSAL. It addresses the primary reason banks hesitate to lend to farmers: risk perception.

The Risk-Sharing pillar aims to break down the barrier between the financial sector and the agricultural value chain. Historically, banks viewed agriculture as too risky due to factors like weather, pests, and market volatility.

The primary tool of this pillar is the Credit Risk Guarantee (CRG). This is a formal contract between NIRSAL and a financier (usually a commercial bank) that protects the lender's capital.

- **Psychological Shift:** By providing this "comfort", NIRSAL encourages banks to move from "collateral-based lending" to "project-based lending".
- **Operational Coverage:** It covers the principal and accrued interest for loans spanning the entire value chain from - input supply and primary production to processing and logistics. To further de-risk the investment for the *borrower* (the farmer or agribusiness), NIRSAL includes an Interest Drawback (IDB) mechanism within this pillar.
- **How it works:** Agribusinesses that stay in "good standing" - meaning they pay their loan instalments on time and follow the agreed upon business plan can receive a quarterly refund on a portion of their interest paid.
- **Result:** This effectively reduces the interest rate for the borrower, sometimes by up to 40% of the interest cost, making the investment significantly more affordable.

The de-risking pillar does not operate in a vacuum; it is supported by a monitoring system known as Business Office Structure (BOSs) located in all 36 states. These offices ensure that the "de-risked" projects are actually executing their plans, which further lowers the chance of default.

Technical Assistance Pillar – Pillar 2

The Technical Assistance (TA) Pillar is the "knowledge engine" of NIRSAL. While other pillars provide financial safety nets, the TA pillar focuses on fixing the "broken" parts of the agricultural value chain by upgrading the skills of the people within it.

It operates on the philosophy that money alone cannot fix agriculture; you need Human Capital and Technical Know-how to make that money productive.

Banks often avoid agriculture because their staff don't understand biological cycles (e.g. a cow takes time to grow; you can't "speed up" a harvest like a factory line).

- **Banker Training:** NIRSAL provides specialized training to bank credit officers and risk managers. Over 8,300 bank staff have been trained to "speak agriculture".
- **Agro-Desk Establishment:** NIRSAL helps banks set up dedicated Agricultural Lending Desks.
- **Value Chain Modeling:** They teach banks how to look at an entire chain (from seed to plate) rather than just a single farmer, which makes the loan safer.

For farmers, technical assistance is about moving from "subsistence" to "agribusiness". This is primarily delivered through the Business Office Structure (BOSs) located in all 36 states.

- The Agro-Geo-Cooperative Model: NIRSAL organizes smallholder farmers into structured "Geo-Cooperatives" based on land contiguity. This makes it easier to provide training at scale.
- Good Agricultural Practices (GAP): Farmers are trained in modern agronomy soil testing, proper fertilizer application and pest management to ensure high yields.
- NIRSAL Farmers' Business School (NFBS): A digital/mobile platform launched to provide low-cost (approx. ₦100/week) interactive lessons on farm management, market trends and financial literacy via simple mobile phones.

The TA pillar also intervenes in the logistics and processing stages to reduce "post-harvest losses", which can be as high as 50% in Nigeria for certain crops.

- Standardization: Training actors on global quality standards so Nigerian produce can be exported or sold to large local processors (e.g. Olam, Nestle).
- Mechanization Support: Providing technical blueprints and training for tractor hiring schemes and irrigation management.
- Climate-Smart Agriculture: As a delivery partner for the Green Climate Fund (GCF), NIRSAL uses this pillar to train farmers on resilient techniques to combat the effects of climate change.

The BOSs are the "feet on the ground" for the Technical Assistance pillar. They don't just train; they monitor projects in real-time. If a farmer is struggling with a disease outbreak, the BOS identifies it early and provides the technical fix before the loan goes bad.

NIRSAL Innovative Insurance Pillar – Pillar 3

The Innovative Insurance Mechanism is NIRSAL's third strategic pillar. While the Risk-Sharing pillar protects the banks, this pillar is designed to protect the **farmers** and their livelihoods from the unpredictable nature of agriculture. Before NIRSAL, agricultural insurance in Nigeria was largely "indemnity-based", meaning a farmer only got paid if they could prove specific physical damage, a process that was slow, expensive and often inaccessible to smallholders.

The core innovation of this pillar is the move toward **Index-Based Insurance**. Instead of verifying losses on every single farm, payouts are triggered by pre-defined data points (indexes).

- **Area Yield Index Insurance (AYII):** This product pays out if the average yield of a specific "Unit Area" (like a local government area) falls below a set percentage of its historical average.
- **Weather Index Insurance (WII):** Payouts are triggered by satellite data showing extreme weather events, such as a lack of rainfall (drought) or excessive rainfall (flooding) during critical growth stages.
- **Hybrid Multi-Peril Crop Indemnity-Index Insurance (HM-II):** A more recent evolution that combines index-based triggers with traditional covers for pests, diseases, and even the life of the farmer (permanent disability or death).

The pillar aims to create a safety net that makes farmers "bankable" by ensuring they can still repay loans even if a disaster strikes.

- **Financial Inclusion:** By 2026, NIRSAL aims to have covered **3.6 million farmers** under these innovative products. As of 2025, over **1.8 million subscriptions** have already been recorded.

- **Liberalizing the Market:** NIRSAL broke the monopoly of the state owned Nigerian Agricultural Insurance Corporation (NAIC) by bringing in a consortium of **private underwriters** (such as Royal Exchange, Leadway and AXA Mansard). This competition has led to lower premiums and faster claims processing.
- **Technology Integration:** The mechanism leverages **Normalized Difference Vegetation Index (NDVI)** and satellite imagery to monitor crop health remotely, allowing for objective and transparent payout triggers.

Launched as the "ultimate" insurance product under the **NIRSAL Comprehensive Index Insurance** pillar is unique because it addresses the three biggest risks a farmer faces simultaneously:

1. **Yield Risk:** Protection against low harvests due to weather or pests.
2. **Market Price Risk:** Protection against sudden drops in the market price of the commodity at harvest time.
3. **Life Risk:** Providing a payout to the farmer's family in the event of the farmer's death or permanent disability.

Incentive Mechanism Pillar – Pillar 4

The **Incentive Mechanism Pillar** is the "carrot" in NIRSAL's strategy. While other pillars focus on protection and education, this pillar focuses on **rewarding performance**. It ensures that high-performing banks and disciplined farmers are financially incentivized to keep growing the agricultural economy.

The most direct incentive for a borrower is the **Interest Drawback**. This is a cash rebate given to borrowers who demonstrate excellent credit discipline.

- **The Reward:** Borrowers can receive a refund of **20% to 40%** of the interest they have already paid on their loan.

- **The Condition:** To qualify, the borrower must be in "**Good Standing**". This means all principal and interest payments must be made exactly as scheduled.
- **The Payout Cycle:** IDB claims are typically processed and paid every **90 days (quarterly)**. If a borrower defaults even once, the incentive is suspended until the default is fully remedied.

1.2 Rationale

1.2.1 De-Risking Rationale

While the primary focus remains on protecting the huge volume of facilitated finance, the de-risking rationale for ESS integrates "compliance" to "sectoral resilience". The E&S risks are fundamentally viewed as financial risks interconnectedness of environmental health and financial performance is a cornerstone of this policy.

- **Holistic Risk Integration:** Moving beyond basic soil and water issues to include climate-smart agricultural practices that future-proof investments against extreme weather events.
- **Bankability as Stability:** By standardizing E&S requirements, NIRSA creates a "common language" of risk for Partner Financial Institutions (PFIs), lowering the barrier to entry for private capital.
- **Environmental Degradation:** Issues such as soil erosion and water scarcity directly impact crop yields, which in turn leads to loan defaults by Smallholder Farmers (SHFs).
- **Social Unrest:** Land disputes and labour strikes can halt production, disrupt supply chains and jeopardize the recovery of facilitated capital.
- **Financial Protection:** Consequently, this ESS policy is not merely a compliance document but a **financial de-risking tool** designed to protect the over 849 million USD in finance facilitated by NIRSA.

1.2.2 Comprehensive Environmental Risk Matrix

The focus on soil and water is integrated into a multi-tiered environmental management system:

- **Resource Efficiency:** Beyond preventing degradation, the scope should mandate efficient irrigation and nutrient management to lower input costs and improve SHF margins.
- **Biodiversity Protection:** Preventing encroachment into protected areas, which mitigates both legal risks for the PFI and ecological risks for the project.
- **Climate Mitigation:** Integrating carbon footprint tracking into the de-risking tool to prepare SHFs for emerging green finance opportunities.

1.2.3 Advanced Social Risk & Human Capital Management

The scope of social risk is beyond "unrest" but encompass the broader social license to operate:

- **Inclusion & Gender Parity:** Explicitly addressing the needs of women and youth in the supply chain to ensure labour stability and social cohesion.
- **Fair Labour Standards:** Implementing rigorous checks against child labor and forced labour, which are critical for protecting the reputation of facilitated capital.
- **Grievance Redress Mechanisms (GRM):** Establishing formal channels for land dispute resolution to prevent production halts before they escalate into financial defaults.

1.2.4 Strategic Governance & Compliance Framework

To ensure the policy functions as a true "de-risking tool", the governance scope includes:

- Continuous Monitoring: Real time tracking of E & S metric across the huge investment de-risking portfolio with an expected financial impact as reduced default rates via early warning signals.
- PFI Capacity Building: Training PFIs to evaluate E&S risks as part of credit appraisal with indicative financial impact expressed as increased volume of "bankable" agricultural projects.
- Impact Reporting: Measuring the correlation between E&S health and financial yield with indicative financial impact expressed as attractiveness to international ESG-focused investors.

1.2.5 Summary of Interconnectedness

The fundamental logic remains: **Environmental Health = Financial Performance**. By expanding the scope to include climate resilience, social inclusion and rigorous governance, NIRSAL ensures that the agricultural sector is not just "bankable" today, but sustainable for the long term.

1.3 Scope of Application

This policy is comprehensive and mandatory, covering the full breadth of NIRSAL's influence within the Nigerian economy.

1.3.1 Application to NIRSAL Operations

The ESS requirements are integrated into the following core pillars:

- **Pillar 1 (Risk Sharing):** All Credit Risk Guarantees (CRGs) are subject to E&S screening.
- **Pillar 2 (Technical Assistance):** Training modules must include safeguard compliance and Climate-Smart Agriculture (CSA).
- **Pillar 3 (Insurance):** Design of insurance products must account for E&S risk factors.
- **Pillar 4 (Incentive Mechanism):** Designed to reward value-added performance and good behavior across the agricultural finance ecosystem.

1.3.2 Stakeholder Reach

The policy applies to all actors within NIRSAL-guaranteed projects, including:

- **Partner Financial Institutions (PFIs):** Banks must adopt NIRSAL approved management systems.
- **Value Chain Actors:** Input Suppliers, Off-takers and Smallholder Farmers (SHFs).

1.3.3 The Entire AVC (Agribusiness Value Chain)

The scope extends across the "Whole-of-Life" project cycle:

- **Pre-Upstream:** Agricultural research, seed development and input manufacturing.
- **Upstream:** Primary production, farming and harvesting.
- **Midstream/Downstream:** Industrial processing, logistics, warehousing and export.

1.4 Primary Strategic Objectives

1.4.1 Overarching Objective

The overarching goal of this framework is to align NIRSAL's financial activities with global and national sustainability benchmarks.

The purpose of the guidelines on Environmental and Social Safeguards is the reinforcement of environmentally sustainable development by ensuring that NIRSAL/GCF and other international climate finance operating entities incorporates the guides and measures as may be demonstrated sufficient to avoid, minimize, abate and where appropriate offset any adverse impacts to people and the environment.

Objective	Description
Mainstreaming Sustainability	To integrate E&S sustainability directly into the credit appraisal and due diligence process.
Climate Alignment	To ensure all NIRSAL-supported activities align with Nigeria's Nationally Determined Contributions (NDCs) under the Paris Agreement.
International Accreditation	To meet and exceed the accreditation requirements of the Green Climate Fund (GCF), the International Finance Corporation (IFC) and other international climate finance operating entities.
Harm Avoidance	To provide a systematic "Mitigation Hierarchy" that prioritizes the avoidance of impact over mere compensation.

1.4.2 Planning Design and Implementation

These guidelines also aim to ensure that during the planning, design and implementation stages of projects funded by NIRSAL, GCF, IFC and other climate finance operating entities, suitable consultation procedure effective for the project is considered and affected groups and key stakeholders are in the know.

1.4.3 Proper Information Disclosure

The guideline seek to implement proper information disclosure process at related information, at an accessible place and/or media and in a form and language(s) understandable to project-affected groups and other key stakeholders.

1.5 Governance of the Policy

1.5.1 Policy Integrity

This policy is a "living document" managed by the ESS Unit within the Risk Management Department. It is subject to periodic reviews to ensure it remains responsive to emerging environmental challenges, such as intensifying climate volatility and evolving international labour standards. This document is developed to increase its interaction flexibility from a centralized unit to a multi-layered ecosystem of accountability. This ensures the policy is not just a document, but a functional engine for policy governance.

1.5.2 Governance Hierarchy and Accountability

The management of this "living document" leverages the structure that integrates risk oversight with operational execution.

- **Board Risk Committee (BRC) Oversight:** Provides high-level strategic direction, ensuring that ESS objectives align with NIRSAL's broader financial de-risking goals including financing from GCF and other international climate finance entities.
- **ESS Unit (Risk Management Department):** Acts as the primary custodian responsible for the day-to-day administration, data collection and policy updates.
- **Cross-Functional ESS Steering Committee:** Comprised of representatives from Agribusiness, Finance and Legal departments to ensure that E&S risks are viewed as financial risks across all business lines.

1.5.3 Dynamic Policy Evolution (The "Living Document" Mandate)

The policy utilizes a proactive update mechanism in order to keep the environmental and social landscapes fluid:

- **Climate Volatility Response:** The ESS Unit is tasked with updating technical benchmarks as weather patterns shift, ensuring that

"bankability" standards for Smallholder Farmers (SHFs) remain realistic and protective.

- **International Labour Alignment:** Periodic reviews will synchronize NIRSAL standards with evolving global labour laws to prevent supply chain disruptions and strikes.
- **Feedback Loops:** Data from the field regarding soil erosion or water scarcity is fed back into the policy to refine the "de-risking" rationale for future loan cycles.

1.5.4 Implementation and Enforcement Framework

The governance scope extends to how the policy is enforced among Partner Financial Institutions (PFIs) and project participants.

- **PFI Compliance:** Mandatory E&S screening for all projects seeking NIRSAL credit guarantees aimed at protecting facilitated capital from defaults linked to environmental degradation.
- **Field Audits:** Periodic on-site verifications conducted by the ESS Unit to ensure that E&S health is maintained as a cornerstone of project performance.
- **Grievance Redress:** A formal mechanism to manage social risks like land disputes to prevent social unrest from jeopardizing the recovery of capital.

1.5.5 Reporting and Transparency

To maintain the confidence of PFIs and international partners, governance includes rigorous reporting standards.

- **Annual E&S Performance Report:** A public-facing document detailing how mitigated risks have contributed to the stability of the financial portfolio.

- **Incident Reporting:** Immediate escalation protocols for major E&S failures (e.g. significant crop failure due to mismanagement) that impact financial health.

2.1 The "Green Agribusiness" Commitment

NIRSAL Plc. has officially adopted "Green Agribusiness" as its core guiding principle for all operations. This position reflects NIRSAL's understanding that for agricultural transformation to be truly successful and sustainable, it must prioritize environmental health alongside financial growth. This commitment is the major mechanism through which those goals are achieved.

NIRSAL Plc pledges to uphold the following core principles across all interventions:

- **Exclusion:** NIRSAL strictly refuses to support any activity identified on the "Negative List", which includes, but is not limited to, the use of forced labour, the destruction of high-conservation-value forests and the production of prohibited agrochemicals.
- **Prevention through the Mitigation Hierarchy:** NIRSAL prioritize the "Avoidance" of negative impacts over "Mitigation". Where avoidance is impossible, the following strict hierarchy is adopted:

1. Minimize, 2. Mitigate, and 3. Offset.

- **Social Inclusion:** NIRSAL ensures that women, youth and vulnerable groups are not merely passive recipients but active participants and primary beneficiaries within the Agricultural Value Chain (AVC).

Policy Vision: To catalyse a Nigerian agricultural sector where every one dollar of facilitated finance contributes to the restoration of the environment and the dignity of the Nigerian worker.

2.2 Alignment with Sustainable Development Goals (SDGs)

NIRSAL Plc's Environmental and Social Standards (ESS) Policy is designed as a "financial de-risking tool" that directly supports the United Nations' 2030 Agenda. By ensuring that agricultural investments are environmentally sound and socially inclusive, NIRSAL contributes to several key Sustainable Development Goals (SDGs).

The following goals are the primary drivers of the ESS Policy:

SDG Goal	NIRSAL Integration Strategy
SDG 1: No Poverty	Protecting the livelihoods of Smallholder Farmers (SHFs) by preventing loan defaults caused by environmental mismanagement. By making farmers "bankable", NIRSAL helps them transition from subsistence to commercial-scale agribusiness.
SDG 2: Zero Hunger	Promoting sustainable intensification and precision agriculture to increase yields without expanding the land footprint.
SDG 8: Decent Work	Strict enforcement of labour safeguards, OHS standards and fair wage monitoring via the ARMS tool.
SDG 13: Climate Action	Mainstreaming Climate-Smart Agriculture (CSA) and funding drought-resistant technologies.
SDG 15: Life on Land	Implementing biodiversity protection protocols and zero-deforestation mandates for all primary production projects.
SDG 17: Partnerships	Creating a standardized framework that allows banks to safely invest in agriculture, fostering the public-private partnerships required to achieve all other SDGs.

3.1 National Laws and Regulations (Nigeria)

All NIRSAL operations and the projects it guarantees, must comply with a dual-layer regulatory system, starting with the sovereign laws of the Federal Republic of Nigeria. The following are indicative areas of focus under the laws of the Federal republic of Nigeria:

- **The Constitution of the Federal Republic of Nigeria (1999):** Provides the fundamental legal basis for environmental protection and the state's duty to safeguard the environment for future generations.
- **Environmental Impact Assessment (EIA) Act No. 86 of 1992:** This is mandatory for all "Category A" agricultural projects (e.g. large scale irrigation or land clearing over 500 hectares). No Credit Risk Guarantee (CRG) shall be issued without a valid EIA certificate from the Ministry of Environment for such projects.
- **National Environmental Standard and Regulations Enforcement Agency (NESREA) Act 2007:** Governs the enforcement of environmental standards, specifically concerning pollution, air quality and waste control in agro-industrial processing.
- **The Land Use Act of 1978:** This Act governs all land acquisition processes and stipulates the legal requirements for compensation and the rights of the governor over land in trust for the people.
- **The Nigerian Labour Act:** Sets the mandatory standards for wages, the prohibition of child labour and Occupational Health and Safety (OHS) requirements for all workers in the AVC.

3.2 International Standards & Global Benchmarks

In instances where national laws are silent, less stringent or where international climate finance is involved, NIRSAL adopts the following global benchmarks to ensure "Gold Standard" compliance:

- **GCF Environmental and Social Policy:** This is a requirement for NIRSAL's delivery of climate finance and alignment with the Green Climate Fund's rigorous de-risking standards.
- **IFC Performance Standards (1-8):** NIRSAL adopts the International Finance Corporation (IFC) standards as a major operational benchmark for managing E&S risks in private sector agricultural projects.
- **World Bank EHS Guidelines:** Specific technical references for Environmental, Health and Safety (EHS) are applied to Midstream and Downstream segments, including Agribusiness and Food Production facilities.

3.3 Policy alignment.

- **Strategic Alignment:** NIRSAL formally commits to full alignment with the GCF Gender Policy (2019) and the GCF Indigenous Peoples Policy (2018). NIRSAL also commits to align with the gender Policies and other relevant related policies of IFC and other international climate finance entities.
- **The Equivalence Principle:** In all projects, NIRSAL applies the "Higher Standard" principle. Where Nigerian national laws differ from GCF or IFC Performance Standards, the more stringent requirement shall prevail to ensure "equivalence" in de-risking.

3.4 The "Equivalence" Principle

NIRSAL operates on the principle of the "Higher Standard". If Nigerian law and international standards (e.g. IFC) differ on a specific requirement, the Project Officer must apply the more stringent of the two to ensure maximum de-risking and protection of the investment.

CHAPTER 4

INSTITUTIONAL ARRANGEMENTS & GOVERNANCE STRUCTURE

To ensure that the Environmental and Social Safeguard (ESS) policy is more than just a static document, NIRSAI Plc has an established comprehensive multi-tiered governance hierarchy. This structure ensures accountability from the boardroom to the farm gate, integrating E&S considerations into every level of the decision-making process.

4.1 Board Level: The Sustainability & Risk Committee

The Sustainability & Risk Committee of the Board represents the highest level of oversight for E&S matters within NIRSAI.

- **Mandate and Oversight:** The committee is responsible for the final approval of the Annual E&S Performance Report, ensuring that NIRSAI's operations remain aligned with international best practices and national priorities, as well as specific standards under special circumstances such as with dealing with the Green Climate Fund, IFC or other international finance entities.
- **Resource Allocation:** A critical responsibility of this committee is to ensure that the Managing Director / Chief Executive Officer (MD/CEO) provides sufficient budgetary allocation for effective implementation of the ESS framework. This includes but not limited to funding for technological tools, field monitoring and specialized personnel.
- **Strategic Direction:** The committee sets the long-term sustainability goals for the organization, ensuring that NIRSAI's "Green Agribusiness" commitment is reflected in its corporate strategy.

4.2 Executive Level: The Chief Risk Officer (CRO)

The Chief Risk Officer (CRO) serves as the ultimate 'Hard Gate' for all NIRSAI-guaranteed projects. The CRO maintains absolute Veto Power over any project that does not meet the 10 NIRSAI Safeguard Standards (NSS).

This authority is independent of commercial lending targets and is intended to prevent the issuance of a Credit Risk Guarantee (CRG) to any project with unmitigated high-risk E&S factors.

- **Non-Approval:** The final approval of any Credit Risk Guarantee (CRG) or technical assistance is strictly conditional upon the satisfactory completion of E&S due diligence. NIRSAL PLC reserves the right of Project Non-Approval at the final appraisal stage if the project does not meet the E&S and Gender Policy requirements.
- **Accountability:** The CRO ensures that E&S risks are treated with the same level of rigor as financial risks, reflecting the policy's rationale that E&S failures lead to loan defaults.
- **Reporting:** The CRO oversees the escalation of unresolved grievances from the regional level to the national level for final resolution.

4.3 Management Level: The ESS Unit

NIRSAL's established specialized ESS Unit, situated within the Risk Management Department is charged with driving the technical implementation of the policy.

The unit is comprised of three primary officer-roles:

- **E&S Manager:** Responsible for the overarching implementation of the framework across all NIRSAL pillars and ensuring alignment with GCF and IFC standards, as well as standards of other international finance entities, as may become necessary for application.
- **Environmental Specialist:** A technical expert focused on managing risks related to pollution control, biodiversity conservation and the technicalities of Climate-Smart Agriculture (CSA).
- **Social Safeguards & Gender Specialist:** Dedicated to managing land tenure issues, labour rights and ensuring gender/youth inclusion within the Agricultural Value Chain (AVC).

4.4 Operational Level: Field Agents & Project Officers

The operationalization of the ESS policy occurs on the ground through the Business Office Structure (BOSSs) located across the 36 states of the federation. The class of activities are as follows:

- **Technology-Driven Monitoring:** Field agents use the ARMS (Agribusiness Risk Management Solutions) tool to collect real-time E&S data. This includes uploading photos, GPS coordinates and interview notes directly to the central database.
- **Training and Compliance:** Compliance Officers are tasked with verifying that **Pillar 2 (Technical Assistance)** programs include mandatory ESS training for farmers, particularly regarding labour and pollution standards.
- **Grievance Reception:** Field agents serve as the first point of contact for the **Grievance Redress Mechanism (GRM)**, logging community or worker complaints into the ARMS helpline.

4.5 The Institutional Flow of ESS in the Project Cycle

The integration of ESS is a sequential process that follows the project from inception to completion. The table below is a schematic representation of the phase, action items and responsibilities.

Phase	Action Item	Responsibility
Sourcing	Identification of a potential project within the AVC.	Project Officer
Screening	Initial categorization into Category A, B or C based on risk.	ESS Unit
Appraisal	Conduct of Environmental & Social Due Diligence (ESDD) .	ESS Unit / Specialists
Approval	Credit Risk Guarantee (CRG) issued only if E&S conditions are met.	CRO / Risk Committee
Monitoring	Monthly field reports via satellite imagery and physical agents.	BOSs / ARMS Tool
Reporting	Publication of the Annual Sustainability Report to the CBN and GCF.	ESS Unit / Board

CHAPTER 5

DISCLOSURE AND TRANSPARENCY

Transparency is a core tenet of NIRSAL's operations, necessary for maintaining a "Social License to Operate" and meeting international climate finance requirements.

5.1 The "Presumption of Disclosure"

NIRSAL maintains a policy of high transparency regarding the environmental and social impacts of its supported projects.

- **Public Disclosure Window:** For all Category A (High Risk) projects, the Environmental and Social Impact Assessment (ESIA) must be publicly disclosed on the NIRSAL website and at project locations for a minimum of 120 days prior to final approval. Category B (Medium Risk) projects require a 30-day disclosure period.
- **International Projects (GCF/International):** Minimum of 120 days.
- **Standard National Projects:** Minimum of 30 days.
- **Purpose:** This window allows for public comment and feedback from stakeholders, NGOs and the general public before a project receives final approval.

5.2 Language Accessibility and FPIC

To ensure that transparency reaches the most critical stakeholders, NIRSAL implements a language accessibility strategy.

- **Translation Services:** Summaries of E&S impacts and mitigation plans are translated into Nigeria's primary languages: Hausa, Igbo, Yoruba and Pidgin-English.
- **Free, Prior and Informed Consent (FPIC):** This translated information is used during community consultations to ensure that local groups fully understand the implications of a project and can provide informed consent before activities begin.

5.3 Cumulative Impact Assessment (CIA) Protocol: NIRSAI mandates a CIA for large-scale agricultural clusters or multiple projects located in the same geographic region. This assessment evaluates the combined impact of projects on shared resources, such as regional aquifer levels and overall soil degradation, to prevent systemic ecological collapse.

5.4 Transboundary Impact Assessment (TIA): For projects involving shared waterways or cross-border ecosystems, NIRSAI will conduct a TIA to identify and mitigate potential negative effects on neighbouring regions or countries, ensuring compliance with international water-sharing treaties.

5.5 Strategic Integration of Governance

By embedding these governance and disclosure standards into the core of the 5-Pillar Mechanism, NIRSAI ensures that institutional governance is the engine of its mission. Specifically, E&S compliance is tied to:

- **Pillar 1 (Risk Sharing):** Approval is contingent on E&S screening.

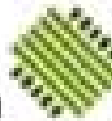
5.6 Information Disclosure and Transparency

"In alignment with the transparency mandates of the **Nigeria Data Protection Act 2023**, NIRSAI PLC recognizes and protects the fundamental rights of all data subjects. During any process of information disclosure or community consultation, NIRSAI shall:

- **Right to Information:** Provide data subjects with clear, accessible, and culturally appropriate privacy notices explaining how their data will be used and who it will be shared with.
- **Right to Access and Rectification:** Maintain accessible channels through which individuals can request access to their personal data or demand the correction of inaccurate information.

- **Breach Notification:** In the event of a personal data breach likely to result in a risk to the rights and freedoms of individuals, NIRSAL commits to notifying the **Nigeria Data Protection Commission (NDPC)** within 72 hours and the affected data subjects without undue delay.
- **Sensitive Data Protection:** Apply heightened safeguards for the processing of 'Sensitive Personal Data' (such as ethnic origin, religious beliefs, or health status), ensuring such data is never disclosed during public consultation or reporting without explicit, written consent."



NIRSAL 

PART II: THE 10 NIRSA SAFEGUARD STANDARDS (NSS)

This section details the specific requirements and operational standards that all NIRSA-supported projects must adhere to. These standards are designed to ensure that the facilitated finance results in sustainable and ethical agricultural transformation.

NSS 1: Assessment and Management of Environmental and Social Risks and Impacts

1.1 Objective and Philosophy

The primary objective of NSS 1 is to establish a systematic, integrated process for identifying, assessing and managing environmental and social (E&S) risks throughout the entire lifecycle of an agribusiness project. NIRSA shifts the paradigm from "reactive compliance" to "proactive risk management," ensuring that E&S considerations are baked into the project design rather than being an afterthought.

1.2 The Environmental and Social Management System (ESMS) Requirement

All Partner Financial Institutions (PFIs) and large-scale off-takers are mandated to develop and maintain a NIRSA-approved Environmental and Social Management System (ESMS). An effective ESMS must include:

- **Policy Statement:** A clear commitment to E&S sustainability signed by top management.
- **Identification of Risks:** Procedures to identify E&S risks and impacts associated with their agricultural project portfolio or operations.
- **Management Programs:** Specific plans (like an ESMP) to mitigate identified risks.

- **Organizational Capacity:** Designated personnel (E&S Officers) responsible for safeguard implementation.
- **Emergency Preparedness:** Procedures to respond to accidental spills, fires or social unrest.
- **Monitoring and Review:** Regular internal audits to track compliance levels.

1.3 Screening and Categorization Process

Every project seeking a NIRSA Credit Risk Guarantee (CRG) must undergo a rigorous screening process to determine its risk profile. The table below provides a guide:

Risk Category	Description	Agricultural Project Examples
Category A (High Risk)	Projects with potential significant, diverse and irreversible adverse impacts.	Large-scale irrigation (>500ha), conversion of primary forests or projects involving large-scale resettlement.
Category B (Medium Risk)	Projects with site-specific impacts that are largely reversible and easily mitigated.	Medium-scale poultry farms, standard crop production (rice, maize) on existing farmland or small -scale processing plants.
Category C (Low Risk)	Projects with minimal or no adverse E&S impacts.	Agribusiness software development, farmer training workshops or purchase of low-impact office equipment.

1.4 The Mitigation Hierarchy

NIRSAL enforces a strict sequence of actions to manage risks, known as the Mitigation Hierarchy:

1. **Avoid:** Design the project to completely bypass the risk (e.g. relocating a farm to avoid a wetland).
2. **Minimize:** Reduce the scale or intensity of the impact where avoidance is not possible.
3. **Mitigate:** Implement technical measures to repair or restore the environment.
4. **Offset:** As a last resort, compensate for residual impacts by enhancing the environment elsewhere.

NSS 2: Labour and Working Conditions

2.1 Objective

NSS 2 - Labour and Working Conditions aims to promote fair treatment, non-discrimination and safe working conditions for every individual across the Agricultural Value Chain (AVC) from seasonal harvesters to factory technicians.

2.2 Forced and Child Labour Prohibitions

NIRSAL maintains a Zero-Tolerance Policy for child and forced labour.

- **Child Labour:** No project shall employ children under the age of 15 (or the national minimum age, whichever is higher).
- **Hazardous Work:** No worker under 18 is permitted to engage in hazardous activities, such as handling WHO Class Ia/Ib pesticides or operating heavy machinery.
- **Monitoring:** NIRSAL Field Agents conduct "Surprise Walkthroughs" using the ARMS tool to verify that children are in school rather than working in farm clusters during school hours.

2.3 Occupational Health and Safety (OHS)

The agricultural sector is inherently high-risk. NIRSAI mandates the following OHS standards:

- **Protective Gear:** Mandatory provision and use of Personal Protective Equipment (PPE) for all workers handling agrochemicals (masks, gloves, overalls) and factory workers (boots, helmets).
- **Training:** Farmers must receive training on safe chemical application and equipment handling through Pillar 2 (Technical Assistance).
- **Incident Reporting:** Borrowers must report any serious injury or fatality to NIRSAI within 24 hours.

2.4 Fair Wages and Seasonal Labour Rights

Agribusinesses often rely on migrant and seasonal labour, which are highly vulnerable.

- **Fair Compensation:** Wages must meet or exceed the national minimum wage and be paid in a timely manner.
- **Decent Housing:** If housing is provided for seasonal harvesters, it must meet basic standards of hygiene, space and safety.
- **Right to Organize:** NIRSAI respects the legal rights of workers to join unions or associations to bargain collectively.

2.5 Enforcement through the 4-Pillar Mechanism

To ensure compliance, NSS 2 is linked directly to financial incentives:

- **Pillar 4 (Incentives):** If a borrower has an unresolved OHS violation or is found using child labour, their Interest Drawback (IDB) pay-out will be reduced by at least 20%.

NSS 3: Resource Efficiency and Pollution Prevention

3.1 Objective and Strategic Rationale

NSS 3 addresses the imperative of "doing more with less". In the NIRSAL model, resource inefficiency is a direct contributor to high production costs and environmental degradation. By promoting resource efficiency and pollution prevention, NIRSAL ensures that agribusinesses remain competitive, resilient to climate shocks and compliant with international environmental standards.

The goal is to minimize the consumption of finite resources (water, energy and raw materials) and prevent the release of pollutants into the air, water and soil, which could otherwise lead to regulatory fines, community health crises and long-term land infertility.

3.2 Resource Efficiency

NIRSAL mandates that all large-scale agricultural and processing projects implement technically and financially feasible measures for improving efficiency in their consumption of:

3.2.1 Water Management and Foot-printing

In many parts of Nigeria, particularly the North, water scarcity is a critical risk factor.

- **Irrigation Efficiency:** Projects must move away from flood irrigation toward precision techniques such as drip or sprinkler systems.
- **Water Footprint Assessment:** For high-water-intensity crops (e.g. rice, sugarcane), NIRSAL requires a water balance study to ensure that project extraction does not deplete local aquifers or deprive downstream communities.
- **Recycling:** Agro-processing plants (e.g. cassava processing or oil palm mills) must implement closed-loop water systems to treat and reuse process water.

3.2.2 Energy Efficiency and Transition

Energy costs often account for over 30% of agribusiness operational expenses.

- **Renewable Integration:** NIRSAL encourages the adoption of "Agro-Solar" solutions for irrigation pumps and biomass-to-energy conversion for processing plants.
- **GHG Reduction:** Projects must monitor and report greenhouse gas (GHG) emissions. For projects expected to produce more than 25,000 tonnes of CO₂ equivalent annually, a formal GHG mitigation plan is required.

3.2.3 Greenhouse Gas (GHG) Accounting Thresholds

- **Mandatory GHG Accounting:** Any project expected to produce more than 25,000 tonnes of CO₂e per year is required to conduct a formal GHG accounting exercise.
- **Mitigation Requirement:** Borrowers exceeding this threshold must develop and implement a Greenhouse Gas Mitigation Plan to reduce their carbon footprint as part of their Environmental and Social Management Plan (ESMP).

3.3 Pollution Prevention and Control

NIRSAL adheres to the "Polluter Pays Principle". Borrowers are responsible for any environmental remediation costs resulting from their operations.

3.3.1 Integrated Pest Management (IPM) and Agrochemicals

The use of pesticides and fertilizers is a major E&S risk in the Agricultural Value Chain (AVC).

- **The IPM Hierarchy:** NIRSAL mandates an IPM approach that prioritizes biological and mechanical pest control over chemical interventions.
- **Chemical Restrictions:** NIRSAL strictly prohibits the use of agrochemicals categorized as **WHO Class Ia (Extremely Hazardous)** or **1b (Highly Hazardous)**.

- **Management Protocols:** Borrowers must provide evidence of safe storage (locked, ventilated areas) and specialized training for workers on application rates to prevent soil acidification and groundwater leaching.

3.3.2 Waste Management and the Circular Economy

- **Agro-Waste Valorisation:** Rather than burning crop residues (which contributes to air pollution and loss of soil organic matter), NIRSAL promotes the conversion of waste into organic fertilizer or animal feed.
- **Hazardous Waste:** Empty chemical containers must be disposed of through a "triple-rinse and puncture" protocol to prevent reuse by local communities for domestic water storage.

3.3.3 Soil Health and Erosion Control

- **Precision Fertilization:** To prevent nutrient runoff into local water bodies (eutrophication), NIRSAL supports soil testing to ensure fertilizers are applied only in the quantities required by the specific soil profile.
- **Conservation Tillage:** Projects on sloped terrain must implement contour farming and cover cropping to prevent topsoil loss during Nigeria's intense rainy seasons.

NSS 4: Community Health, Safety and Security

4.1 Objective

NSS 4 recognizes that agribusiness operations do not exist in a vacuum. The health and safety of the communities surrounding a project site are intrinsically linked to the project's sustainability and "Social License to Operate". This standard aims to avoid or minimize the risks and impacts to community health, safety and security that may arise from project-related activities.

4.2 Community Health and Safety Risks

NIRSAL requires an assessment of potential risks to the local population, focusing on:

4.2.1 Infrastructure and Equipment Safety

- **Structural Integrity:** Large-scale infrastructure such as dams for irrigation, grain silos or heavy processing machinery must be designed by competent professionals to prevent catastrophic failure that could harm the public.
- **Traffic Management:** Increased heavy-vehicle traffic for moving agricultural produce can lead to accidents. Projects must implement a Traffic Management Plan (TMP) to ensure safety on local rural roads, particularly near schools or markets.

4.2.2 Exposure to Disease and Hazardous Materials

- **Vector-Borne Diseases:** Poorly managed irrigation systems can create stagnant water pools, leading to an increase in malaria or schistosomiasis. NIRSA mandates "Environmental Engineering" solutions to ensure proper drainage.
- **Hazardous Drift:** Borrowers must ensure that chemical spraying is conducted during low-wind conditions to prevent "pesticide drift" into neighbouring community gardens or residential areas.
- **Infectious Diseases:** For projects involving a significant "labour influx" (migrant workers), the borrower must implement a health awareness program to prevent the spread of communicable diseases (e.g. HIV/AIDS, TB) within the host community.

4.3 Ecosystem Services

Communities often depend on local natural resources for their livelihoods (e.g. medicinal plants, freshwater or firewood).

- **Impact Mitigation:** If a NIRSA-guaranteed project restricts access to these "Ecosystem Services", the borrower must provide an alternative (e.g. digging a community borehole if the project uses the local stream for irrigation).

4.4 Security Personnel Requirements

In the context of Nigeria's security landscape, agribusinesses often require security guards to protect assets and personnel.

- **Human Rights Alignment:** NIRSAL mandates that all security arrangements follow the Voluntary Principles on Security and Human Rights.
- **Screening and Training:** Security personnel (whether private or public) must be screened for past human rights abuses and trained in the "Proportional Use of Force".
- **Code of Conduct:** Security guards must sign a code of conduct regarding their interactions with the local community, specifically focused on preventing harassment and ensuring the safety of women and children.

4.5 Emergency Preparedness and Response

Borrowers must develop an Emergency Response Plan (ERP) in collaboration with the local community.

- **Communication:** In the event of an emergency (e.g. a chemical spill or fire), there must be a clear, pre-established protocol for notifying community leaders and local authorities immediately.
- **Community Training:** For high-risk projects, local communities should be trained on basic evacuation procedures and first aid related to project risks.

4.6 Sexual Exploitation, Abuse and Harassment (SEAH) Protocols

- **SEAH Risk Management:** NIRSAL adopts a zero-tolerance policy for SEAH. Every Category A and B project must undergo a SEAH Risk Assessment during the due diligence phase to identify potential vulnerabilities for workers and community members.

- **Survivor-Centric Reporting:** The Grievance Redress Mechanism (GRM) shall include a specialized, confidential channel for SEAH reporting. All reports will be handled using "Survivor-Centric" protocols, ensuring the safety, confidentiality, and non-discrimination of the complainant.

NSS 5: Land Acquisition and Involuntary Resettlement

5.1 Objective and Philosophy

The objective of NSS 5 is to ensure that NIRSAL-facilitated agricultural expansion does not come at the cost of rural displacement or the erosion of land rights. In the Nigerian context, land is not merely an economic asset but a source of cultural identity and communal survival. NIRSAL recognizes that land disputes are a primary driver of project failure and loan defaults within its 849 million USD portfolio.

This standard seeks to avoid forced eviction and ensure that all land-based agribusinesses respect the rights of both formal titleholders and customary land users.

5.2 The "Avoidance First" Strategy

NIRSAL mandates a hierarchical approach to land acquisition:

- **Prioritization of Degraded Lands:** NIRSAL prioritizes projects sited on existing degraded lands or abandoned agricultural estates to minimize the footprint on natural ecosystems and inhabited areas.
- **Out-grower Schemes:** To avoid large-scale land acquisition, NIRSAL promotes the "Out-grower Model", where Smallholder Farmers (SHFs) retain ownership of their land while receiving technical assistance (Pillar 2) and guaranteed off-take from a central hub or "anchor" processor.
- **Physical and Economic Displacement:** Where land acquisition is unavoidable, the project must demonstrate that no other viable alternative exists.

5.3 Tenure Security and Due Diligence

Given the complexity of the Land Use Act of 1978, NIRSAL requires rigorous vetting of land titles to prevent "High Risk" communal disputes.

- **Verification Protocol:** Project Officers must verify land titles or leases and confirm there are no ongoing communal land disputes.
- **Mapping Customary Rights:** Borrowers must identify all users of the land, including "informal" users such as nomadic herders or seasonal foragers, whose livelihoods may be impacted even if they do not hold a formal title.

5.4 Livelihood Restoration and Compensation

If land is acquired, NIRSAL mandates a Livelihood Restoration Plan (LRP).

- **Standard of Living:** The LRP must ensure that displaced persons are provided with opportunities to restore or improve their livelihoods to levels better than those prior to the project.
- **Replacement Cost:** Compensation for lost assets (crops, structures or land) must be calculated at full replacement cost, without depreciation.
- **Gender-Sensitive Compensation:** Compensation must be paid in a way that ensures both men and women in the household benefit, preventing the marginalization of women who may have had customary use of the land but no legal title.

5.5 Free, Prior and Informed Consent (FPIC)

For projects involving community-owned lands, NIRSAL adheres to the principle of FPIC.

- **Language Accessibility:** Summaries of project impacts and compensation packages must be translated into local languages (Hausa, Igbo, Yoruba or Pidgin-English) to ensure the community fully understands the agreement.

- **Documented Consent:** Consent must be given without coercion or manipulation and must be documented through community wide meetings.

NSS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

6.1 Objective

NSS 6 is designed to protect Nigeria's diverse ecosystems and ensure that primary production is conducted sustainably. As agricultural expansion is a leading cause of habitat loss, NIRSA ensures strict biodiversity safeguards are in place to prevent the degradation of "High Conservation Value" (HCV) areas.

6.2 Zero-Deforestation Policy

NIRSA maintains a strict Zero-Deforestation Policy.

- **Prohibited Activities:** NIRSA will not issue a Credit Risk Guarantee (CRG) for projects involving the clearing of primary forests, wetlands or areas of high biodiversity value.
- **No-Go Zones:** Specific areas identified as critical habitats (e.g. National Parks or Ramsar wetlands) are designated as "No-Go Zones".

6.3 Geospatial and Satellite Monitoring

NIRSA leverages its Geospatial Intelligence tools to enforce compliance from its headquarters.

- **Real-Time Verification:** Satellite imagery is used to monitor land use changes. If a guaranteed project site shows evidence of unauthorized clearing or encroachment into forest reserves, the CRG is immediately suspended (Pillar 1).
- **Baseline Mapping:** Every project seeking a guarantee must be mapped via the Geospatial Tool during the screening phase to confirm its distance from protected areas.

6.4 Sustainable Management of Living Resources

Borrowers involved in primary production must adopt sustainable management practices:

- **Soil Health:** Mandatory soil-testing protocols are required to prevent nutrient depletion and salinization.
- **Invasive Species:** Borrowers must vet all imported seeds or livestock to prevent the introduction of invasive species that could disrupt the local Nigerian ecosystem.
- **Integrated Pest Management (IPM):** Consistent with NSS 3, the use of biological controls is prioritized over chemical pesticides to protect local pollinator populations (e.g. bees).

6.5 Sourcing and Supply Chain Sustainability

For Midstream and Downstream processors (Pillar 1), NIRSAL requires "Sourcing Standards".

- **Traceability:** Large-scale processors (e.g. palm oil mills) must demonstrate that their raw materials are not sourced from recently deforested land.
- **Certified Production:** NIRSAL incentivizes (through Pillar 4 and 5) the adoption of international sustainability certifications such as RSPO (for oil palm) or Bonsucro (for sugarcane).

6.6 Linkage to Climate Change (NSS 9)

NSS 6 is the operational arm of NIRSAL's climate mitigation strategy.

- **Carbon Sequestration:** By protecting forests and promoting agroforestry, NIRSAL ensures that its projects contribute to carbon sequestration, aligning with Nigeria's Nationally Determined Contributions (NDCs).
- **Climate-Smart Seeds:** Promoting drought-resistant and high-yield varieties through Pillar 2 reduces the pressure to clear more land for higher production.

NSS 7: Indigenous Peoples and Vulnerable Groups

7.1 Objective and Inclusive Mandate

The objective of NSS 7 is to ensure that the Agricultural Value Chain (AVC) is inclusive of marginalized and vulnerable groups, ensuring they are not only protected from adverse impacts but are also active participants and primary beneficiaries of NIRSAL's interventions. In the Nigerian agricultural landscape, "inclusion" is a critical de-risking strategy; excluding significant portions of the rural population leads to social friction and underutilized productive capacity.

7.2 Defining Vulnerability in the Nigerian AVC

NIRSAL defines vulnerable groups as those who, by virtue of their gender, age, ethnicity, physical disability, or socio-economic status, may be more adversely affected by project impacts or restricted from accessing financial services. This includes:

- **Women Farmers:** Who often face barriers to land ownership and credit access.
- **Youth:** Who represent the future of the AVC but often lack the collateral required by PFIs.
- **Internally Displaced Persons (IDPs):** Often marginalized in new host communities.
- **Ethnic Minorities and Indigenous Groups:** Whose traditional livelihoods may be sensitive to industrial agricultural shifts.

7.3 Gender Mainstreaming Strategy

NIRSAL moves beyond mere "participation" to active empowerment of women and vulnerable persons / groups within the AVC.

- **The 30-40% Benchmark:** NIRSAL aims for at least 30-40% of beneficiaries in its supported clusters (e.g. the Geo-Cooperative model) to be women.

- **Access to Finance:** Recognizing that women often lack land titles as collateral, NIRSAL works with PFIs to accept alternative forms of security or uses its Pillar 1 (Risk Sharing) guarantees to lower the barrier for female-led agribusinesses.
- **Technical Empowerment:** Under Pillar 2 (Technical Assistance), training schedules and locations are designed to be accessible to women, accounting for their domestic and caregiving responsibilities.

7.4 Youth Inclusion and Agropreneurship

To address the aging farmer population, NIRSAL implements specialized de-risking tools for youth-led agribusinesses.

- **Technology Adoption:** Youths are incentivized to lead in the "Midstream" and "Downstream" segments, particularly in areas like digital agriculture, mechanization services and logistics.
- **Youth-Centric Financial Products:** Designing credit structures that match the life cycle of youth-led start-ups, ensuring they have the "runway" to become profitable.

7.5 Vulnerability Assessment and Tailored Assistance

Before a project is approved, the ESS Unit conducts a Vulnerability Assessment.

- **Identification:** Mapping which groups may potentially be excluded from the project's benefits or disproportionately harmed.
- **Mitigation Measures:** Providing tailored "Technical Assistance" to these groups, such as literacy training, simplified loan documentation or specialized equipment for farmers with physical disabilities.

- **Social Inclusion Plans:** For Category A projects, a formal Social Inclusion Plan may be required to detail how these groups will be integrated into the project's labour force and supply chain.

7.6 Indigenous Peoples Identification and FPIC

- **Identification Criteria:** NIRSAL utilizes the four GCF criteria (ancestral territory, distinct language, self-identification and distinct socio-political systems) to identify Indigenous Peoples within project areas.
- **Enhanced FPIC Protocol:** While standard consultation applies to all groups, groups identified as "Indigenous" require an enhanced Free, Prior and Informed Consent (FPIC) process. This requires documented evidence of consent obtained through the group's traditional decision-making processes before any project activities commence.

NSS 8: Cultural Heritage

8.1 Objective

NSS 8 aims to protect cultural heritage—both tangible and intangible—from the potential impacts of agricultural expansion, land clearing and mechanization. Nigeria's rich cultural tapestry means that agricultural projects often overlap with sites of historical, religious or communal significance.

8.2 Protecting Tangible and Intangible Heritage

- **Tangible Heritage:** Includes archaeological sites, historical artefacts, burial grounds and sacred groves.
- **Intangible Heritage:** Includes traditional knowledge, cultural practices and sacred natural sites that may not have physical structures but are vital to community identity.

8.3 The "Chance Find" Procedure

Given that much of Nigeria's archaeological history is subterranean, NIRSAAL mandates a formal Chance Find Procedure for all projects involving land disturbance.

- **Immediate Suspension:** If artefacts, old structures or human remains are discovered during land clearing or construction, work must stop immediately in the vicinity.
- **Notification:** The borrower must notify NIRSAAL and the relevant national authorities (e.g. the National Commission for Museums and Monuments) within 24 hours.
- **Assessment:** A qualified specialist must assess the Find before work is allowed to resume. Work may only proceed once a mitigation or preservation plan is approved.

8.4 Respect for Sacred Groves and Burial Grounds

Mechanization (supported via Pillars 1 and 2) must be conducted with cultural sensitivity.

- **Boundary Mapping:** Sacred forests, shrines and community burial grounds must be identified and mapped as "No-Go Zones" within the project site.
- **Buffer Zones:** Agribusinesses are required to maintain a respectful buffer zone around these sites to prevent noise, dust or chemical drift from affecting their sanctity.

8.5 Stakeholder Engagement with Cultural Custodians

Consultation regarding cultural heritage must involve more than just political leaders.

- **Traditional Authorities:** Engagement must include community elders, traditional priests and other recognized custodians of local heritage.

- **Confidentiality:** NIRSAL respects the confidentiality of certain sacred sites. If a community wishes to keep the exact nature of a site private, the project will simply map it as a restricted area without requiring public disclosure of its cultural details.

8.6 Integration into the Project Cycle

Cultural heritage risks are screened at the "Entry Gate" (Phase 1) using NIRSAL's geospatial tools and field visits.

- **Pillar 2 Training:** Mechanization service providers are trained on identifying potential cultural sites and the legal requirement to stop work upon a "Chance Find".
- **Conditionality:** Adherence to the Chance Find Procedure is a legal covenant in the Credit Risk Guarantee (CRG) agreement.

NSS 9: Climate Change Resilience (The "Green" Standard)

9.1 Objective and Climate Rationale with IPCC Data

To establish a comprehensive 'Climate Rationale' for GCF projects, NIRSAL will provide technical assistance to project sponsors in utilizing IPCC-aligned climate projections and Nigerian meteorological data. This ensures that the climate baseline for every project (e.g. historical flood/drought cycles) is grounded in verifiable global and national scientific standards.

The objective of this standard is to ensure that all NIRSAL-facilitated finance contributes to Nigeria's Nationally Determined Contributions (NDCs) under the Paris Agreement by prioritizing both climate change adaptation and mitigation.

9.2 Linkage to the GCF / IFC Independent Redress Mechanism (IRM)

- **Right to Escalation:** Stakeholders are formally notified of their right to access the GCF Independent Redress Mechanism (IRM).

For non-GCF funding projects, this notification will apply except where the funder specifies a different approach.

- **Trigger for Escalation:** Complainants may escalate their grievance to the GCF IRM or the IFC IRM if they feel that NIRSAL's internal 3-tier GRM has failed to provide a satisfactory or fair resolution to their complaint.

9.3 Climate Risk Screening and Appraisal (Pillar 1 Integration)

NIRSAL integrates climate risk assessment directly into Pillar 1 (Risk Sharing) approval process.

- **Hazard Mapping:** Using geospatial intelligence, every project site is screened against historical and projected climate hazards, including flood zones, drought-prone areas and regions at risk of extreme heat stress.
- **Sensitivity Analysis:** The ESS Unit assesses how these hazards will affect specific crop yields or livestock health. For instance, a maize project in a drought-prone LGA must demonstrate the use of drought-tolerant seed varieties to receive a guarantee.
- **Financial Stress Testing:** The appraisal includes a "Climate Adjusted Cash Flow" analysis to ensure the borrower can meet repayment obligations even in the event of a climate-induced partial crop failure.

9.4 Climate Change Adaptation Strategies

Adaptation focuses on building the "bounce-back" capacity of the Agricultural Value Chain (AVC).

- **Climate-Smart Seeds:** Through Pillar 2 (Technical Assistance), NIRSAL facilitates access to R&D for high-yield, drought-resistant and early-maturing seed varieties.
- **Precision Irrigation:** Preference is given to solar-powered drip irrigation systems over traditional flood irrigation, reducing water waste and energy costs.
- **Resilient Infrastructure:** Midstream facilities such as warehouses and processing plants must be designed to withstand extreme weather events, including reinforced roofing for high winds and elevated foundations in flood-prone zones.

9.5 Climate Change Mitigation and Carbon Sequestration

Mitigation efforts focus on reducing the "carbon footprint" of Nigerian agribusiness.

- **Agroforestry and Buffers:** NIRSAL encourages "Forest-Positive Agriculture", where farmers integrate fruit or nut trees into crop fields, promoting carbon sequestration and biodiversity.
- **Low-Till Farming:** To prevent the release of soil-stored carbon, NIRSAL promotes conservation tillage and the use of cover crops.
- **Renewable Energy Transition:** Projects that replace diesel generators with solar arrays or biomass-to-energy systems receive higher "Green Scores" on the ESS Scorecard, leading to potential interest rate reductions under Pillar 4 (Incentives).

9.6 Monitoring and Reporting (The Green Dividend)

- **GHG Accounting:** Large-scale projects are required to estimate their annual greenhouse gas emissions using NIRSAL-approved tools.
- **Verification:** NIRSAL's geospatial tools provide third-party verification of maintained forest cover and land-use changes, ensuring that "Green Claims" by borrowers are backed by hard data.

NSS 10: Stakeholder Engagement and Information Disclosure

10.1 Objective and Transparency Mandate

NSS 10 establishes the protocol for open, ongoing and meaningful communication between NIRSAL, its borrowers and the communities they serve. Effective stakeholder engagement is essential for maintaining a "Social License to Operate" and ensuring that project benefits are shared equitably.

10.2 The Stakeholder Engagement Plan (SEP)

For all Category A and B projects, a formal Stakeholder Engagement Plan (SEP) is a mandatory prerequisite for a Credit Risk Guarantee (CRG).

- **Identification:** The SEP must map all project-affected persons (PAPs), including those often overlooked, such as women, youth and nomadic groups.
- **Engagement Strategy:** It must detail the frequency and methods of engagement (e.g. town hall meetings, radio broadcasts, or mobile SMS alerts).
- **Early Engagement:** Consultations must begin during the design phase, not after project activities have already commenced.

10.3 Information Disclosure Protocols

NIRSAL operates under a "Presumption of Disclosure", ensuring that relevant project information is accessible to the public in a timely manner.

- **Disclosure Timelines:**
 - **Category A (High Risk):** ESIs must be disclosed for a minimum of 120 days (standard) or 30 days (for international climate finance entities /GCF-funded projects) prior to approval.
 - **Category B (Medium Risk):** Relevant E&S summaries must be disclosed for at least 30 days.
 - **Methods of Disclosure:** Information is made available on the NIRSAL website, at BOS state offices and through local community centres.
 - **Language Accessibility:** To ensure Free, Prior and Informed Consent (FPIC), summaries of environmental and social impacts must be translated into Hausa, Igbo, Yoruba or Pidgin-English as appropriate for the local context.

10.4 The 3-Tier Grievance Redress Mechanism (GRM)

All Grievance Redress Mechanism (GRM) intake channels, including the ARMS Helpline and physical suggestion boxes, shall be accessible in Hausa, Igbo, Yoruba and Pidgin-English languages. Project-specific GRM signage must be displayed at every site in the dominant local language to ensure full accessibility for smallholder farmers and vulnerable groups.

Tier	Level	Resolution Timeline	Responsibility
Tier 1	Project/Local	7 Days	Resolved on-site by the borrower and the local NIRSA Business Office Structure (BOSs).
Tier 2	Regional	14 Days	If unresolved at Tier 1, the complaint is escalated to the NIRSA Zonal Coordinator.
Tier 3	National (HQ)	30 Days	Final resolution provided by the ESS Unit and the Chief Risk Officer (CRO) at NIRSA Headquarters.

- **Accessibility:** Complaints can be filed via the ARMS toll-free helpline, digital forms on the NIRSA website or in person at any BOS office.
- **Anonymity:** The system allows for anonymous reporting to protect complainants from potential retaliation.

10.4.1 Escalation to the GCF IRM: In addition to NIRSA's internal 3-tier system, all project-affected persons are formally notified of their right to access the GCF Independent Redress Mechanism (IRM);

the IFC standards and those of the specific funders (depending on the funding source) of the project Stakeholders may approach the GCF IRM directly if they feel that the local NIRSAL GRM has failed to provide a timely or fair resolution. Information on how to access the GCF IRM must be included in all translated project summaries. The same process is adopted for IFC or other climate finance entities funded projects.

10.5 Annual E&S Performance Reporting

Transparency is capped by the publication of the Annual Environmental & Social Performance Report. This report, submitted to the Central Bank of Nigeria (CBN) and the Green Climate Fund (GCF), summarizes:

- Compliance levels across the 10 NSS standards.
- The number and resolution status of grievances.



PART III: PROCEDURAL INTEGRATION INTO THE AVC

PROCEDURAL INTEGRATION INTO THE AGRICULTURAL VALUE CHAIN (AVC)

The integration of Environmental and Social Safeguards (ESS) into the NIRSA project lifecycle is designed to transform E&S risks into manageable financial variables. By embedding these procedures, NIRSA ensures that no Credit Risk Guarantee (CRG) is issued to a project that poses an unmitigated threat to the environment or local communities.

3.1 The Integrated E&S Risk Management Cycle (Detailed)

NIRSA operates a five-phase risk management cycle that aligns with international best practices and Green Climate Fund (GCF) requirements.

Phase 1: Origination & Initial Screening (The "Entry Gate")

Objective: To filter high-risk or prohibited activities at the point of project entry.

Step 1.1: Application of the NIRSA Negative List:

- **Procedure:** Every proposal is cross-referenced against the NIRSA "Exclusion List".
- **Prohibited Activities:** Projects involving forced or child labour, the production or trade of banned pesticides (WHO Class Ia and Ib) or the conversion of primary forests/High Conservation Value (HCV) areas are rejected immediately.

Step 1.2: Initial Categorization and Geospatial Mapping:

- **Procedure:** The NIRSA **Geospatial Intelligence** tools are used by Project Officers to determine the project's physical proximity to sensitive ecosystems (wetlands, forest reserves or protected areas).
- **Categorization:** Projects are assigned a preliminary risk profile:

- **Category A (High Risk):** Large-scale irrigation (>500ha) or projects with significant irreversible impacts.
- **Category B (Medium Risk):** Site-specific impacts manageable through standard mitigation.
- **Category C (Low Risk):** Minimal impact, such as capacity building or software.

Phase 2: Due Diligence & Categorization (The "Audit Phase")

Objective: To conduct a granular assessment of identified E&S risks before financial commitment.

Step 2.1: Field Verification via ARMS ESS Mobile App

- **Procedure:** NIRSAL Field Agents conduct physical site visits. They use the Agribusiness Risk Management Solutions (ARMS) tool to capture real-time data on land titles, labour conditions and existing environmental health.

Step 2.2: Review of Environmental and Social Impact Assessments (ESIA)

- **Procedure:** For Category A and B projects, the borrower must provide a government-approved ESIA or an independent E&S audit.
- **Stakeholder Consultation:** Project Officers verify that "Free, Prior and Informed Consent" (FPIC) was obtained from local communities, particularly for large-scale land acquisitions.

Phase 3: Management Planning & Conditionality (The "Contract Phase")

Objective: To create legally binding safeguards within the financial agreement.

Step 3.1: Development of the ESMP

- **Procedure:** An **Environmental & Social Management Plan (ESMP)** is developed, outlining specific mitigation actions (e.g. installation of effluent treatment plants, provision of PPE).

Step 3.2: Insertion of E&S Covenants into the CRG

- **Legal Binding:** Compliance with the ESMP is inserted as a condition precedent to the issuance of the **Credit Risk Guarantee (CRG)**.
- **Conditionality:** Disbursement of funds is withheld if these conditions are not met.

Phase 4: Implementation & Monitoring (The "Field Phase")

Objective: Continuous verification of compliance through technology and physical presence.

Step 4.1: Multi-Tiered Monitoring

- **Satellite Imagery:** Used for monitoring land-use changes, ensuring no encroachment into "No-Go Zones" or forest reserves (NSS 6).
- **BOS Inspections: Business Office Structure (BOSS)** in all 36 states of the federation conduct monthly physical inspections to verify labour standards and waste management.

Step 4.2: Grievance Redress Mechanism (GRM) Audit

- **Procedure:** Field agents verify that the GRM (e.g. the ARMS helpline) is accessible to local community members and labourers.

Phase 5: Evaluation & Incentive Release (The "Feedback Loop")

Objective: Rewarding high-performing agribusinesses and penalizing non compliance.

Step 5.1: Final Audit for Interest Drawback (IDB)

- **Procedure:** Before the **Interest Drawback (IDB)** a financial incentive is released, a final E&S audit is conducted.
- **Penalties:** If unresolved violations exist (e.g. OHS failures), the IDB pay-out is reduced by a minimum of 20%.

3.2 Detailed Step-by-Step Checklist for Project Officers

The following expanded checklist ensures a uniform audit standard across the Upstream, Midstream and Downstream segments of the Agricultural Value Chain (AVC).

Table 1: Comprehensive AVC Safeguard Checklist

Segment	Standard	Action Item / Verification Requirement	Verification Source
Upstream (Farming)	NSS 5	Verify land title/lease; ensure zero active communal disputes.	Land Registry / FPIC Records
	NSS 6	Geospatial check: No encroachment on Forest Reserves or Wetlands.	Satellite Tools
	NSS 2	Conduct "Surprise Walkthroughs" for child labour monitoring.	ARMS ESS App
	NSS 3	Inventory check: Zero WHO Class Ia/Ib chemicals on site.	Pesticide Storage Audit

Midstream (Logistics)	NSS 4	Verify warehouse security training (Human Rights protocols).	Training Logs
	NSS 3	Inspect cold-storage units for hazardous refrigerant leaks.	Technical Audit
	NSS 10	Verify GRM toll-free number visibility at the facility.	Physical Inspection
Downstream (Process)	NSS 3	Inspect Effluent Treatment Plants (ETP) for river discharge.	Waste-water Lab Test
	NSS 7	Audit payroll/HR for 30-40% female representation in management.	HR Payroll Review
	NSS 8	Verify no destruction of sacred sites during factory expansion.	Community Interview

3.3 Strategic Tools for Enforcement

To ensure these procedures are not merely administrative, NIRSA utilizes a suite of "Smart Enforcement" tools as follows:

- 1. NIRSA ARMS (Agribusiness Risk Management Solutions):** The central digital repository where all field-captured E&S data is logged and analysed.
- 2. The ESS Scorecard:** A weighted system (1-100) that generates a "Sustainability Grade." Only projects with a "Green" grade qualify for full Pillar 4 incentives.
- 3. Zonal BOS Structure:** Decentralized enforcement ensures that local nuances and languages are respected during stakeholder engagements.

3.4 Technical Requirements for the Environmental & Social Management Plan (ESMP)

The ESMP is the operational bridge between the risks identified during appraisal and the actual management of those risks during the project lifecycle. No Credit Risk Guarantee (CRG) is issued without a signed and NIRSAL-approved ESMP.

3.4.1 Core Components of a NIRSAL-Compliant ESMP

A comprehensive ESMP must include the following five technical modules:

•Mitigation and Enhancement Plan

- o For every identified risk (Category A or B), the borrower must detail specific actions to avoid, minimize, or mitigate the impact.
- o Priority is given to "Avoidance" over "Mitigation" in line with NIRSAL's prevention pledge.

•Monitoring and Reporting Program

- o Defines the parameters to be measured (e.g. water quality, soil nutrient levels, labour age verification).
- o Specifies the frequency of monitoring and the submission of Field Monitoring Reports (FMRs) via the ARMS ESS Mobile App.

Institutional Arrangements and Capacity Building

- o Identifies the specific personnel (Project Site Manager, E&S Officer) responsible for implementing each safeguard.
- o Outlines necessary training for staff and farmers, often linked to Pillar 2 (Technical Assistance).

Grievance Redress Integration

- o The ESMP must document how the project-level Grievance Redress Mechanism (GRM) will function, ensuring the NIRSAL toll free helpline is visible to all.

Budget and Schedule

- o The borrower must provide a line-item budget for E&S implementation (e.g. cost of PPE, effluent plant maintenance) to ensure safeguards are financially viable.

3.4.2 Legal Integration: The E&S Covenant

Once approved, the ESMP is converted into E&S Covenants within the CRG agreement.

- Compliance is a mandatory condition for financial disbursement.
- **Negative Incentive:** Failure to adhere to the ESMP can lead to the suspension of the CRG or a 20% reduction in the Interest Drawback (IDB) pay out.

NSS 9: Climate Change Resilience (The "Green" Standard)

Objective: To ensure all NIRSAL-supported projects contribute to Nigeria's Nationally Determined Contributions (NDCs) under the Paris Agreement and build resilience against climate volatility.

3.5.1 The Three Pillars of CSA Standards

NIRSAL applies a three-pronged standard for Climate-Smart Agriculture across the value chain:

Pillar	Strategic Objective	Technical Requirement (Standard)
Productivity	Sustainable Intensification	Mandatory use of climate-smart, high-yield seed varieties vetted by NIRSAL.
Adaptation	Risk Reduction	Implementation of drought-resistant techniques and precision irrigation to manage water scarcity.
Mitigation	Carbon Management	Promotion of low-till farming and agroforestry to enhance carbon sequestration.

3.5.2 Detailed Technical Standards for NSS 9

A. Climate Risk Screening (The De-Risking Requirement)

- Every project must undergo a Climate Risk Screening to assess how future floods or droughts will affect the borrower's ability to repay the loan.
- NIRSAL uses Geospatial Intelligence to map historical weather patterns against the project site.

B. Adaptation and Water Resilience

- Irrigation projects must prioritize drip or precision irrigation over traditional flood irrigation to conserve water.
- Farmers are incentivized through Pillar 3 (Insurance) to adopt drought-resistant crop varieties.

C. Low-Carbon Midstream/Downstream Logistics

- **Pesticide Drift Control:** Projects must implement buffers to prevent agrochemical drift, which is exacerbated by changing wind patterns.
- **Green Energy:** Incentives are provided for the use of solar powered pumps and renewable energy in cold-chain logistics to reduce the carbon footprint of the Midstream segment.

D. Soil Health and Carbon Sequestration

- **Soil Testing:** Mandatory annual soil testing is required to prevent nutrient depletion and salinization.
- **Agroforestry:** NIRSAL encourages "Carbon Sequestration" by integrating trees into farm layouts, which also provides natural windbreaks.

3.5.3 Verification and Integration with the 4-Pillar Mechanism

The enforcement of NSS 9 is directly linked to NIRSAL's financial tools:

- **Pillar 2 (Tech Assistance):** Training modules must include Integrated Pest Management (IPM) and climate-smart techniques.
- **Pillar 3 (Insurance):** Index-insurance triggers are designed to reward farmers who maintain forest cover or adopt resilient practices.



PART IV: IMPLEMENTATION & MONITORING

4.1 The BOS Enforcement Structure (36 States & FCT)

To effectively manage a portfolio exceeding 849 million USD across Nigeria's diverse landscape, NIRSAL decentralized its safeguard enforcement through the Business Office Structure (BOSs). These offices serve as the primary frontline for E&S compliance.

4.1.1 The Role of the BOS in the ESS Framework

Each of the 36 state and the Federal Capital Territory (FCT) offices are staffed with specialized personnel tasked with the following:

- **Continuous Field Verification:** BOSs conduct monthly physical inspections of project sites to verify that the Environmental & Social Management Plan (ESMP) is being executed.
- **Real-time Data Logging:** Using the ARMS ESS Mobile App, BOS officers capture geotagged photos and evidence of compliance, which syncs directly with the central database at NIRSAL HQ.
- **Localized Grievance Redress (Tier 1):** The BOS acts as the first point of contact for local communities and labourers to file complaints, aiming for resolution within 7 days.
- **Technical Remediation:** In the event of an E&S breach, BOSs work with the borrower to implement immediate corrective actions to prevent the suspension of the Credit Risk Guarantee (CRG).

4.1.2 Organizational Hierarchy for Enforcement

Level	Body	Primary Responsibility
National (HQ)	ESS Unit & CRO	Policy setting, final veto power and high-level GCF/CBN reporting.
Zonal	Zonal Coordinators	Oversight of multiple state BOSSs and Tier 2 grievance resolution.
State (Local)	BOS Project Officers	Direct field monitoring, ESMP verification and Tier 1 grievance handling.

4.2 The NIRSAL Negative List (Exclusion List)

The Negative List is the foundational "Entry Gate" filter. NIRSAL strictly prohibits providing any financial de-risking (Pillar 1) or technical assistance (Pillar 2) to projects involved in the following activities:

4.2.1 Prohibited Social & Ethical Activities

- **Forced Labour:** Any form of forced or compulsory labour.
- **Child Labour:** Employment of children that is economically exploitative or interferes with their education.
- **Conflict-Prone Land:** Projects involving land with active, unresolved communal disputes or those requiring forced evictions.
- **Cultural Destruction:** Activities that involve the significant destruction of sacred groves, burial grounds or recognized cultural heritage sites.

4.2.2 Prohibited Environmental Activities

- **Primary Forest Conversion:** Clearing of primary forests or High Conservation Value (HCV) areas for agricultural expansion.
- **Illegal Logging:** Production or trade in wood or other forestry products other than from sustainably managed forests.

- **Banned Agrochemicals:** Production, trade or use of pesticides prohibited by Nigerian law or international conventions (e.g. WHO Class Ia and Ib).
- **Invasive Species:** Introduction of invasive alien species into the local ecosystem without federal regulatory approval.

4.3 Prohibited Pesticide Management Protocol

Agrochemical management is a critical "de-risking" factor. NIRSAL mandates a strict protocol to prevent chemical pollution and protect community health.

4.3.1 The "Zero-Tolerance" List

NIRSAL prohibits the use of any chemical categorized under WHO Class Ia (Extremely Hazardous) and Class Ib (Highly Hazardous).

- **Verification:** Project Officers must physically inspect chemical stores during the "Audit Phase" and monthly monitoring visits.
- **Enforcement:** Discovery of these chemicals results in an immediate fail on the ESS Scorecard and suspension of financial incentives.

4.3.2 Integrated Pest Management (IPM) Standard

In line with NSS 3, NIRSAL promotes Integrated Pest Management (IPM) as the primary alternative to heavy chemical reliance.

- **Biological Controls:** Encouraging the use of natural predators and resistant seed varieties.
- **Mechanical Controls:** Promoting physical barriers and weeding over herbicide application.
- **Training (Pillar 2):** Mandatory IPM modules are included in all farmer training sessions conducted by NIRSAL.

4.3.3 Storage and Disposal Requirements

Requirement	Standard Specification
Storage	Chemicals must be stored in a locked, ventilated facility away from food and water sources.
PPE	Mandatory use of personal protective equipment (boots, gloves, masks) during application.
Waste	"Empty Pesticide Containers" must be triple-rinsed and disposed of according to NESREA standards; never reused for water/food.
Drift Control	Application is prohibited during high winds to prevent chemical drift into neighbouring villages.

4.4 Monitoring & Evaluation (KPIs)

NIRSAL measures the success of this framework through four core Key Performance Indicators (KPIs):

1. **Compliance Rate:** The percentage of the portfolio maintaining a "Green" status on the ESS Scorecard.
2. **Grievance Resolution:** Percentage of complaints resolved within the mandatory 14-day window.
3. **Safety Incident Rate:** Number of reported OHS accidents per 1,000 workers.
4. **Gender Inclusion:** Percentage of female beneficiaries in NIRSAL supported clusters (Target: 30-40%).



PART V: INSTITUTIONAL REPORTING & DISCLOSURE

The credibility of NIRSAL's ESS Framework rests on its "Presumption of Disclosure". Transparency is not merely a compliance requirement but a strategic tool to maintain the Social License to Operate and attract global climate finance.

5.1 Structure of the Annual E&S Performance Report

At the close of every financial year, the ESS Unit, in collaboration with the Chief Risk Officer (CRO), publishes the Annual E&S Performance Audit. This report is submitted to the Central Bank of Nigeria (CBN) and the Green Climate Fund (for GCF funded projects) and other climate finance entities (for projects funded by such entities) to demonstrate portfolio-wide compliance.

5.1.1 Executive Summary & Portfolio Overview

The report begins with a high-level overview of the year's impact:

- **Portfolio Statistics:** A breakdown of all projects screened by category (Category A, B and C).
- **Financial Value of Green Finance:** The total value of Credit Risk Guarantees (CRGs) issued that included specific "Green Conditions" or ESMP requirements.
- **Trend Analysis:** A year-on-year comparison of E&S risk trends across the Agricultural Value Chain (AVC).

5.1.2 The Safeguard Performance Scorecard

This section provides a granular analysis of three of the ten NIRSAL Safeguard Standards (NSS) performed across the portfolio.

Standard	Compliance Rate (%)	Identified Challenges	Remedial Actions Taken
NSS 2: Labour	e.g. 92%	High PPE non-compliance in rice mills.	Mandatory OHS training sessions in Q3.
NSS 5: Land	e.g. 98%	Instances of communal boundary disputes.	Legal mediation and title verification.
NSS 6: Bio	100%	Zero encroachment recorded in forest zones.	Confirmed via continuous satellite monitoring.

5.1.3 Incident Reporting & Grievance Metrics

The report must provide full disclosure on any adverse event:

- **Serious Incidents:** Summary of any fatalities, serious injuries or major pollution spills (e.g. chemical leaks into water sources).
- **Grievance Status:** Percentage of grievances resolved within the 14-day window and the current status of the Grievance Redress Fund.

5.1.4 Strategic Integration (Pillars 4)

NIRSAL links reporting directly to financial incentives:

- **IDB Beneficiaries:** A list of agribusinesses that successfully received the Interest Drawback (IDB) pay-out due to excellent ESS compliance.

5.2 Public Consultation Protocols for Category A Projects

Category A projects (High Risk) requires the highest level of scrutiny. NIRSAL mandates a rigorous consultation process to ensure Free, Prior and Informed Consent (FPIC).

5.2.1 Mandatory Disclosure Timelines

Before any Category A project is approved for a CRG, its Environmental & Social Impact Assessment (ESIA) must be made public:

- **Standard Projects:** 120 days of public disclosure.
- **GCF/International Projects:** Minimum of 30 days of disclosure.

5.2.2 Language Accessibility & Local Engagement

To bridge the gap between technical policy and rural reality, NIRSAL employs localized communication strategies:

- **Translation:** Summaries of impacts and mitigation plans must be translated into Hausa, Igbo, Yoruba and Pidgin.
- **Oral Consultations:** In areas with low literacy, BOS officers conduct town hall meetings and oral briefings to explain the project's benefits and risks.

5.2.3 The Stakeholder Engagement Plan (SEP)

Every Category A project must implement an SEP that includes:

1. **Stakeholder Identification:** Mapping all affected parties, including women, youth and vulnerable groups.
2. **Notification:** Public notices posted at local government offices and community centres.
3. **Feedback Loop:** A formal process where community concerns are recorded and integrated into the final Environmental & Social Management Plan (ESMP).

5.3 Grievance Redress Mechanism (GRM) Transparency

NIRSAL maintains an open channel for complaints through the ARMS helpline.

- **Accessibility:** The GRM toll-free number must be displayed at all project sites.

- **Anonymity:** Complainants have the right to remain anonymous to prevent retaliation.
- **Documentation:** Every grievance is logged with a unique reference number in the ARMS database for tracking and audit purposes.



PART VI: SECTOR-SPECIFIC SAFEGUARD GUIDELINES

6.1 The Livestock Value Chain (LVC) Safeguards

Livestock accounts for a significant portion of Nigeria's agricultural GDP but is fraught with complex social and environmental challenges, particularly regarding land use and greenhouse gas (GHG) emissions.

6.1.1 Risk Profile: The "Social-Ecological" Nexus

The primary risks in the LVC include:

- **Social Conflict:** Disputes between sedentary farmers and pastoralists over water and grazing land (Linked to NSS 5).
- **Methane Emissions:** High enteric fermentation levels contributing to climate change.
- **Waste Management:** Concentration of nitrogen and phosphorus from manure leading to groundwater contamination.
- **Zoonotic Diseases:** Risk of disease transmission from animals to humans (e.g. Avian Flu, Anthrax).

6.1.2 Technical Standards for Livestock Projects

1. **Sustainable Rangeland Management:** Projects must demonstrate a "Carrying Capacity" assessment. Overgrazing, which leads to soil erosion and desertification, is a trigger for CRG suspension.
2. **Manure-to-Energy (Biogas):** For large-scale feedlots or poultry farms, NIRSAL prioritizes projects that integrate biogas digesters to capture methane and provide renewable energy for the facility.
3. **Animal Welfare (OIE Standards):** Borrowers must adhere to the "Five Freedoms" of animal welfare (Freedom from hunger/thirst, discomfort, pain, fear and freedom to express normal behaviour).

4. **Conflict Mitigation Protocols:** Any ranching project must include a "Communal Harmony Plan", detailing how water points and transit corridors are shared with or protected from local pastoralist groups.

6.2 The Aquaculture Value Chain (AVC) Safeguards

As NIRSAL expands its "Blue Economy" portfolio, the safeguards for aquaculture is focused on maintaining the integrity of aquatic ecosystems and water quality.

6.2.1 Risk Profile: Water and Biodiversity

- **Effluent Loading:** High levels of ammonia and organic matter from fish waste.
- **Escape of Invasive Species:** The introduction of non-native species into local river systems can decimate indigenous biodiversity.
- **Antibiotic Misuse:** Over-reliance on antibiotics leading to antimicrobial resistance (AMR).
- **Habitat Destruction:** Conversion of wetlands or mangroves for pond construction.

6.2.2 Technical Standards for Aquaculture

1. **Water Recirculation Systems (RAS):** NIRSAL incentivizes RAS technology which reduces water consumption by up to 90% and allows for total control over effluent discharge.
2. **Escape Prevention:** Ponds located in flood-prone areas must have physical barriers (mesh screens/dykes) to prevent fish escape during peak rains.
3. **Sustainable Feed Sourcing:** Borrowers must verify that fishmeal used in feed does not contribute to the overfishing of local wild stocks.
4. **Effluent Treatment:** Discharge into natural water bodies is prohibited unless the water meets the NSS 3 effluent standards (see Appendix A).

6.3 Perishable Crops & Horticulture (Horti-VC) Safeguards

Horticulture (Tomatoes, Onions, Chilies and Fruits) is characterized by high input intensity and a sensitive "Cold Chain" requirement.

6.3.1 Risk Profile: Chemical Intensity and Post-Harvest Loss

- **Pesticide Residue:** High risk of chemical misuse to meet cosmetic standards for urban markets.
- **Water Stress:** Horticulture is often "thirsty", requiring significant irrigation in arid regions.
- **Energy Consumption:** The cold chain (refrigerated trucks/warehouses) has a high carbon footprint if powered by diesel generators.
- **Seasonal Labour Vulnerability:** Heavy reliance on temporary labour, often including women and youth who may face exploitative conditions.

6.3.2 Technical Standards for Horticulture

1. **Mandatory Global GAP Alignment:** For export-oriented horticulture, NIRSAL requires adherence to Global Good Agricultural Practices (Global GAP), focusing on traceability and pesticide management.
2. **Precision Irrigation:** To manage water scarcity, NIRSAL-guaranteed horticultural projects are required to use drip irrigation or soil-moisture sensors to prevent "over-watering".
3. **Green Cooling Initiatives:** Under NSS 9, NIRSAL provides higher "Sustainability Grades" to projects utilizing solar-powered cold hubs or evaporative cooling systems.
4. **Fair Wage & OHS for Seasonal Workers:** Borrowers must maintain a "Temporary Worker Registry", ensuring all seasonal pickers receive safety briefings and have access to clean drinking water and sanitation on-site.

6.4 Cross-Sectoral Remediation Protocol

In the event that a BOS officer identifies a sector-specific breach (e.g. a disease outbreak in livestock or a chemical spill in a tomato cluster):

- **Step 1: Immediate Containment:** The borrower must isolate the affected area.
- **Step 2: Technical Assistance (Pillar 2):** NIRSAL deploys specialists to provide remedial training or veterinary support.
- **Step 3: Insurance Trigger (Pillar 3):** If the breach causes a loss of yield, the NIRSAL-Agricultural Insurance product may be triggered, provided the borrower was in compliance with the ESS policy at the time of the incident.



PART VII: EMERGENCY PREPAREDNESS AND DISASTER RISK MANAGEMENT (DRM)

The Nigerian agricultural sector is increasingly vulnerable to "High-Impact, Low-Probability" events. Following the catastrophic floods of 2022, which devastated over 600,000 hectares of farmland, NIRSAL has institutionalized a DRM framework that moves beyond reactive relief toward proactive resilience.

7.1 The DRM Lifecycle: Prevent, Respond, Recover

NIRSAL's DRM strategy is integrated into the 5-Pillar model, ensuring that disasters do not lead to permanent capital flight from the AVC.

7.1.1 Phase 1: Prevention and Early Warning (Pre-Impact)

- **Geospatial Flood Modelling:** NIRSAL leverages the Nigerian Meteorological Agency (NiMet), the primary agency of the a Federal Government charged with the responsibility to advise the Federal Government on all aspects of meteorology; project, prepare and interpret government policy in the field of meteorology utilizing satellite-based hydrological modelling to identify "High-Risk Flood Zones". Projects located in these zones must include reinforced infrastructure (e.g. raised storage, drainage canals) in their ESMP.
- **Weather Index Triggers:** Under Pillar 3 (Insurance), NIRSAL monitors rainfall data. When thresholds indicate a 90% probability of extreme drought or flood, "Early Warning Alerts" are pushed to farmers via the BOS network to harvest early or move livestock. NIRSAL leverage the support of NiMet for Weather Index Triggers.

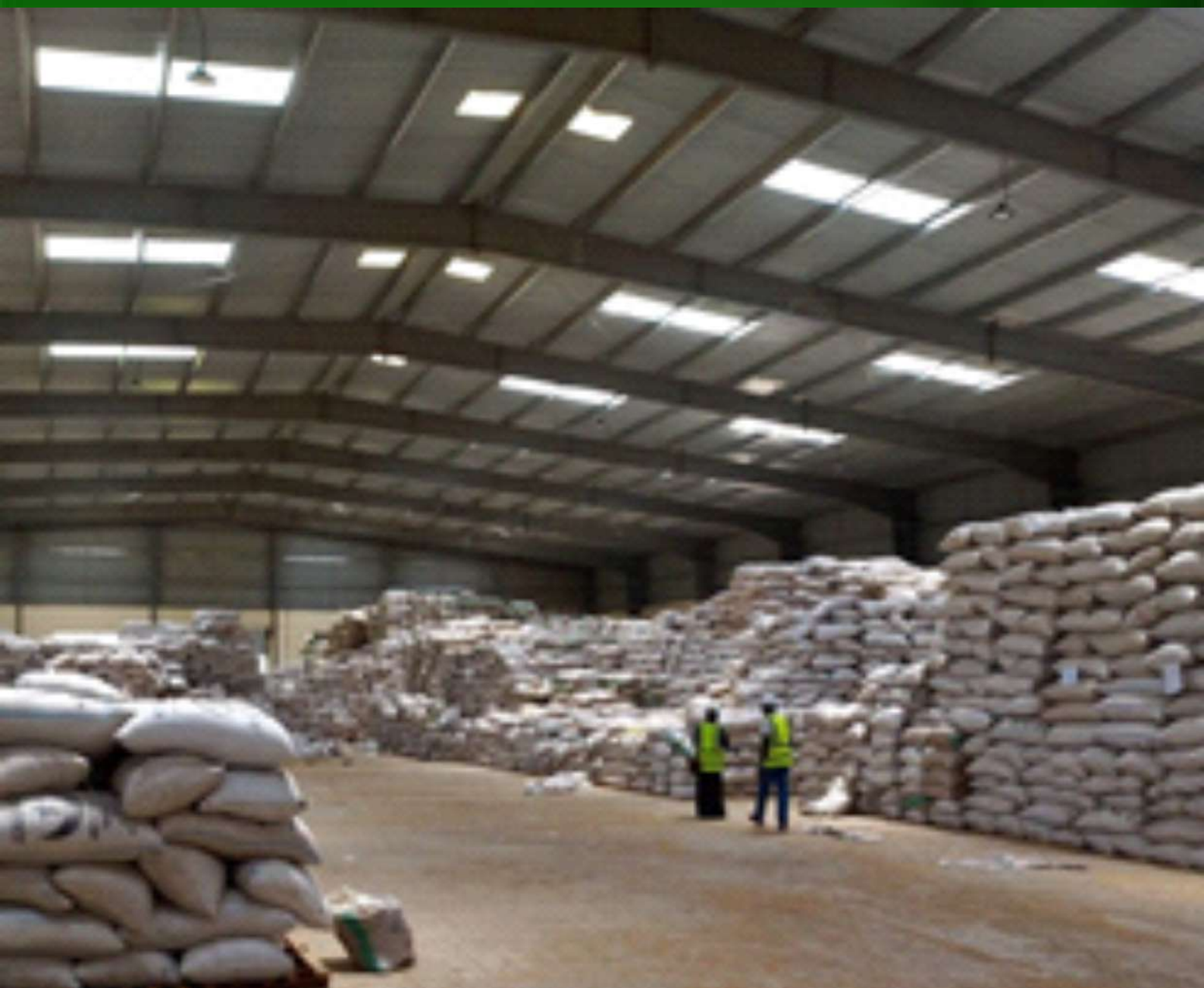
7.1.2 Phase 2: Emergency Response Protocol (The 24-Hour Rule)

In the event of a disaster (flood, wildfire, disease outbreak): the following actions should take place:

- **Immediate Notification:** Borrowers are contractually obligated to notify NIRSAL within 24 hours.
- **Activation of the Emergency Task Force:** A joint team comprising the ESS Unit, BOS and Insurance Technical Officers is activated to assess the "Loss of Safeguard Integrity".
- **Humanitarian Priority:** The first priority is the safety of personnel and local communities, including evacuation support and provision of clean water if agricultural chemicals have contaminated local sources.

7.1.3 Phase 3: Post-Disaster Recovery and Remediation

- **The 2022 Flood Response Model:** Using the 2022 experience, NIRSAL now implements a "Restructuring Window". For projects with high ESS compliance records, NIRSAL facilitates the restructuring of loans and the rapid pay-out of insurance claims to ensure the farmer can replant in the next cycle.
- **E&S Audit of Impacted Sites:** Before operations resume, an ESS audit is conducted to ensure that the disaster did not lead to long term environmental hazards (e.g. burst effluent ponds or soil salinization).



PART VIII: RESOURCE EFFICIENCY AND MATERIAL MANAGEMENT

8.1 Water Foot-printing and Sustainable Management

This part operationalizes NSS 3: Resource Efficiency and Pollution Prevention. In the NIRSAL model, every drop of water wasted or kilowatt of energy inefficiently consumed represents a financial loss to the agribusiness and an increased risk to the Credit Risk Guarantee (CRG). Agriculture accounts for over 70% of global freshwater withdrawals. For NIRSAL-guaranteed projects, water is treated as a finite capital asset.

8.1.1 The NIRSAL Water Footprint Assessment (WFA)

All Category A and B projects involving irrigation or high-volume processing must undergo a WFA during the Appraisal Phase. This assesses three components:

- **Green Water Footprint:** The volume of rainwater consumed during the production process (relevant for rain-fed Upstream clusters).
- **Blue Water Footprint:** The volume of surface or groundwater consumed. Projects must prove that their blue water usage does not exceed the "sustainable recharge rate" of the local aquifer.
- **Grey Water Footprint:** The volume of freshwater required to assimilate the load of pollutants (e.g. from fertilizers or processing effluent) to meet NIRSAL's water quality standards.

8.1.2 Technical Benchmarks for Water Efficiency

- **Irrigation Preference:** NIRSAL mandates a shift from flood irrigation to drip or precision irrigation systems, which is capable of reducing water waste by up to 60%.
- **Rainwater Harvesting:** Large-scale storage facilities (silos/warehouses) must integrate rainwater catchment systems to reduce reliance on groundwater for secondary uses (e.g. cleaning machinery).

8.2 Energy Audits and Decent Carbon Transitions

Energy costs can constitute up to 30% of the operational expenses in the Midstream and Downstream segments. Energy management and preference for clean energy is a core climate mitigation strategy.

8.2.1 Mandatory Energy Audits for Processors

Agro-industrial facilities seeking NIRSAI intervention must submit an Energy Audit Report every two years. The audit focuses on:

- **Baseline Energy Consumption:** Identifying "energy sinks" such as outdated boilers or inefficient cooling units in cold-chain logistics.
- **Specific Energy Consumption (SEC):** Measuring the energy used per unit of output (e.g. kWh per ton of processed rice).
- **Renewable Energy Substitution:** Projects are evaluated on their ability to integrate solar-thermal, biomass or wind energy to offset fossil fuel dependency.

8.2.2 Incentivizing Low-Carbon Logistics

Under Pillar 4 (Incentives), NIRSAI provides a "Sustainability Bonus" to off-takers and logistics providers who:

- Utilize Solar-Powered Cold Hubs for perishables thereby reducing post-harvest losses and reducing emissions.
- Implement fleet management systems that optimize transport routes to minimize fuel consumption (linked to NSS 9).

LEGAL COMPENDIUM

NIRSA
THE NIGERIA INCENTIVE-BASE RISK SHARING
SYSTEM FOR AGRICULTURAL LENDING



PART IX: THE ESS LEGAL COMPENDIUM

THE ESS LEGAL COMPENDIUM

NIRSAL's authority to enforce these safeguards is derived from a comprehensive framework of national legislation and international treaties. This compendium serves as the legal reference for the Chief Risk Officer (CRO) when exercising veto power over high-risk projects.

9.1 National Statutory Framework (Nigeria)

NIRSAL-supported projects must comply with the following primary laws:

- **The Constitution of the Federal Republic of Nigeria (1999):**
Specifically Section 20, which empowers the State to protect and improve the environment and safeguard water, air, land and wildlife.
- **Environmental Impact Assessment (EIA) Act No. 86 of 1992:** Legally mandates the preparation of an ESIA for "Category A" agricultural developments, such as large-scale land clearing or irrigation schemes exceeding 500 hectares.
- **National Environmental Standards and Regulations Enforcement Agency (NESREA) Act 2007:** Provides the regulatory standards for pollution control, waste management and the protection of endangered species (NSS 3 & NSS 6).
- **The Land Use Act of 1978:** Governs the statutory right of occupancy and the procedures for land acquisition and compensation, forming the legal basis for NSS 5.
- **The Nigerian Labour Act:** Establishes the legal parameters for wages, hours of work and the prohibition of child labour enforced through NIRSAL's ARMS tool.

9.2 International Standards and Global Benchmarks

Where national laws are less stringent, NIRSAAL adopts international best practices to maintain quality ESS implementation in dealing with projects funded by GCF and other international climate funding entities

- **GCF Environmental and Social Policy:** The mandatory standard for all projects seeking climate finance through NIRSAAL.
- **IFC Performance Standards (1-8):** The global benchmark for environmental and social risk management in the private sector.

NIRSAAL specifically prioritizes:

- **PS 1:** Assessment and Management of Environmental and Social Risks.
- **PS 2:** Labour and Working Conditions.
- **PS 5:** Land Acquisition and Involuntary Resettlement.
- **The Paris Agreement (Nigeria's NDCs):** NIRSAAL aligns its portfolio with Nigeria's commitment (NDC) to reduce greenhouse gas emissions by 20% (unconditionally) to 47% (conditionally) by 2030.
- **World Bank Group EHS Guidelines:** Provides the technical industry specific standards for Agribusiness, Food Production and Mammalian Livestock Production.

9.3 Enforcement and Legal Covenants

These laws are not static references; they are active components of the NIRSAAL Credit Risk Guarantee (CRG) agreement.

1. **Condition Precedent:** No funds are disbursed until the borrower demonstrates compliance with the relevant national permits (e.g. EIA approval from the Ministry of Environment).

2. **Continuous Compliance:** Any breach of the statutory laws listed in this compendium constitutes a "Material Default", allowing NIRSAL to suspend the guarantee and withhold Interest Drawback (IDB) payments.



PART X: THE ESS TRAINING MANUAL FOR PMROs

The Business Office Structure (BOSs) are NIRSAL's "eyes on the ground". This manual detail the exact field audit techniques required to move beyond paperwork and verify actual safeguard performance at the farm and factory level.

10.1 The Field Audit Lifecycle

An ESS audit is not a "gotcha" exercise but a risk-management tool. BOS officers must follow a four-stage process for every site visit:

10.1.1 Stage 1: Pre-Audit Preparation

- **ESMP Review:** Before leaving the office, the BOS officer must review the specific Environmental & Social Management Plan (ESMP) approved for the project.
- **Hotspot Identification:** Using Geospatial Intelligence, officers identify areas of high concern (e.g. proximity to a riverbed or a known community boundary dispute).

10.1.2 Stage 2: On-Site Verification Techniques

BOS officers are trained in three primary verification techniques:

1. **Site Walkthrough (The Visual Audit):** A physical inspection of the facility/farm.
 - o **Technique:** Follow the "path of the pollutant"—starting from the chemical store, to the application area and finally to the drainage/effluent discharge point.
2. **Stakeholder Interviews (The Social Audit):** Semi-structured interviews with labourers and community members.

- o **Technique:** Interview workers away from management to ensure honest feedback on wages, safety and harassment. Always include a separate session for female labourers (linked to NSS 7).
- 3. **Documentation Cross-Reference:** Verifying that physical records (e.g. pesticide application logs, waste disposal receipts) match the digital data uploaded to the ARMS platform.

10.2 Digital Auditing via the ARMS ESS Tool

NIRSAL mandates the use of the Agricultural Risk Management System (ARMS) for all audits to prevent data falsification.

- **Geotagging:** Every photo of a safeguard breach (e.g. a worker without PPE) must be geotagged and timestamped.
- **Offline Capability:** BOSs are trained to log data in remote areas without internet; the system automatically syncs once they return to a Zonal or State office.
- **The "Red Flag" Trigger:** If a BOS officer logs a Class Ia/Ib pesticide on-site, the ARMS system immediately triggers an automated "Default Alert" to the Chief Risk Officer (CRO) in Abuja.



NIRSAL 

PART XI: THE ESS BUDGETARY AND RESOURCE ALLOCATION FRAMEWORK

For an ESS framework to be effective across a multi-billion Naira portfolio, it must move beyond "administrative intent" to "financial empowerment". NIRSAL institutionalizes a self-funding mechanism to ensure that safeguard monitoring is never compromised by external budgetary fluctuations.

11.1 The 1% BOS Monitoring Fee Mechanism

The primary funding engine for NIRSAL's field operations is the 1% Business Office Structure (BOSs) Fee. This fee is a standard component of the transaction cost for every de-risked agricultural project under Pillar 1 (Risk Sharing).

- **Source of Funds:** A 1% levy is applied to the total value of the Credit Risk Guarantee (CRG) or the technical intervention.
- **Reinvestment Rationale:** This fee is "ring-fenced" specifically for the implementation and monitoring of the 10 NIRSAL Safeguard Standards (NSS). It transforms E&S compliance from an overhead cost into a service delivery requirement.

11.2 Strategic Allocation of the ESS Budget

A specific portion of the annual ESS budget shall be ring-fenced as a **Survivor Support Fund**. This fund is dedicated to operationalizing the SEAH referral pathways described in Annex C, covering immediate costs for medical, psychosocial and legal support services for survivors of SEAH occurring within NIRSAL-guaranteed project sites.

Allocation Bucket	Targeted Resource Allocation	Operational Objective
Digital Infrastructure	25%	Maintenance and upgrading of the ARMS ESS Mobile App and Geospatial Satellite monitoring tools.
Human Capital	35%	Salaries, field allowances and annual "Safeguard Certification" for the 36-state BOS officers .
Field Logistics	20%	Transportation and specialized equipment for "Surprise Walkthroughs" and effluent sampling in remote clusters.
Capacity Building	10%	Developing training modules for farmers (Pillar 2) and (Pollution)and NSS 2 (Labour)
Emergency Response Fund	10%	A contingency fund for rapid deployment of technical experts in the event of an E&S failure or disaster.

11.3 Pillar 4 Integration: The IDB Cost-Offset

Agribusinesses that demonstrate exceptional compliance achieving a "Green Status" on the ESS Scorecard are rewarded via the Interest Drawback (IDB).

- **Performance Rebate:** A portion of the interest paid by the borrower is returned, effectively offsetting the cost of their E&S compliance investments (e.g. purchasing PPE or installing water efficient irrigation).



PART XII: THE POLICY REVIEW AND CONTINUOUS IMPROVEMENT ROADMAP (2025-2030)

NIRSAL views its ESS policy as a "Living Document". As global climate standards evolve and new agricultural technologies emerge, the framework must adapt to remain a world-class de-risking tool.

12.1 The Continuous Improvement Loop

NIRSAL utilizes three primary feedback loops to inform policy updates:

1. **Grievance Analytics:** Quarterly reviews of the Grievance Redress Mechanism (GRM) database to identify systemic risks (e.g. recurring land disputes in a specific region).
2. **M&E Impact Data:** Annual assessments of whether the current standards are actually improving biodiversity (NSS 6) and carbon sequestration (NSS 9).
3. **Global Benchmarking:** Semi-annual reviews of Green Climate Fund (GCF) and IFC Performance Standard updates to ensure NIRSAL remains at the frontier of international finance accreditation.

12.2 The 5-Year Strategic Roadmap (2025-2030)

Year	Strategic Milestone	Objective
2025	Full Digital Integration	10% transition of the 36-state BOS network to paperless, AI-validated ESS reporting via ARMS.
2026	The "Blue Economy" Expansion	Development of specialized sub-standards for deep-sea aquaculture and coastal mangrove protection.

2027	Net Zero AVC Launch	Introducing mandatory "Carbon Footprint Tracking" for all Category A processing plants in Nigeria.
2028	Regional ESS Leadership	NIRSAL serves as a "Knowledge Hub" for other African Development Finance Institutions (DFIs) to adopt the 5-Pillar ESS model.
2029	AI Predictive Risk Modelling	Deployment of AI tools that predict potential social unrest (NSS 5) or pest outbreaks (NSS 3) based on historical data.
2030	Decadal Impact Review	A comprehensive independent audit of NIRSAL's 10-year contribution to Nigeria's Nationally Determined Contributions (NDCs).

12.3 Policy Update Protocol

- **Annual Review:** Minor adjustments to checklists and the Negative List based on newly banned substances or emerging OHS risks.
- **Quinquennial Overhaul:** Every five years, the Board's Sustainability & Risk Committee will commission a full external review of the entire ESS framework to ensure its relevance for the next decade.

Final Summary of the Expanded ESS Policy Document

Through these 13 comprehensive parts, NIRSAL has transformed a framework into an operational "Constitution for Green Agribusiness". By linking environmental integrity directly to financial de-risking, NIRSAL ensures that the transformation of the Nigerian agricultural sector is not only profitable but also permanent, inclusive and climate-resilient.



PART XIII: ANNEXURES & TECHNICAL TEMPLATES

This section provides the definitive "Checklists" and "Prohibition Lists" that form the legal and technical backbone of NIRSAL's de-risking operations.

13.1 The Full NIRSAL Negative List (Exclusion List)

NIRSAL Plc will not provide finance, guarantees or technical assistance to any

Category	Prohibited Activity
Environmental	Conversion of Primary Forests, High Conservation Value (HCV) areas or Ramsar -listed Wetlands.
Chemicals	Production, trade or use of pesticides in WHO Class Ia/Ib or those listed under the Stockholm Convention.
Labour	Any project utilizing forced labour or harmful child labour (under 15 for general work; under 18 for hazardous work).
Social	Projects requiring the involuntary physical displacement of indigenous communities or destroying sacred cultural sites.
Regulatory	Any activity prohibited under Nigerian Law (NESREA, EIA Act) or International Sanctions.

13.2 OHS Audit Checklist (Agribusiness Specific)

This checklist is used by BOS officers during every monthly visit to ensure compliance with NSS 2 (Labour) and NSS 4 (Health & Safety).

- **Chemical Safety:** Are pesticides stored in a locked, ventilated and bonded area.
- **PPE Compliance:** Are workers wearing appropriate gear (boots, gloves, masks) during high-risk tasks.
- **Machinery Guarding:** Are moving parts of harvesters, millers and tractors properly shielded.

- **Sanitation:** Are there clean drinking water stations and segregated toilets (Male/Female) within 200m of the work area.
- **Emergency Response:** Is there a functional first-aid kit and a documented fire evacuation plan
- **Child Labour Check:** Does the Project Site Manager have age verification documents for all youth workers

13.3 Template: ESS Compliance "Green Status" Certificate

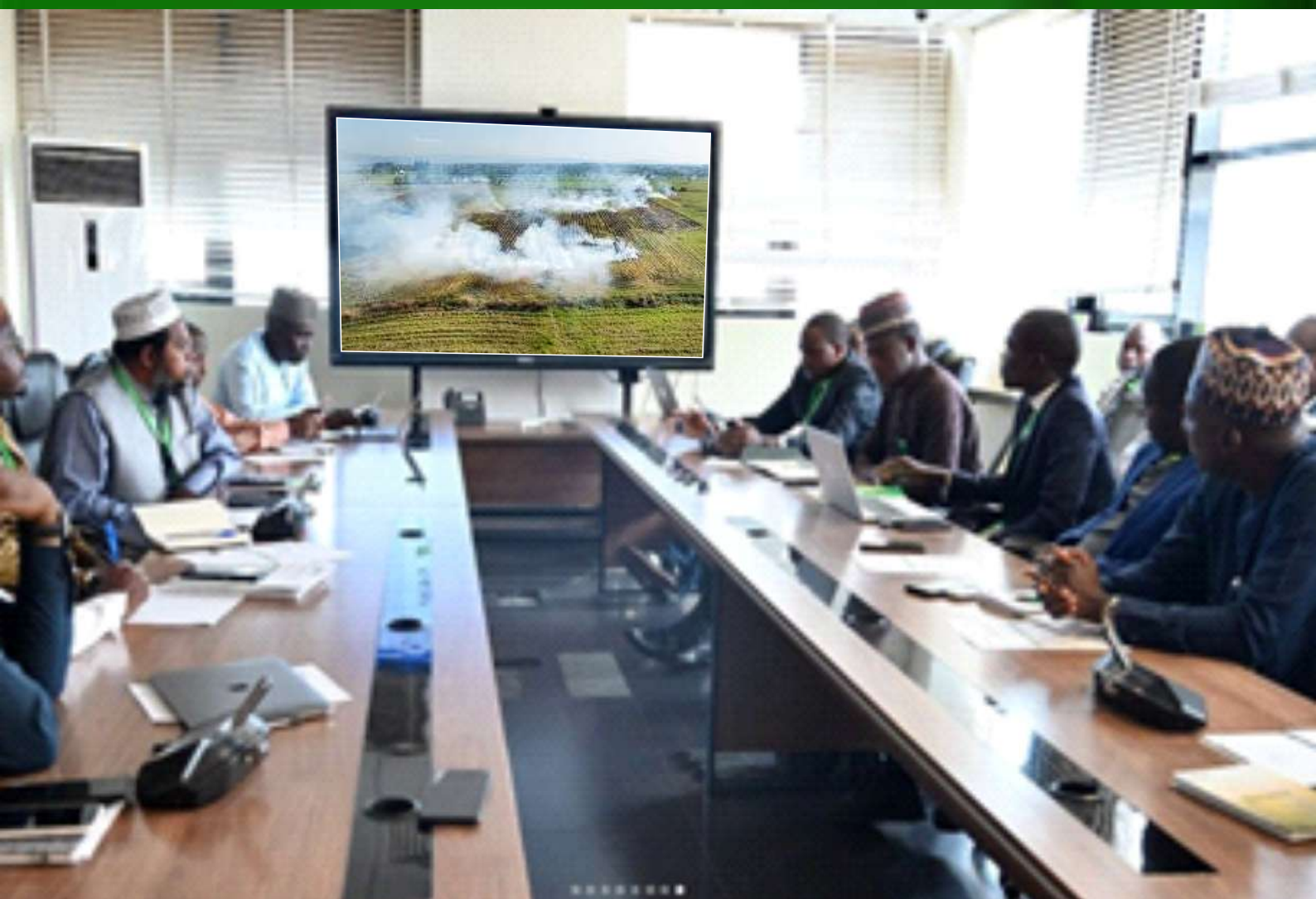
Once a project passes its quarterly audit, NIRSAL issues a Compliance Certificate. This document is a prerequisite for:

1. The quarterly pay-out of the Interest Drawback (IDB) (Pillar 4).
2. The renewal of the Credit Risk Guarantee (CRG) for the following season.

13.4 Template: Incident Reporting Form (IRF)

In the event of a fatality, major spill or social riot, the BOS must file an IRF within 24 hours.

- **Fields include:** Date/Time, Location (GPS), Type of Incident (Environmental/Social/Health), Immediate Cause, Number of Affected Persons and Immediate Corrective Action Taken.



In the NIRSAL model, pollution is a "waste of resource" that increases the cost of production and triggers regulatory fines. NSS 3 aims for Resource Efficiency and Pollution Prevention across the Upstream, Midstream and Downstream segments of the Agricultural Value Chain (AVC).

A.1 Effluent Discharge Standards (Downstream/Processing)

Agro-processing plants (e.g. Cassava flour mills, Rice parboiling plants, Sugar refineries) must adhere to these technical limits for wastewater discharge into surface water. These are aligned with NESREA (Nigeria) and IFC EHS Guidelines.

Parameter	Limit (Value)	Rationale for Agribusiness De-risking
pH Level	6.0 – 9.0	Prevents soil acidification/alkalinity in surrounding farms.
BOD (5-day)	30 - 50 mg/L	High BOD depletes oxygen in water, killing fish (impacting local livelihoods).
COD	250 mg/L	High COD indicates high chemical pollutants from processing.
Total Suspended Solids (TSS)	50 mg/L	Prevents siltation of irrigation channels downriver.
Oil and Grease	10 mg/L	Essential for processing plants using heavy machinery or generators.

A.1.2 Effluent Treatment Plant (ETP) Requirements

All Category A and B processing facilities must install an ETP. The system must include:

1. **Primary Treatment:** Physical screening and sedimentation to remove solids.
2. **Secondary Treatment:** Biological processes (e.g. anaerobic lagoons) to reduce organic load.
3. **Tertiary Treatment:** (Where necessary) Disinfection or nutrient removal before discharge.

A.2 Solid Waste Management & "Circular Economy"

NIRSAL encourages the conversion of "Waste to Value" to enhance project bankability.

- **Organic Waste (Husks, Peels, Stalks):** Must be composted for soil enrichment or converted to biomass briquettes for energy.
- **Hazardous Waste:** Used oil, batteries and chemical containers must be stored in a bonded, impermeable area and disposed of via NESREA-certified waste handlers.

A.3 Air Emission and Noise Control

- **Dust Control:** Grain silos and flour mills must install cyclone separators or bag filters to minimize particulate matter (PM10) which causes respiratory issues in labourers.
- **Noise:** Facility noise must not exceed 70 dB(A) at the site boundary during the day to prevent community nuisance and hearing loss among workers.



NIRSAL recognizes that women are the backbone of Nigerian agriculture but face the highest "risk barriers" to finance. NSS 7 is designed to close this gap and achieve a 30-40% female participation rate across all NIRSAL-guaranteed projects.

B.1 Strategic Rationale: The "Gender Dividend".

Evidence shows that women farmers have higher loan repayment rates. By mainstreaming gender, NIRSAL:

- 1. Reduces Default Risk:** Diversifying the borrower base improves portfolio stability.
- 2. Enhances Food Security:** Women reinvest 90% of income back into their families/communities.

B.2 The "30-40% Inclusion" Action Plan.

To meet the target, NIRSAL implements the following mandatory interventions:

B.2.1 Upstream: The "Female Cluster" Model.

- **Mandatory Quotas:** Every Smallholder Farmer (SHF) Cluster organized under NIRSAL must aim for a minimum of 30% female membership.
- **Land Access Advocacy:** NIRSAL BOSs engage with Traditional Rulers and Local Governments to secure long-term land leases specifically for women-led cooperatives.

B.2.2 Pillar 2: Tailored Technical Assistance.

- **Financial Literacy:** Specialized training for women on bookkeeping and mobile banking to prepare them for formal credit.
- **Gender-Sensitive Extension:** Deployment of female extension workers to reach women in culturally conservative areas.

B.2.3 Pillar 4: The Incentive Mechanism (IDB).

- **Gender Bonus:** Agribusinesses that demonstrate >40% female employment or source >30% of their raw materials from female led farms receive a prioritized "Green Score", fast-tracking their Interest Drawback (IDB) pay out.

B.3 Gender-Based Violence (GBV) and Harassment Protocol.

NIRSAL maintains a Zero-Tolerance Policy for GBV in the workplace or the field.

- **Codes of Conduct:** All NIRSAL-funded projects must require employees to sign a Code of Conduct prohibiting sexual harassment.
- **Safe Reporting:** The ARMS Helpline includes a dedicated "anonymous channel" for reporting GBV, managed by trained female safeguard officers.
- **Sanctions:** Confirmed cases of GBV at a project site result in the immediate suspension of the Credit Risk Guarantee (CRG).

B.4 Monitoring & Evaluation Indicators.

NIRSAL tracks the following "Gender KPIs" monthly:

- Percentage of total CRG value issued to women-owned or women led enterprises.
- Number of women trained in Climate-Smart Agriculture (CSA).
- Percentage of female representation in the management teams of "Downstream" off-takers.



C.1: Confidential Survivor Intake Form

This form is to be used only by trained ESS/Gender Officers. Its primary purpose is to capture essential information while prioritizing the survivor's safety and emotional well-being.

Field	Description / Instructions
Case Reference ID	System-generated (Do not use the survivor's name in file titles).
Date of Report	Date the incident was first reported to NIRSAL.
Project Site / Cluster	Name of the NIRSAL-guaranteed project or farm cluster
Incident Type	• Sexual Harassment. • Sexual Abuse. • Sexual Exploitation.
Immediate Safety Check	Is the survivor currently in a safe location? (Yes/No). If No, initiate Emergency Response Protocol immediately.
Survivor's Immediate Needs	• Medical Care. • Psychosocial Support. • Legal Aid. • Physical Security.
Description of Incident	<i>Provide a brief overview. Do not force the survivor to recount traumatic details multiple times.</i>
Informed Consent	I, the survivor, consent to NIRSAL sharing this information with specified referral partners for support. [] Yes [] No

C.2: SEAH Incident Report for Witnesses & Third Parties

This template is for staff, community members, or contractors who observe or receive allegations of SEAH.

- **Reporter Status:** ☐ Anonymous ☐ NIRSAL Staff ☐ Community Member ☐ Contractor
- **Relationship to Subject:** (e.g. Colleague, Supervisor, Peer)
- **Description of Allegation:** Provide details of the observed behaviour or the report received. Include names of the alleged perpetrator(s) if known.
- **NIRSAL Non-Retaliation Clause:** NIRSAL guarantees that no person shall be penalized, dismissed or harassed for reporting SEAH in good faith.

C.3: Survivor Referral & Documentation Form

Used to facilitate and track the survivor's access to professional support services.

- **Referred To:** (Name of NGO, Hospital or Legal Clinic)
- **Type of Support Provided:** ☐ Post-Exposure Prophylaxis (PEP) ☐ Trauma Counselling ☐ Legal Representation
- **Follow-up Requirement:** Does the survivor require transportation or a NIRSAL escort to the facility. ☐ Yes ☐ No
- **Confirmation of Referral:** (To be signed by the receiving service provider to ensure the "Warm Handover" is complete).

C.4: Case Management & Tracking Log (Restricted Access)

Internal ESS Unit tool for monitoring the status of SEAH cases without compromising confidentiality.

Case ID	Risk Level	Status	Remedial Action Taken	Resolution Date
SEAH-001	High	Investigating	Perpetrator suspended from project site.	TBD
SEAH-002	Medium	Resolved	Survivor received 3 months of counselling; claim settled.	2024-11-15

Survivor-Centric Principles for Usage

1. **Confidentiality:** Information is shared only on a "need-to-know" basis with the survivor's explicit consent.
2. **Safety First:** No investigation or reporting action should be taken if it risks the physical safety of the survivor.
3. **Respect:** The survivor's choices regarding whether to pursue legal action or medical help must be respected.
4. **Non-Discrimination:** All survivors, regardless of gender, age or status within the project are entitled to the same level of protection and support.



Annex D: GHG Accounting Tool & Threshold Guidance

D.1 Objective and Climate Rationale

The purpose of this tool is to operationalize NSS 9 (Climate Change Resilience) by quantifying the "carbon footprint" of NIRSAL-guaranteed projects. This ensures that NIRSAL's portfolio contributes to Nigeria's Nationally Determined Contributions (NDCs) under the Paris Agreement.

D.2 Mandatory GHG Accounting Threshold

As recommended in the NIRSAL ESS Evaluation Report, NIRSAL adopts the international standard for high-impact projects:

- **The 25,000 tCO₂e/year Rule:** Any project (typically Category A) anticipated to produce more than 25,000 tonnes of Carbon Dioxide equivalent (tCO₂e) per year must conduct a formal GHG accounting exercise during the appraisal phase.
- **Requirement:** Projects exceeding this threshold must implement a GHG Mitigation Plan within their Environmental and Social Management Plan (ESMP).

D.3 The GHG Accounting Methodology

NIRSAL utilizes the GHG Protocol Corporate Standard to categorize emissions across three scopes in the Agricultural Value Chain (AVC):

Emission Scope	Source Category	Examples in Agribusiness
Scope 1 (Direct)	On-site Combustion	Diesel for tractors, fuel for processing plant boilers.
	Agriculture/Land Use	Methane from livestock (LVC), N ₂ O from fertilizers and CO ₂ from land clearing .

Scope 2 (Indirect)	Purchased Energy	Electricity from the national grid used for cold hubs or irrigation pumps.
Scope 3 (Supply Chain)	Logistics & Inputs	Emissions from third-party transport and the manufacturing of sourced fertilizers.

D.4 Standardized GHG Calculation Worksheet (Template)

This worksheet is used by Project Officers and Borrowers to provide a baseline estimate of annual emissions.

Activity Category	Activity Data (A)	Emission Factor (B)	Annual Emissions (A x B)
Diesel Usage	_____ Liters/Year	2.68 kg CO ₂ /L	_____ tCO ₂ e
Electricity Usage	_____ kWh/Year	0.45 kg CO ₂ /kWh*	_____ tCO ₂ e
Nitrogen Fertilizer	_____ kg/Year	5.88 kg CO ₂ e/kg	_____ tCO ₂ e
Livestock (Cattle)	_____ Head	60 kg CH ₄ /Head/Year	_____ tCO ₂ e
Land Conversion	_____ Hectares	(Varies by biome)	_____ tCO ₂ e
TOTAL ANNUAL EMISSIONS			_____ tCO ₂ e
*Note: Grid factors are updated annually based on Nigeria's national energy mix.			

D.5 Mitigation and "Green Dividend" Incentives

*Projects that successfully implement carbon reduction strategies are eligible for rewards under **Pillar 4 (Incentives)**:*

1. **Low-Carbon Logistics:** 10% "Green Bonus" on the Interest Drawback (IDB) for using solar-powered cold chain storage.
2. **Methane Capture:** Specialized technical assistance (Pillar 2) for livestock projects installing biogas digesters to capture Scope 1 emissions.
3. **Regenerative Agriculture:** Projects demonstrating net carbon sequestration through agroforestry (NSS 6) receive a prioritized "Green Status" on the ESS Scorecard.

Implementation Note for BOSSs

Field agents must verify the "Activity Data" (e.g. fuel receipts, utility bills) during quarterly site visits to ensure that the GHG accounting remains accurate and that mitigation measures are being actively managed.



E.1 Objective & Rationale

This matrix ensures NIRSAL's compliance with the GCF Indigenous Peoples Policy (2018). While many Nigerian communities are "local" or "vulnerable", GCF requires distinct treatment for groups that maintain a separate cultural and ancestral identity from the national mainstream.

E.2 The Four GCF Technical Criteria

Under NSS 7, Project Officers must assess if a community meets the following four internationally recognized criteria:

1. **Self-Identification:** The group identifies itself as a distinct indigenous cultural group and this identity is recognized by others.
2. **Collective Attachment:** The group has a collective attachment to geographically distinct habitats or ancestral territories and the natural resources therein.
3. **Customary Institutions:** The group maintains cultural, economic, social or political institutions that are separate or distinct from the dominant society.
4. **Distinct Language:** The group uses a distinct language or dialect, often different from the official national or regional languages.

E.3 Indigenous Peoples Screening Matrix (The "Toolkit")

BOS Officers must complete this matrix for any project involving land acquisition or resource use in remote or culturally distinct areas.

*Scoring Key: 0 = Not Present; 1 = Weakly Present; 2 = Moderately Present; 3 = Strongly Present.

E.4 The "FPIC Trigger" (Determination & Action)

- **Determination:** If a community scores 8 or higher (or meets any two criteria strongly), they are classified as Indigenous Peoples for the purpose of the NIRSAL-GCF project.
- **Mandatory Action:** The standard "Stakeholder Consultation" is no longer sufficient. The project must now initiate the Enhanced Free, Prior and Informed Consent (FPIC) Protocol under Section 7.6 of this policy.
- **Requirement:** Consent must be documented via traditional decision-making channels (e.g. Council of Elders) before the Credit Risk Guarantee (CRG) can be activated.

E.5 Cultural Sensitivity Note for the Nigerian Context

Project Officers are advised that the term "Indigenous" can be politically sensitive in Nigeria. In the field, officers should focus on the functional characteristics (distinct language, customary land, separate institutions) rather than debating the label itself to ensure the community's rights are protected without causing local friction.

Implementation for BOSSs

The results of this matrix must be uploaded to the ARMS ESS Tool as part of the initial Environmental and Social Due Diligence (ESDD) for all Category A agricultural developments. Failure to accurately identify IP groups may result in a "Material Default" during a GCF audit.

Identification Criterion	Field Observations / Evidence	Score (0-3)*
Criterion 1: Self-ID	Does the community refer to themselves as the "original" inhabitants. Are they recognized as a distinct clan/tribe by neighbours.	
Criterion 2: Ancestral Land	Is there evidence of customary land ownership. Do they have sacred groves, burial sites or traditional hunting/fishing grounds.	
Criterion 3: Institutions	Do they utilize a traditional council or elders' system that operates independently of the Local Government Area (LGA) structure.	
Criterion 4: Language	Is a non-mainstream language primarily spoken at home and during community gatherings.	
TOTAL SCORE		** / 12**