



PRESCO PLC

ENVIRONMENTAL IMPACT ASSESSMENT (EIA) OF THE PROPOSED OLOGBO PLANTATION EXPANSION PROJECT AT IKPOBA-OKHA LOCAL GOVERNMENT AREA, EDO STATE, NIGERIA



FINAL REPORT

August 2014

Environmental Impact Assessment of the Proposed Ologbo Plantation Expansion Project at Ikpoba-Okha Local Government Area, Edo State, Nigeria

Final Report

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EXECUTIVE SUMMARY (ES)

ES 1.0 Purpose and Need for the Project

Presco Plc is a subsidiary of Siat (Societe d'investissement pour l'Agriculture Tropicale), a Belgian agro-industrial company that specializes in industrial as well as smallholder plantations of tree crops, mainly oil palm and rubber, and allied processing industries such as palm oil mills, palm oil refining/fractionation, soap works and crumb rubber factories in Africa including Nigeria, Ghana, Gabon and Cote D'Ivoire.

Presco Plc is a public limited liability company with corporate head office at the company's Obaretin Estate near Benin City, Edo State, Nigeria. The company was initially incorporated in 1991 as a private limited liability company. The company operates the Obaretin Oil Palm Estate; a concession of 7,000 hectares.

The operations of the company are rising rapidly with more plantations being established in other parts of the country. The proposed expansion project is an undertaking by the company to support the Edo State government in its agricultural transformation agenda. By so doing, the proposed expansion project will create additional job opportunities and assist in accelerated rural development.

In order to meet the above needs, Presco Plc proposes to expand the existing Ologbo plantation by developing the adjoining pieces of land to the northeast and east of the existing plantation to oil palm.

As a requirement of the environmental laws and regulations, an EIA application form and Project description were submitted to the Federal Ministry of Environment (FMEnv). Based on the initial assessment of the submission and subsequent site visit by the officials of FMEnv, the proposed Ologbo plantation expansion project was classified as Category I EIA.

ES 2.0 The Proponent and Project Proposal

Presco Plc is a public limited liability company. Its corporate head office is located at the company's Obaretin Estate near Benin City, Edo State, Nigeria.

The company has about 5,500 shareholders, both foreign (Siat Group, 60%) and Nigerian (individual and institutional, 40%), and its shares are being actively traded in the Nigerian Stock Exchange.

Presco Plc is the Nigerian market leader for specialty fats and oils. It employs about 2161 people of which 414 are permanent staff and 1,747 are contract workers.

Presco Plc is a fully-integrated agro-industrial establishment, the first of its kind in West Africa. The company specialises in the cultivation of oil palm and in the extraction, refining and fractionation of crude palm oil into finished products. Its major activities and operations presently comprise (i) Oil palm plantations of 10,537 hectares of which 9,812 are mature; (ii) A palm oil mill with a capacity of 48 tonnes fresh fruit bunches/hour; (iii) A refinery/fractionation plant with a capacity of 100tonnes/day; (iv) A palm kernel crushing plant with a capacity of 60M tonnes/day.

The company currently operates plantations in Edo, Rivers and Cross River States, with aggregate holdings of about 50,000 hectares. It now desires to expand its Ologbo plantation in Edo State. When the plantation expansion project is completed, it will increase the productivity of the plantation, boost the aggregate production and profitability of the company. It will also boost and enhance provision of rural infrastructure.

ES 3.0 Proposed Project Location and Description

The proposed project area is located within geographic coordinates from top left at 0786673N, 0679116E, to top right at 0789442N, 0677838E; bottom left at 0785940N, 0671257E while at the bottom right is 0788986N, 0669715E.

The area which is about 3,200ha is situated northeast and east of the existing Ologbo project. In relation to the Edo State capital, it is located south of Benin City, west of the Benin-Sapele Expressway. The location of the project site is within the Ologbo forest reserve for which concession has been given to the company to develop into plantation in Ikpoba-Okha Local Governement Area. Apart from the oil palm plantation, the other proposed land uses include roads, housing, workshop, powerhouse, and conservation areas.

The proposed project is an expansion of the existing development at the Ologbo Estate site of the company. The development is meant to increase the existing planted areas to oil palm to achieve a total planted area of about 9,200 hectares.

The vegetation of the project site is that of degraded secondary forest. The proposed development will therefore involve the clearing of degraded secondary forests and farmlands. The proposed development will be carried out in phases, with the first planting intended for 2014 and subsequent plantings phased over three-four years to terminate in 2016/17. The average rate of planting is estimated between 500-600 hectares per year.

The planting materials to be used for the oil palm planting will be sourced locally and partly imported. The planting materials will be the types that are very well adapted to the Nigerian environment and local conditions. The product of the plantation which is fresh fruit bunches (FFB) is intended to be harvested from the plantation and transported to the Obaretin Estate of the company for processing. The operations of the project will therefore not generate industrial liquid waste (effluent). The bulk of the waste arising from the operations of the project will be essentially organic waste that will be managed by recycling within the plantation.

ES 4.0 EIA Study Procedure

The EIA study was carried out after due consultation with the Federal Ministry of Environment (FMEnv), and in accordance with the Ministry's Procedural Guidelines, and Terms of Reference (TOR) and scope of work, approved by the Ministry.

ES 5.0 Verification by the FMEnv

The FMEnv visited the proposed expansion project site in order to verify the proposals and statements in the Presco Plc's application for an environmental impact assessment permit.

ES 6.0 Consultations with and Participation by Stakeholders

The Stakeholders identified were: (i) Federal Ministry of Environment (FMEnv), Abuja (ii) Ministry of Environment and Public Utilities, Edo State; (iii) Ikpoba-Okha Local Government Area; (iv) Project host communities; (v) Presco resident communities.

The objective of the consultation was to inform and educate stakeholders on details of the project, its justification, discuss the scope of study and the project's potential and associated environmental impacts, and obtain their views and comments. The summary of the communities' assessment of the likely environmental impacts of the proposed project was that the proposed project would largely have insignificant adverse impacts.

ES 7.0 Project Justification

The proposed project will complement considerably both the Agricultural Transformation Agenda (ATA) and the economic transformation strategy and plans of the country. Justification is therefore found for the proposed oil palm plantation expansion in its potential to: i) Add value to the existing production of the company, ii) Provide direct employment, iii) Create additional jobs, iv) Contribute to the socio-economic development of neighboring communities, and iv) Increased economic benefits to the nation.

ES 8.0 Envisaged Sustainability

The project will be financed from the company's yearly turnover and profits. The financial performance of the company has improved considerably. Presco Plc is listed on the Nigerian Stock Exchange. The financial performance of the company over the years would enable it to execute and sustain the project operations. The estimated cost of the project is N2.3 billion Nigerian Naira.

Technically, best hands and agricultural practices shall be employed to carry out the project to ensure its technical sustainability while environmental sustainability will be attained through the Presco Plc internal Environmental Management System (EMS) that is already in place. The life span of an oil palm plantation is about 30 years or more after which the palm trees are felled and then replanted. With proper upkeep, the oil palm can produce for more than two decades. The envisaged upkeep practices include routine ring weeding, pruning, slashing and fertilizer application.

ES 9.0 Relevant Environmental Laws, Decrees, Regulations and Edicts

The following laws and regulations apply to the proposed project: (i) National Policy on Environment (FEPA, 1989); (ii) Environmental Impact Assessment Act 86, 1992; (iii) National Guidelines and Standards for Environmental Pollution

Control in Nigeria, (FEPA,1991); (iv) National Effluent Limitations Regulations S.I.8 (FEPA,1991); (v) National Pollution Abatement in Industries and Facilities Generating Wastes Regulations S.I.9 (FEPA,1991); (vi) Waste Management and Hazardous Waste Regulations S.I.15 (FEPA,1991); (vii) Environmental Edicts of Edo States' Ministry of Environment and Public Utilities; (viii) Edo State Environmental Waste Management Board Edicts/Mandate; (ix) Local Government Area Mandate on environmental sanitation and solid waste management; (x) Factory Act 1990; (xi) Nigerian Land Use Act, 1978; (xii) The Nigerian Urban and Regional Planning Laws.

ES 10.0 Existing Baseline Environment

The biophysical and human socio-economic environments that might be impacted by the proposed project were ascertained from field data gathering, previous natural resources and environmental studies and in-house environmental records of the company spanning both the dry and wet seasons. Rainfall, temperature and sunshine hours (2009-2013) were obtained from meteorological record of Presco Plc.

Automatic reading equipment was employed to determine air quality, north and south of the project site. The concentrations of SO₂, H₂S, CO, CO₂, NO_x, were all below the limits set by FMEnv. The concentrations of particulates are also below the set limit, showing clean, unpolluted ambient air in the locations. The noise level was well below the community noise exposure level of 60dBA. The groundwater quality is also good and free from pollution.

The groundwater quality is good and free from pollution. The water samples from nearby sources have all the physico-chemical and microbiological parameters within the permissible limits recommended by WHO and FMENV for wholesome water. Similarly, the surface water quality is also good with all the physico-chemical and microbiological parameters within the tolerable limits by FMENV.

The geology of the area falls within the areas of sedimentary rocks lying in the Benin basin or trough of sedimentation, with ferralitic and ferralsolic soils which are predominantly reddish brown to reddish yellow in colour, and the soil zone is of the southern belt forest soils type which are laterite soils. They are the most intensively leached and coarse tropical soils. They are strongly acidic, of deep porous sandy loams or loamy sands, with the clay content increasing gradually with depth.

The laboratory results on the soil samples showed that the pH of soils in the surface (0–15cm) ranged between 6.36 and 6.47 with an average of 6.42 while the pH in the subsoil ranged between 6.40 and 6.83, also with a mean of 6.62.

The texture of surface soil is Sandy loam, the average contents of sand silt and clay are 78.0%, 7.4% and 1.60% respectively. The texture of the subsoil ranged between Loamy sand and Sandy clay loam.

The mean contents of organic matter in the surface soils and subsoil were 0.48% and 0.71% respectively, while the mean contents of phosphorus in both the surface and sub soils were 7.44mg/kg and 7.59meq/100g respectively. The Potash level is generally very low ranging from 0.11meq/100g to 0.18meq/100g with an average of 0.15meq/100g. The amounts of Calcium and Magnesium were also very low. However, the amounts of micronutrients seemed adequate.

The dominant species of the concession include *Musanga cecropioides*, *Diospyros spp*, *Rauvolfia vomitoria*, *Zanthoxylum zanthoxyloides*, *Mitragyna stipulosa*, *Lophira alata*, *Cleistopholis patens*, *Strombosia spp* *Ficus spp*, *Albizia spp* and *Alchornea cordifolia*. These are mixture of both successional and steady state species which are indications that the habitats could be highly improved upon if adequate management action could be put in place for sustainable forest utilization.

The survey of large mammals revealed the presence of five different primate species within the Presco Conservation Area. This consisted of all the suspected guenon species, one nocturnal galago, and the red-capped mangabey. Although chimpanzee tracks and signs were searched for throughout the survey period, no indication of their presence was found within any of the conservation area visited.

In the social impact assessment of the four communities (Obayantor, Iyamomo, Ogbekpen and Ologbo) under survey, Ogbekpen and Iyanomo are the least developed. They do not have access roads; observation and photographs revealed that the roads have been overgrown by weeds and destroyed by erosion. Economic life in Ogbekpen is experiencing a decline as they do not have a functional market place for trading. There is no access to potable water in Ogbekpen and Iyanomo communities. Electricity does not exist at all at Ogbekpen while Iyanomo through community based effort got electricity from the national grid in Obaretin. There

are no schools at Ogbekpen, the closest school for the children is about 5 kilometres away from the community.

Obayantor and Ologbo on the other hand have some basic infrastructure, which from the community members' point of view are grossly inadequate. The absence or inadequacy of basic infrastructures in these communities makes them feel cheated. The four communities have urgent need for access to infrastructure to improve the quality of life of members. Presco has in return expressed their commitment to supporting host communities in line with the company's community development policy.

ES 11.0 Significant Potential and Associated Environmental Impacts

The major/significant anticipated impacts arising from the development and operation of the proposed plantation expansion project were examined and considered at four phases including: (i) Pre Construction; (ii) Construction; (iii) Operation and Maintenance; (iv) Decommissioning and Abandonment.

ES 12.0 Alternatives Considered

The alternatives considered were: (i) Do nothing alternative"; (ii) Alternative project location; (iii) Alternative plantation expansion methods; (iv) Smallholder development alternative; (v) Third Party Services. Of all the alternatives considered, the full development of the project as planned is favoured.

ES 13.0 Proposed Environmental Management Plan, EMP to be put in Place

All mitigation measures will be adhered to by the Environment, Health and Safety (HSE) department of the company; (i) Emissions testing and reporting must be done in accordance with the regulatory requirements and record submitted to FMEnv; (ii) Fire prevention precautions must be in place as required by the State Fire Service; (iii) All fire fighting equipment will be inspected and maintained regularly; iv) Regular inspections will be conducted to verify the integrity of the fuel tanks. v) Written procedures governing the operation of the fuel tanks and precautions to be taken will be developed; (vi) The occupational health, safety and environmental policies shall be implemented; vii) Capacity building programme for plantation staff including awareness, in-plant training, seminars, workshops and short courses shall be undertaken regularly to enhance the implementation of the EMP.

For the plantation expansion project, the environmental monitoring programme would cover a number of parameters including meteorology, ambient air quality, surface water quality, groundwater quality and noise levels. All these would be monitored by the Federal Ministry of Environment.

The schedule of EMP detailing impact, mitigation measures, actions to be taken and the persons responsible for mitigation actions has also been drawn. It will equally be monitored for compliance.

ES 14.0 Decommissioning

The approaches to the decommissioning of the plantation project would involve the combination of assets recovery, dismantling, demolition, decontamination and remediation.

ES 15.0 Conclusion

The EIA process demonstrates that the plantation expansion project will fully comply with legislative requirements in Nigeria and other relevant international regulations applicable to the planned activities and operations. The proposed project will result in substantial economic benefits for Nigeria through Employment opportunities generation in particular during the construction and operation phases.

This EIA also indicates that discharges including gaseous emissions and noise are expected from the operation of the plantation expansion project. However, any such discharges, which can be considered as potential sources of adverse environmental effects, can be fully managed through preventive actions and mitigating measures. This means that no significant negative impact on the natural, health and social environmental sensitivities of the project area is expected to result from discharges, let alone the occurrence of a residual impact.

There would appear to be no legal, administrative, natural and socio-economic limitations to prevent the plantation expansion project from going ahead as proposed by Presco Plc. The project shall be implemented in accordance with the proposed environmental management plan (EMP).

An EMP involving environmental management and supervision organizations, and environmental monitoring has been established to ensure the environmental performance of the Project. To ensure successful implementation of these

measures, the EMP covers major relevant aspects such as institutional arrangement for environmental management and supervision and environmental monitoring. With implementation of the mitigation measures defined in the EIA and EMP, all the likely adverse environmental impacts associated with the project will be prevented, eliminated, or minimized to an environmentally acceptable level.

The Project is environmentally sound, and will promote balanced and environmentally sustainable operation of Presco Plc. It is therefore recommended that Presco Plc should implement the proposed Ologbo plantation expansion project by fulfilling its obligations as outlined in the respective social and environmental management plans in this report.

SUMMARY

CHAPTER EIGHT

8.0 CONCLUSION

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The study has gathered and analyzed some baseline data. The data seem adequate and have assisted to determine the natural and socio-economic status of the project environment and the kinds of effects and responses that may result from the interaction of the proposed project. However, the proposed project is not expected to have significant adverse effects on the natural, cultural, environmental and socioeconomic life in the project area.

The study further demonstrates that the proposed plantation expansion project will fully comply with legislative requirements in Nigeria and other relevant international regulations applicable to the planned operations.

The existing environmental management programme of Presco Plc has put in place good solid waste management system, which will fully complement the waste management requirement of the proposed project.

The host communities shall be carried along throughout the development of the project and shall be given employment opportunities appropriately during the project construction and operation.

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