The Federal Democratic Republic of Ethiopia

Ministry of Urban Development and Construction

Federal Micro and Small Enterprise Development Agency

Women Entrepreneurship Development Project

Environmental and Social Management Framework

Draft Report

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<tr>
<td>CBD</td>
<td>Convention on Biological Diversity</td>
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<td>CCRDA</td>
<td>Consortium of Christian Relief Development Agency</td>
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<td>DBE</td>
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<td>EA</td>
<td>Environmental Assessment</td>
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<td>ECBP</td>
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<td>GIZ</td>
<td>Deutsche Gesellschaft fuer Intenationale Zusammenarbeit</td>
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<td>Government of Ethiopia</td>
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<td>International Development Association</td>
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<td>MSE</td>
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<td>Rural Financial Intermediation Program</td>
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<td>SNNPRSR</td>
<td>Southern Nations and Nationalities and Peoples Regional State</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
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<td>United Nations Environment Programme</td>
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<td>WED</td>
<td>Women Entrepreneurship Development</td>
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<td>WEDP</td>
<td>Women Entrepreneurship Development Project</td>
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<td>WISE</td>
<td>Organization of Women in Self Employment</td>
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EXECUTIVE SUMMARY

This ESMF document defines the management procedures that allow the proposed Women Entrepreneurship Development Project (WEDP) to “avoid, mitigate, or minimize adverse environmental and social impacts” of supported activities and enterprises. The document was prepared in accordance with definitions provided in the World Bank Operational Manual and relating to the triggered operational policy on Environmental Assessment (OP 4.01). The other operational policies included in the World Bank safeguards procedures were not triggered by WEDP. The proposed interventions of the project in support of women owned and operated MSEs and the level of activity anticipated places the overall categorization of WEDP in potential category “B”.

WEDP has defined strategies, structures and tools to ensure that staff and the project beneficiaries not only apply, but also comprehend why they should apply these procedures. The program has also developed a comprehensive matrix of all anticipated adverse environmental and social impacts of supported activities and monitoring and mitigation tools. Moreover, a checklist has been developed to screen out ineligible projects, taking into account the legal requirements of Ethiopia and the requirements emanating from the World Bank’s guidelines.

Environment and social safeguards are not only required by donors to protect the environmental and social fabric of Ethiopia, but are also legislated in the nation’s constitution, environment laws and other related guidelines and standards. However, the challenge here lies in applying these laws, monitoring their use and ensuring that they are mainstreamed in the project’s operations in such a way that they become the responsibility of all. To this end, WEDP has devised an approach\(^1\) to ensure that environmental and social safeguards are implemented.

\(^1\) A summary of this approach is presented in Section 7 of this report.
1. INTRODUCTION

1.1. Description of the Project

The Women Entrepreneurship Development Project (WEDP) aims to increase the earnings and employment of the female participants’ businesses in urban areas relative to a comparison group. This will be achieved by: i) tailoring financial instruments to the needs of the participants; ii) developing the entrepreneurial skills of the target group; and iii) supporting cluster, technology and product development for these businesses. WEDP will be a National Urban Project covering the capitals of the four Regional States of Tigray, Amhara, SNNPR and Oromia and the two chartered cities, Addis Ababa and Dire Dawa. Activities will also be planned in the four emerging regions during the implementation period after a thorough assessment of their institutional capacities and requirements.

The Project Components

The project has four main components:

• **Component 1: Access to Microfinance**

The aim of the component is to strengthen existing structures to facilitate access to finance for female growth oriented entrepreneurs with experience in operating a Micro and Scale Enterprise (MSE). The component is based on a two-tier structure where a wholesaler under the Development Bank of Ethiopia (DBE) will engage in lending to, and arranging technical support for Participating Microfinance Institutions (PFIs) that will engage in retail operations by on-lending funds to female-led MSEs and providing them with tailored financial products. The on-lending triggers the World Bank operation policy, Financial Intermediate Lending (OP 8.30), subsequently triggering the operational policy on Environmental Assessment (OP 4.01).

• **Component 2: Entrepreneurial skills, technology and cluster development.**

The aim of this component is to develop growth oriented women entrepreneurs’ skills, facilitate their access to more productive technologies that can raise their incomes, and help unleash synergy from clustering and linkages. This will be achieved through engaging the Engineering Capacity Building program (ECBP) to design and implement a capacity building technical assistance program to strengthen the capacity of the institutions that will provide direct services to the WEDP participants, such as the One Stop Shops and TVETs, and the supporting/coordinating institutions such as FEMSEDA, REMSEDA, City MSE Development Agencies, TVET Agencies, etc, as needed. This will be carried out in two main sub-components; (1) entrepreneurship training and mentoring and (2) cluster development. The target of this
component will be growth oriented women entrepreneurs operating individually or as cooperatives or groups, both inside and outside clusters, eager to receive the WEDP services.

- **Component 3: Impact Evaluation**

This will include a rigorous scientific impact evaluation of the program as a whole, and of sub-components. This analysis will be based to a large extent on the quantitative comparison of a treatment group with an adequate control group. By definition, access to all or a specific subset of the project components is given to the treatment group only. It is crucial, however, to tailor the selection of the treatment and the control group to the intervention. This exercise is key in guaranteeing statistical identification of changes that can be causally linked to the intervention.

- **Component 4a: Project Implementation Arrangement**

Subcomponent 4a will establish a Project Management Team (PMT) within FEMSEDA under the Ministry of Urban Development and Construction (MoUDC). The operational responsibility for the project implementation in the regions will rest with the City Agencies, MFIs and TVET agents responsible under the MSE strategy to implement the strategy using One-Stop-Shops (OSS) as the entry point. An Inter Ministerial Steering Committee (IMSC) will be established, chaired by MoUDC and with representatives from Ministries of Education, Industry, Trade, and Women, Child and Youth Affairs, Associations of Micro Finance and MSEs and the National Bank of Ethiopia (NBE). The IMSC will ensure coordination and support from the multiple sectors involved in the project. This component includes the development of an exit strategy as part of the program design phase and measures to ensure sustainability.

- **Component 4b: Advocacy, Outreach and Communication Component**

Subcomponent 4b will build awareness; expand the outreach, understanding and acceptance of WEDP among (1) the beneficiaries and (2) relevant stakeholders, especially the husbands of the participants who will receive a tailored information package to ensure consent. Potential WEDP participants will be given detailed and thorough information about the different components of the program; the objectives, requirements, respective application, and selection procedures. It will ensure that the objectives of the projects as well as the methods for attaining them are clearly understood and help increase political and social commitment and contribute to the development objective of the project. This will be achieved through information workshops, trainings to federal, regional and woreda level implementers and includes preparation and publication of materials aimed at raising entrepreneurship awareness.
Project Beneficiaries and Implementation Arrangement

The project beneficiaries are “existing and new micro enterprises that are run by women in the urban areas that credibly demonstrate their potential and desire to grow, particularly in the five priority sectors as identified in the Growth and Transformation Plan of Ethiopia (GTP)”.

Regarding the implementation arrangement, the Federal Micro and Small Enterprise Development Agency (FEMSEDA) will be the overall implementing agency for the project and will be under the oversight of MoUDC as delegated by MoFED. FEMSEDA will also work in close coordination with the Ministry of Women, Youth and Children Affairs (MoWYCA). The Development Bank of Ethiopia (DBE) will be implementing Component One, the Access to Credit Component through the MFI’s while the Engineering Capacity Building Project (ECBP) under the MOUDC will implement Component Two, the technical assistance and capacity building activities directly by itself and through the TVET Institutions.

The program will make use of existing structures and institutions, in particular the Government institutions for MSE support throughout the selected project areas. These include REMSEDA’s at regional levels, MSE Development Agencies at city levels and One-Stop-Shops (OSS) at Woreda levels. The OSS’s are the entry or first contact points for the MSE’s and will provide packaged services that incorporate all the activities from receipt of applications or business plans to the provision of handholding services for general awareness, screening of applicants, mentoring on the preparation and refinement of the business plans. The OSS will direct the applicant with the business plans to the MFI representative, the Credit Officer(s) located at the OSS. The Credit Officer will review the business plan for soundness of the financial assumptions, environmental and social safeguards concerns, collateral requirements and other credit related features. Upon approval of the business plan, the applicant will be given the loan from the designated MFI.

- **FEMSEDA**: The WEDP will establish a Project Management Team (PMT) within FEMSEDA. The PMT under FEMSEDA will be the implementing agency under the overall responsibility of MoUDC and with close coordination with the Ministry of Women Child and Youth Affairs (MoWCYA), the National Bank of Ethiopia (regulates the MFI sector), the TVET Agency and MoFED. The program will make use of existing structures and institutions, in particular the Government institutions for MSE support (REMSEDA, City Agencies, TVET Institutions and One-Stop-Shops). Moreover, the private and non-profit sector will be included in implementation to the extent possible. The MSE Strategy 2011 details the specific responsibilities of involved implementing structures for the Entrepreneurial Skills Development Component (Component 2). FEMSEDA is responsible for the coordination of the strategy at all levels -at federal, regional, woreda and kebele levels.
• **Development Bank of Ethiopia:** The Microfinance Component (Component 1) will be implemented through the Project Implementation Unit (PIU) of the Development Bank of Ethiopia using similar implementation arrangements as those for the existing credit line under RUFIP (Rural Financial Intermediation Program). The PIU responsibilities include:
  (i) on-lending to PMFIs for final lending to sub-borrowers;
  (ii) effective functioning of the on-lending facility to final borrowers through PMFIs;
  (iii) on-going monitoring of the PMFIs to ensure compliance with project criteria;
  (iv) adherence to all fiduciary and safeguard requirements of the World Bank for final borrowers;
  (v) monitoring and evaluation based on key project development indicators.

The responsibility of assessing MSE for environmental and social impacts will be the responsibility of the PIU at DBE. In this context, the staff of the PIU will receive technical assistance for the application of the ESMF and the safeguards issues generally by a separate TA that is proposed under the Access to Credit Component. The Technical Assistance (TA) will also include the training of the MSE staff at the City levels; these MSE experts at the city level will be located at the One Stop Shops and will provide support to the potential entrepreneurs.

• **REMSEDA:** For the purpose of WED Project, REMSEDA’s role will be limited to coordinating and communicating the information received from the City Agencies to the FEMSEDA PMT.

• **City Agencies and MSE Unit:** The MSE units within the City Agencies will be the main implementing agencies in all the six cities. The MSE units will oversee the day to day functioning of the One-Stop-Shops, which are now mainly in charge of formalization of the enterprises, legal support services, linkages to TVETs and MFIs and providing other relevant information to the entrepreneurs. One-Stop-Shops will provide an initial crude assessment of what Business Development and technology development services could be useful to entrepreneurs and inform about the available sources of finance in their area. TVET institutes will be responsible for the basic and advanced business management skills training, offered as a package, as well as technical training and other services which will be customized and tailored to each entrepreneur’s needs.

• **Technical and Vocational Education and Training (TVET):** The TVET colleges will be supported by the ECPB – Engineering Capacity Building Program of GIZ - and WEDP will complement this program by adding a component to build capacity of the TVET Institutions in line with the WEDP requirements. This ECBP component will ensure that the implementing structures of Entrepreneurial Skills development Component will have sufficient capacity and knowledge to serve the target group suited to their needs, but also that the technical support provided through the Cluster, Market and Product Development
Component (Component 2) will be delivered to ensure that any adverse environmental concerns posed by these activities are either avoided or appropriately mitigated as per the guidelines in the ESMF.

- **The Ministry of Women Youth and Children’s Affairs**: The MoWYCA will develop a detailed communications and outreach strategy and implement the Advocacy, Outreach and Communication Component (Component 4b) with support from PIU. Designated focal points will be required at all relevant offices in order to ensure consistency of messages and transparency.

**Figure: WEDP Implementation Arrangement**

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Ministry of Urban Development and Construction

National Steering Council

FEMSEDA

National Project Coordinator

Micro Finance Institutions

development Bank of Ethiopia

Project Coordinator - Engineering CBP

TVET Institutions

A. A. City SME Dev. Agency

Adama MSE Dev. Agency

Hawasa MSE Dev. Agency

Bahir Dar MSDE Dev. Agency

Dire Dawa MSE Dev. Agency

Mekele MSE Dev. Agency

Ten Sub-City Agencies

One-stop Shops

One-stop Shops

One-stop Shops

One-stop Shops

One-stop Shops
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1.2. Environmental and Social Management Framework (ESMF)

The ESMF defines the management procedures that allow the proposed Women Entrepreneurship Development Project (WEDP) to “avoid, mitigate, or minimize adverse environmental and social impacts” of supported activities and enterprises.

The objectives of the ESMF are:

- To assess the potential environmental and social impacts of the Micro & Small Enterprises (MSEs);
- To make provision for mitigation measures which will effectively address identified negative impacts;
- To specify appropriate roles and responsibilities, and outline the necessary reporting procedures for managing and monitoring environmental and social concerns related to the project components; and
- To determine the training and technical assistance needed to successfully implement the provisions of the ESMF.

The overall purpose of the ESMF is to ensure that all activities within the MSEs supported by the project are environmentally sound and are in compliance with the requirements of pertinent Ethiopian laws and regulations as well as World Bank environmental safeguard policies (OP 4.01), bearing in mind the characteristics of MSEs development interventions.

The project will only support micro and small enterprises and will not cause large scale environmental impacts. Most MSEs will either be in the service sector or in the supply chain. However, while the expected actions will be small, in the absence of the specific nature of the MSEs there could be potential impacts related to waste management, agro-processing, etc. In this context the program is considered as potential category “B”.

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2. ELIGIBILITY CRITERIA

Attention needs to be paid to the use of sound eligibility criteria that meet World Bank guidelines in selecting and monitoring the financial intermediaries to ensure their financial and operational quality. In this regard, one of the important requirements is to ensure the activities undertaken in the context of the project are in line with the legal requirements of the country and the Bank’s safeguard policies.

This ESMF specifies (i) criteria which help avoid activities that might give rise to unacceptable or unmanageable environmental impacts, and (ii) procedures for screening that there will be no significant impacts and for identifying those that may require EIA. In case an EIA is required, potential beneficiaries businesses are responsible to undertake such a study and get clearance from the local government authority at the city or region level. In such cases, the MSE agent at the City Agency is responsible for identifying activities requiring EIA following an initial screening process, while the competent environmental authorities at the regional or city administration level are responsible for advising on the required level of EIA study (i.e. full or partial EIA study) and for ensuring that it is conducted to an acceptable standard.

Moreover, taking into account the relevant Ethiopian legislations and World Bank operational policies a listing of ineligible activities are identified under the proposed project. This ‘negative’ list encompasses sub-projects with any of the attributes listed below:

- Any project activity with the potential for significant conversion or degradation of natural habitats without appropriate mitigation of anticipated impacts. This includes, but is not limited to, any activity:
  - emitting pollutants to water, air and land,
  - degrading forests,
- Any project situated within green area designated by each municipality,
- Any project or activity that will be implemented in disputed land,
- Any project that would result in the displacement of people or requires resettlement,
- Any project with the potential for significant damages to cultural property,
- Any project that is not consistent with the project description at time of project negotiations, unless subsequently agreed to with the Project Implementing Unit (PIU) at DBE, along with the development of an appropriate level of environmental and social management.
- Any project or activity involving the procurement of pesticides not allowable under Bank guidelines,
- Any project or activity that does not meet the legal requirement of the country, including gazetted environment, health and safety legal requirements,
- Any project or activity that is not compliant with the international convention that Ethiopia has ratified,
- Any project or activity, where children under 18 years of age are employed.

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3 Refer to Section 5.1. of this report for applicable legal requirements
4 Refer to Section 5.2. of this report for World Bank Operational Policies
3. CONSULTATION AND DISCLOSURE

The World Bank operational policy OP 4.01 requires that for "all Category A and B projects, the borrower consults project-affected groups and local non-governmental organizations (NGOs) about the project's environmental aspects and takes their views into account. Category B reports for a project proposed for IDA financing are to be made available to project affected groups and local NGOs, and public available in the borrowing country of any Category B EA report for projects proposed for IDA funding are prerequisites to Bank appraisal.

Similarly, the Ethiopian legislations and guidelines also address public consultation and disclosure. The Constitution itself specifies that "People have the right to full consultation and to the expression of their views in the planning and implementation of environmental policies and projects that affect them directly." However, these legislations and guidelines include neither clear requirements nor arrangements for consultation and disclosure, but rather recommendations. Moreover, Ethiopian legislations tend to be less stringent than Bank policies as regard to consultation and closure. However, there is no limitation in the Ethiopian legislation as to the extent and scope of consultation and disclosure, nor as to who should be consulted.

In the context of WEDP, most undertakings will be planned and implemented by individual entrepreneurs; therefore the consultation process will not apply to these individual MSE owners. In the event the MSE is a collective activity, the consultations and disclosure to develop a business plan for an MSE should occur at all stages, starting with inception and planning. A participatory approach will be adopted as an on-going strategy throughout the entire planning process of developing an MSE. Public participation and consultations will take place through group or community meetings and all aspects of the MSE including the anticipated environmental and social implications and mitigations will be presented publicly. Selection of ways to consult, and expand participation, will take into consideration the literacy levels prevalent, ethnicity and cultural aspects, and practical conditions. The participation of community representatives will be critical, this will be done through focus group meetings with sectoral and women’s associations, and community members.

The following institutions and groups have been identified as important stakeholders and consulted, including, but not limited to:

- local Non-Governmental Organizations (NGOs) and NGO networks working in the area of micro-credit provision and/or environmental management, such as the Organization of Women in Self Employment (WISE), Zema safe (formerly Progynist), Forum for Social Studies (FSS), CCRDA, etc;
- Women Associations, namely the Ethiopian Women Entrepreneurs’ Association
- Sectoral associations, specifically textile, leather and agribusiness associations; and
- Women’s Banks, namely the Enat Bank;
For projects such as WEDP, the World Bank procedures require that the ESMF are prepared and publicly disclosed prior to project appraisal. This allows the public and other stakeholders to comment on the possible environmental and social impacts of the project, and for the World Bank’s Appraisal Team to strengthen the frameworks, particularly measures and plans to prevent or mitigate any adverse environmental and social impacts. To this end, this document will, when agreed between the GOE and the World Bank, be publicly released through the World Bank’s InfoShop, and in public locations in Ethiopia prior to project appraisal.
4. POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS AND MITIGATION MEASURES

4.1. Potential Impacts

Beneficial Impacts

It is anticipated that the activities supported by this project will deliver significant social benefits, provided that they are planned in an inclusive manner, and they are designed to ensure a distribution of benefits to vulnerable groups. Social benefits cannot be guaranteed, and there is a requirement to ensure that sub-projects are planned and operated in a manner which maximizes benefits. In this regard, although the project aims to provide support to women, it should also take cognizance of other vulnerable groups, such as the elderly, disables, youth and children, and ensure their participation in ongoing consultation.

The potential environmental benefits depend on the nature and location of the sub-projects supported under WEDP, though they are likely to be limited in scale.

Social Benefits

The project will have the following social benefits:

- **Employment**

  The WEDP will have short-term positive socioeconomic impacts as it will provide employment to skilled and unskilled workers, employed by the micro-credit recipient women entrepreneurs. In the long term, the success of these businesses can further improve the overall employment situation.

  Specific socio-economic benefits include:
  - Demand for skilled and unskilled labour;
  - Increase in income for local communities; and
  - Indirect employment opportunities through the provision of required services to the women entrepreneurs

- **Empowerment of women**

  In the context of the project, women entrepreneurs are to obtain finance for implementing the business plans that they have developed in the priority sectors of the Growth and Transformation Plan (GTP), namely the textile, leather and agri-business sectors. In the short-term, this provides these women with finance for realizing/implementing their business, thereby empowering them economically. In the long term, this will have a positive benefit resulting in the strong participation of women in local economic development.
**Adverse Impacts**

**Adverse Social Impact**

As described in the eligibility criteria (Section 2), WEDP-funded activities will not be eligible for funding if displacement and resettlement is involved. Hence, this has not been considered as an adverse social impact of the project. Moreover, it may not be economically viable to resettle project affected persons (PAPs), given that the financial support anticipated through WEDP is minimal (micro-finance). Moreover, provided that the WEDP will support existing MSEs, new health and social challenges will not emerge from the project activities. However, in line with, for instance, the increased production and operation of businesses supported under WEDP, the following social and health impacts are anticipated.

- **Occupation health and safety conditions**

Although, WEDP clearly stipulates that there is a need to comply with occupational health and safety (OH&S) requirements of the country, the prevalent OH&S conditions in the MSEs is generally not in compliance with the legal requirements of the country. Lack of sufficient lighting and working space, appropriate ergonomic conditions and unavailability of proper safety equipments are some of the challenges that can be cited in this regard. Access to safe drinking water and sanitation conditions can also be very limited in some MSEs\(^5\). Without a provision of support, including infrastructure, for improving these conditions in participating businesses, the project may result in further deterioration of these conditions.

- **Increased prevalence of communicable diseases**

Without improved access to water and sanitation conditions and increased awareness in this regard, increased prevalence of consequent health implications (both for employees and the surrounding community) may be associated to some businesses supported by WEDP.

**Adverse Environmental Impacts**

Given that the WEDP will support existing MSEs, new environmental challenges will not emerge from the project activities. However, with the increased production and operation of WEDP supported businesses the following environmental challenges are anticipated.

- **Pollution**

In Ethiopia, MSEs involved in processing of goods, in the case leather and textile products, have high pollution intensity due to the obsolete technology used in their small-scale operations and/or common lack of (efficient) end-of-pipe pollution control systems. Particularly, MSEs in the leather and textile sectors can have substantive environmental implications (pollution), due to the nature of the processing activities, which utilizes dyes and other hazardous chemicals as inputs.

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• **Waste**

Due to economic reasons an MSEs tends to be more efficient in its utilization of inputs, as a consequence reducing the amount of waste generated. However, when considered collectively MSEs are more inefficient due to their small-scale operations. Hence, the amount of hazardous and non-hazardous waste generated from MSEs can be considered substantive. Moreover, these MSEs tend to have limited know-how and capacity for disposing of waste as per the legal requirements of the Country.

• **Vegetation clearance and exploitation of forests**

Vegetation clearance may be undertaken during the design, preparation and construction stages of sub-projects supported by WEDP. Timber and poles will also be used in construction, in cases where the MSEs supported by the project require the construction of infrastructure. This creates pressure on forest resources, unless procurement of the raw materials is made from sustainable sources.

**Cumulative Impacts of the Project**

The business operations supported through WEDP can have adverse environmental impacts. However, several projects in combination, or in combination with other government or private sector activities, could also have a larger, more significant cumulative impact. Particularly, given the nature of MSEs and their tendency to form clusters, the cumulative impacts can be considered significant. For example, a study undertaken in 2009\(^6\) for the joint UNEP/UNIDO project on resource efficiency and cleaner production, i.e. Project for Promoting Resource Efficiency in SMEs (PRE-SME), highlights that such cumulative impact can be significant for SMEs in the textile & ready-made garment, and the leather processing\(^7\) & footwear sectors. These impacts may be a result of the disposal of non-hazardous and hazardous wastes and chemicals, which may not be significant when considering individual MSEs, but significant when considering them collectively. In the context of the WED project, MSEs in the textile & ready-made garment, and the leather processing & footwear sectors will be important, since these are the two most important sectors of focus of the Growth and Transformation Plan (GTP) of Ethiopia.

The avoidance and mitigation of cumulative impacts requires: avoidance and mitigation of the impacts of individual businesses supported through WEDP; careful planning, based on sound technical knowledge and the requirements and implications of the businesses supported within the WEDP planning cycles.

**4.2. Impact Mitigation**

The ESMF matrix (Annex 2) describes the proposed mitigation measures and implementation for the impacts identified above.

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\(^{6}\) UNEP (2009), National Initiatives and Good Practices for Promoting Resource Efficiency in SMEs in Ethiopia. UNEP-DTIE, Paris

\(^{7}\) Excluding tanning
5. APPLICABLE LAWS AND REGULATIONS

5.1. Overview on the National Legislative Requirements

The Constitution adopted by Ethiopia in 1995 provides the guiding principles for environmental protection and management in Ethiopia. The concept of sustainable development and environmental rights are enshrined in article 43, 44 and 92 of the Constitution of GOE.

Article 43: The Right to Development identifies peoples’ right to:
• Improved living standards and to sustainable development; and
• Participate in national development and, in particular, to be consulted with respect to policies and projects affecting their community.

Similarly, in Article 44: Environmental Rights, all persons:
• Have the right to a clean and healthy environment; and
• who have been displaced or whose livelihoods have been adversely affected as a result of State programs have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance.

Moreover, in Article 92: Environmental objectives are identified as:
• Government shall endeavour to ensure that all Ethiopians live in a clean and healthy environment.
• The design and implementation of programs shall not damage or destroy the environment.
• People have the right to full consultation and to the expression of views in the planning and implementation of environmental policies and projects that affect them directly.
• Government and citizens shall have the duty to protect the environment.

The Environmental Policy of Ethiopia was approved by the Council of Ministers in April 1997. It has 10 sectoral and 10 cross-sectoral components one of which addresses “Human Settlements, Urban Environment and Environmental Health”, and was based on the findings and recommendations of the National Conservation Strategy of Ethiopia. The policy document contains elements that emphasize the importance of mainstreaming socioecological dimensions in development programs and projects.

The National Conservation Strategy was developed through a consultative process over the period 1989 to 1995. It takes a holistic view of natural, human made and cultural resources, and their use and abuse and seeks to present a coherent framework of plans, policies and investment related to environmental sustainability. The document consists of five volumes i.e., the Natural Resource Base, Policy and Strategy, Institutional Framework, the Action Plan and Compilation of Investment Programme.

A number of proclamations and supporting regulations contain provisions for the protection and management of the environment and put into effect the principles of the Constitution and the Environmental Policy. Environmental Impact Assessment Proclamation No. 299/2000 contains
provisions designed to ensure sustainable development. Proclamation 299/2000 makes an environmental impact assessment mandatory not only for development projects but also for policies, plans and programs.

**Environmental Policy of Ethiopia**

The goal of the Environmental Policy of Ethiopia is to improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. For the effective implementation of the Environmental Policy of Ethiopia the policy encourages creation of an organizational and institutional framework from federal to community levels. The Environmental Policy of Ethiopia provides a number of guiding principles that require adherence to principles of sustainable development; in particular the need to ensure that Environmental Impact Assessment:

- a. Considers impacts on human and natural environments;
- b. Provides for early consideration of environmental impacts in projects and programs design;
- c. Recognizes public consultation;
- d. Includes mitigation and contingency plans;
- e. Provides for auditing and monitoring; and
- f. Is a legally binding requirement.

**Proclamations**

- **Proclamation 295/2002, Establishment of Environmental Protection Organs**

Proclamation 295/2002 establishes the organizational requirements and identifies the need to establish a system that enables coordinated but different responsibilities of environmental protection agencies at federal and regional levels. The Proclamation indicates the duties of different administrative levels responsible for applying federal law.

- **Proclamation 299/2002, Environmental Impact Assessment**

The Environmental Impact Assessment (EIA) Proclamation makes EIA a mandatory requirement for the implementation of major development projects, programs and plans. The Proclamation is a tool for harmonizing and integrating environmental, economic, cultural, and social considerations into decision making processes in a manner that promotes sustainable development. The why and how to prepare, methodologies, and to whom the report is submitted are described in this law. The law clearly defines:

- a. Why there is a need to prepare EIAs;
- b. What procedure is to be followed by the MSE in order to implement EIA of the project;
- c. The depth of environmental impact studies;
d. Which projects require full EIA reports;
e. Which projects need partial or no EIA report; and
f. To whom the report has to be submitted.

- **Proclamation 300/2002, Environmental Pollution Control**

Complementary to the EIA legislation, which requires developmental activities to give considerations to environmental impacts before their establishment, the Pollution Control Proclamation requires ongoing activities to implement measures that would reduce their degree of pollution to a set limit or quality standard. Thus, one of the dictates of the legislation is to ensure through inspection the compliance of ongoing activities with the standards and regulations of the country i.e. environmental audit.

- **Proclamation 513/2007, Solid Waste Management**

Proclamation 513/2007 aims to promote community participation in order to prevent adverse effects and enhance benefits resulting from solid waste. It provides for preparation of solid waste management action plans by urban local governments.

- **Labour Proclamation (377/2003)**

The Labour proclamation requires an employer to take the necessary measures to adequately safeguard the health and safety of the workers.

- **Public Health Proclamation (200/2000)**

This proclamation prohibits:
  - the discharge of untreated liquid waste generated from septic tanks, seepage pits and industries into water bodies, or water convergences
  - the disposal of solid or liquid or any other waste in a way which contaminates the environment or affects public health.

**Environmental, Health and Safety guidelines and standards**

- **Proclamation 159/2008, Prevention of Industrial Pollution - Council of Ministers Regulation**

As a follow up to Proclamation 300/2002, a regulation to prevent industrial pollution was developed by the Federal Environmental Protection Authority to ensure the compatibility of industrial development with environmental conservation. This regulation (Proclamation no. 159/2008) also includes comprehensive industrial pollution standards for a range of industrial and mining activities.
• **EIA Guideline, July 2000**

The EIA Guideline Document provides essential information covering:
- Environmental Assessment and Management in Ethiopia
- The Environmental Impact Assessment Process
- Standards and Guidelines
- Issues for sectoral environmental impact assessment in Ethiopia covering: agriculture, industry, transport, mining, dams and reservoirs, tanneries, textiles, hydropower generation, irrigation projects and resettlement projects.
- The guideline also contains annexes that:
  - identify activities requiring a full EIA, partial measure or no action.
  - contain sample forms for application,
  - provide standards and guidelines for water and air.

• **EIA Procedural Guideline, November 2003**

The guideline outlines the screening, review and approval process for development projects in Ethiopia and defines the criteria for undertaking an EIA.

• **Guideline for Environmental Management Plan (draft), May 2004**

The guideline outlines the necessary measures for preparation of an Environmental Management Plan (EMP) for proposed developments in Ethiopia and the institutional arrangements for implementation of EMPs.

• **Waste Handling and Disposal Guideline, 1997**

The Government has developed Waste Handling and Disposal Guideline which is being used by health facilities since 1997. The Guidelines are meant to help industry and local authority to deal with the waste situation at a local level.

• **National Sanitation Protocol**

The Ministry of Health has developed a National Sanitation Protocol which is designed to follow the national strategy for hygiene and sanitation improvement with its focus on universal access (100% hygienic and sanitized households) in rural or peri-urban environments.

**International Conventions**

Ethiopia has also ratified several environmental related international conventions, agreements and protocols, which are to be enforced nationally with appropriate regulations. These include:
- The Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade
- The Bamako Convention
• Basel Convention on the Control of the Trans-boundary Movements of Hazardous Wastes and their Disposal
• Convention on Biological Diversity (CBD) and the Cartagena Protocol on Biosafety
• Convention to Combat Desertification

5.2. World Bank Guidelines

The list of World Bank safeguard policies is as follows:

• OP 4.01: Environmental Assessment;
• OP 4.04: Natural Habitats;
• OP 4.09: Pest Management;
• OP 4.12: Involuntary Resettlement;
• OP 4.36: Forestry;
• OP 4.37: Safety of Dams;
• OP 7.50: Projects on International Waterways;
• OPN 11.03: Management of Cultural Property;
• OD 4.20: Indigenous People.

In the context of this project, only OP 4.01 is triggered. OP 4.01 requires an Environmental Assessment (EA) to be carried out for any project that is proposed for World Bank financing. In this regard, different EA instruments can be used, including amongst others Environmental Impact Assessment (EIA) or Environmental Management Plan (EMP). To this end, an environmental screening process serves as a basis for the selection of instruments to be used for a particular project.

The screening process used by the World Bank classifies proposed projects into one of four categories, depending on the type, location, sensitivity, and scale of the project and the nature and magnitude of its potential environmental impacts.

Category A, if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works.

Category B, if a project’s potential adverse environmental impacts on human populations or environmentally important areas-including wetlands, forests, grasslands, and other natural habitats—are less adverse than those of Category A projects.

Category C, if a project it is likely to have minimal or no adverse environmental impacts. Beyond screening, no further EA action is required for a Category C project.

Category FI, if the project involves investment of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts.

Based on an assessment of the anticipated adverse impacts, the WEDP Project has been classified as environmental Category B.
The World Bank Group has also developed guidelines on environment, health and safety. These guidelines are the basis for ensuring that:

- the Bank’s EH&S requirement are met, and
- projects are aware of the general and sector specific good international industry practice (giip) stipulated in the guidelines.

5.3. Guidelines for Land & Asset Acquisition, Entitlement & Compensation

In Ethiopia land is a public property. The following are specific characteristics of land and asset acquisition, entitlement and compensation.

- According to Proclamation No. 455/2005, part one, article 3, "Land holder means an individual, government or private organization or any other organ which has legal personality and has lawful possession over the land to be expropriated and owns property situated thereon".
- In the same Proclamation, part two, article 3(1), clearly states "A Woreda or an Urban Administration shall, upon payment in advance of compensation in accordance with this proclamation, have the power to expropriate rural or urban land holdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs or where such expropriation has been decided by the appropriate higher Regional or Federal government organ for the same purpose ".
- The land acquisition by non-land owners may be qualified for alternative forms of assistance.
- Non-owners like renters and business are eligible for relocation and other assistance in finding a new location, compensation at replacement value for any immovable assets, compensation for loss of income during transition, assistance for physical transfer and follow-up services.
- People without titles or use right (e.g. squatters, encroachers) will be eligible for specific assistance. They typically claim use rights or even compensation,
- Ownership after occupation of unused or unprotected land. They are likely to have invested in structures or land improvements that are eligible for compensation.

In the context of WEDP, it is expected that the project will not trigger the World Bank operational policy for Land Acquisition and Involuntary Settlement (OP 4.12). The project will not support any medium or large scale enterprises. Moreover, the eligibility criteria for WEDP-funded activities, clearly stipulates the ineligibility of activities that will involve displacement and resettlement. Even so, it is important to emphasize that all land transfer should be suitably documented and witnessed as per customary deeds. It is the responsibility of any buyer to ensure that the seller truly has title and right to sell the land, the transfer of the land then becoming a transaction between a legal buyer and seller.

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6. ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN

The Environmental and Social Management Plan (ESMP) will provide the basis for implementing technically and economically feasible measures that will can reduce and/or avoid possible negative environmental impacts of the project. It will also provide tools for screening project eligible for under WEDP.

The ESMP includes the following elements:

- Screening mechanism, which provides the basis for screening eligible activities for funding,
- Management system, which reflects the implementation mechanism of ESMP and the mitigation plan,
- Roles and Responsibilities, which assigns responsibilities for the realization of measures on impact reduction and monitoring;
- Environmental and social management plan that includes the list of actions on impact decrease and monitoring.
- Monitoring mechanism which stipulates parameters subject to measurement, monitoring methods to be applied, places of supervision, frequency of measurements, if required.

The responsibility for ensuring the implementation of the environmental conservation and protection measures for the program lies with the DBE (PIU) and the Project Management team, MFIs and the respective MSEs, in particular.

6.1. Safeguards Strategy

Effective safeguards management requires an integrated and holistic approach. Like all management, it involves planning, design, implementation, monitoring and supervision. Unless each of these roles is clearly laid out and understood, the whole process may not be effective. All project staff and beneficiaries must subscribe to the project principles of environmental and social safeguards expressed in this management framework.

The strategy employed by the WEDP consists of training for awareness and implementation of Ethiopia’s environmental and social regulatory framework to project staff, to ensure application of the strategy utilizing tools to capture and respond to adverse threats.

This ESMF has been developed to support a due diligence process, to avoid causing harm or exacerbating social tensions, and to ensure consistent treatment of social and environmental issues across sectors of intervention. The ESMF also assists the PIU and MFIs in screening all the subprojects for social and environmental issues and/or impacts, in accordance with applicable laws regulations and the Bank’s safeguard policies, as summarized below.

OP 4.01 requires an Environmental Assessment (EA) to be carried out for any project that is proposed for World Bank financing. To this end, different EA instruments can be used, including amongst others Environmental Impact Assessment (EIA) or Environmental Management Plan.
(EMP), with the selection instruments to be used for a particular project being made through an Environmental Screening process.

**Screening Process**

The screening process will utilize an environmental and social screening checklist (Annex 1) to identify activities eligible for funding under WEDP. This process will also utilize the ESMF matrix (Annex 2), prepared to assist potential beneficiaries in preparing mitigation plans.

The application package that is to be submitted to MFIs should contain the environmental and social screening checklist (Annex 1). MSEs are expected to complete this screening checklist, if required with the support of MFIs agents at One Stop Shops. The DBE specialist under the PIU, will be responsible to review the checklist submitted by the MSEs and accordingly advise on the subsequent actions (automatic approval, approval pending a plan for mitigation, or non-approval) to be undertaken by MFIs. The MFIs, with the support the specialist will also make spot checks to verify ‘on the ground’ that potentially approved activities on paper are in reality in compliance with the EHS legal requirements stipulated.

In cases where mitigation actions are required, the MSEs will be supported by MFIs in preparing mitigation plans using the ESMF matrix (Annex 2), which contains information on anticipate mitigation actions. Should it be required, MSEs will also be helped by the staff at the One Stop Shops to find service providers who can prepare appropriate mitigation plans. These plans will be evaluated and approved, when appropriate by the DBE specialist.

**6.2. Technical Assistance and Capacity Building**

The effective application of the Environment and Social Safeguards Strategy requires the commitment and ownership of the various actors. Information and discussion sessions provide the opportunity to discuss the national laws and regulations, to challenge the provisions and procedures, and to comment on the necessary and appropriate responses needed to address real and potential negative impacts.

The WEDP organizational structure is designed to provide capacity and support for the MFIs and MSEs so that they can inform themselves and apply the safeguards strategy. To this end, the Project will ensure the provision of technical and capacity building support that will enable MFIs to respond to the needs of beneficiaries, particularly in relation to environmental and social safeguards requirements. This technical assistance and capacity building package, which is currently in the preparation stages, will be implemented by the PIU and the Development Bank of Ethiopia (DBE). The PIU and DBE will provide this technical and capacity building assistance to MFIs to support their ability to implement the ESMP.

The training program of environmental and social assessment of MSEs will be included in the Technical Assistance component under the Access to Credit Component. In order to make the credit facility effective, Participating Financial Intermediaries (PFI) will receive a mandatory, specific, high-quality, technical assistance by an international consulting firm to help build capacity in Business Plan assessment, individual lending/financial services to female-run MSEs.
before any credit is given. This capacity building will enable PFI officials and staff to serve female MSE operators adequately - training them in assessing MSE business proposals, including for environmental and social impacts, individual lending provision, gender-sensitive customer care, and developing suitable financial products for the target group.

The TA facility will work with the PFIs in developing and executing a plan for absorbing and applying international best practices and credit technologies. New or existing MSE finance departments that will be set up/empowered by PFIs as a condition of their participation in the project will be the main focus of this TA. The TA will involve, among other activities, recruiting and training new loan officers and the MSE extension staff at the One-Stop-Shops, introducing environmental and social concerns of MSEs, strengthening lending policies and procedures, putting in place the prerequisites for the accounting, risk management and management information systems, supporting sub-loan application preparation, screening and decision-making, and supporting sub-loan monitoring and collections.

Similarly, awareness training on environmental and social safeguards will also be provided, to present the Ethiopian legal framework and to underline the importance the project places on avoiding problems. The PMT, under the Communication, Awareness and Outreach component will be responsible for the provision of support to the MFIs in presenting and explaining the project safeguards rules. This training will also entail the presentation of the negative list with justifications, and the checklist categories (see below) with the emphasis that the Project can only deliver services to subprojects that avoid adverse impacts.

### 6.3. Safeguards Implementation

WEDP, under it Access to Credit Component will train the DBE specialist in safeguards within the Project Implementation Unit, to build and enhance the project’s capacities in this regard. This specialist will be responsible for ensuring the implementation of the Strategy, championing the Strategy and its implementation through the MSEs and the project participants, and supervising and analyzing ESMF checklists and monitoring reports, as they relate to the Project support applications made by MSEs.

The PIU will also work with MFIs and MSEs and deliver:

- Safeguards awareness training;
- Explain Checklist section on Safeguards;
- Confirm that enterprise activity designs and specifications contain environmental and social safeguards checks and considerations;
- Confirm that plans include mitigation actions where needed and monitoring responsibilities are recognized;
- Organize/facilitate on-the-job training in safeguards monitoring, inspection and information analysis;

The Regional and City Administration Environmental Authorities will be responsible for ensuring that all WEDP, MSE projects comply with national EIA regulations and the requirements of the ESMF. Following screening by the MSE agent at the City Agency, where
relevant, the Regional environmental Protection Authorities (REPAs) will review and approve project EIAs (if required) and will issue an environmental permit/license where applicable.

The ESMF matrix (Annex 2) presents the roles and responsibilities of the project implementing partners, as it pertains to the safeguards implementation.

6.4. Monitoring and Reporting

The PMT and the DBE (PIU), through the specialist will be responsible for monitoring the MSEs applications and their approval to ensure that the checklist has been duly filled in and verified by the relevant MSE. Spot checks in the MSEs will allow the PIU to verify that the mitigation procedures are being applied as described in the Screening Checklist.

At the Mid Term of the project, WEDP will undertake a comprehensive audit and prepare a report on its environmental and social performance. This audit report will be the basis for establishing compliance and for improving performance in this regard. It will also be an important input for the monitoring and evaluation of WEDP supported sub-projects.
7. **CONCLUSION**

WEDP has defined strategies, structures and tools to ensure that staff and project beneficiaries apply and comprehend the environmental and social safeguards and the associated procedures. The following is a summary of the approach that WEDP will take to ensure that environmental and social safeguards are implemented:

1. Commitment of the Project Management Team (PMT) under FEMSEDA and the Project Implementation Unit (PIU) under DBE to the environment and social protection strategy;
2. Awareness training on the Project’s environment and social requirements to MSEs (principles; negative list; checklist for applications);
3. Environmental and social requirements spelled out in the invitations to apply for project support given to MSEs;
4. Evaluation of applications taking into account that the impacts and mitigations have been included in project support applications and that problems have been “red flagged”;  
5. Approval given to enterprises that have demonstrated no adverse impacts or have appropriate mitigation plans;
6. Spot checks to approved projects to see on the ground if proposed mitigation actions are being implemented;
7. Support, training and mentoring on environmental and social requirements given to MSEs by the PIU at DBE;
8. Contact and communication maintained by PIU with the appropriate officials from the competent environmental authorities in the cities and regions of project implementation;
# ANNEX 1: ENVIRONMENT AND SOCIAL MANAGEMENT SCREENING CHECKLIST

<table>
<thead>
<tr>
<th>Date :</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of enterprise :</td>
<td>ID (to be filled by Project Representative):</td>
</tr>
<tr>
<td>Location of the enterprise:</td>
<td></td>
</tr>
</tbody>
</table>

**Are you the owner of the premise of business?**

<table>
<thead>
<tr>
<th>Yes □ No □</th>
<th></th>
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</thead>
</table>

If yes, present proof that you are the owner of premise? (Note: This certificate is required to ensure that there are no disputes regarding ownership of premise)

If no, enclose lease agreement as proof that you have legally rented the premise.

**Would the proposed activity involve the displacement of people?**

<table>
<thead>
<tr>
<th>Yes □ No □</th>
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</table>

If yes, describe:

**Is the proposed activity situated within the green area designated by the municipality?**

<table>
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<tr>
<th>Yes □ No □</th>
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If yes, describe:

**Would the proposed project employ children under the age of 18?**

<table>
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<tr>
<th>Yes □ No □</th>
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**Were you provided assistance by the project staff in filling out this checklist?**

<p>| | |</p>
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</table>

**Name of the representative of the enterprise, function and contact details:**

|  |  |
1. Description of Sub-Project

<table>
<thead>
<tr>
<th>Provide a brief technical description of the sub-project.</th>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Would the project utilize chemicals and pesticides? If so list the types of chemicals and pesticides used.</th>
</tr>
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</table>

2. Environmental aspects

<table>
<thead>
<tr>
<th>Describe surface water bodies in the surroundings of the site, in any.</th>
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<tbody>
<tr>
<td>Describe:</td>
</tr>
<tr>
<td>• the nature of the water body (river, stream, spring, lake),</td>
</tr>
<tr>
<td>• distance to site,</td>
</tr>
<tr>
<td>• downstream/upstream the site</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Describe groundwater resources (well-fields) in the surroundings of the site, in any.</th>
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<tbody>
<tr>
<td>State:</td>
</tr>
<tr>
<td>• distance to site,</td>
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<table>
<thead>
<tr>
<th>Would the sub-projects emit pollutants to the environment? If so, describe.</th>
</tr>
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<tbody>
<tr>
<td>Yes □  No □</td>
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<tr>
<td></td>
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</tbody>
</table>

If yes, how do you intend to reduce or avoid this emission?
<table>
<thead>
<tr>
<th>Would the sub-project involve the removal/clearance of vegetation?</th>
<th>If yes, how do you intend to reduce, avoid or compensate for the vegetation loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes ☐ No ☐</td>
<td></td>
</tr>
<tr>
<td>List the type of waste (solid and liquid, and hazardous and non-hazardous) that the sub-project will generate.</td>
<td></td>
</tr>
<tr>
<td>How do you plan to dispose of this waste?</td>
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<tr>
<td>Do you intend to have a waste minimization and disposal strategy? If so describe.</td>
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</tr>
</tbody>
</table>

3. **OHS aspects**

<table>
<thead>
<tr>
<th>Describe if manufacturing, processing and/or other labour intensive activities will be undertaken by the enterprise?</th>
<th></th>
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<tbody>
<tr>
<td>State existing and/or anticipated Occupational Health and Safety Issues at the enterprise?</td>
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<tr>
<td>Describe the availability of:</td>
<td></td>
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<tr>
<td>- fire protection equipments,</td>
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<tr>
<td>- personal protective equipments,</td>
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<tr>
<td>- sufficient lighting,</td>
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<td>- sufficient work space,</td>
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<tr>
<td>- etc.</td>
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<tr>
<td>If applicable, also describe the availability of and access to standard operation procedure by the employees.</td>
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</table>
4. Health Aspects

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
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<tbody>
<tr>
<td>What do you intend to do to reduce OHS issues at your enterprise?</td>
<td></td>
</tr>
<tr>
<td>State the number of employees at your enterprise? Also describe the nature of work they do?</td>
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<tr>
<td>State the existence and quantity of sanitation and hygiene services at the enterprise?</td>
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<tr>
<td>Existence and number of:</td>
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<tr>
<td>• Latrines,</td>
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<tr>
<td>• Showers,</td>
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<tr>
<td>Also state the existence of a drainage system for waste.</td>
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</tbody>
</table>
The section below is to be filled by MFIs or project personnel

SUMMARY

I. Eligibility

The Project meet the eligibility criteria
Yes □ No □

If no, state reasons:

II. Environmental Aspects

<table>
<thead>
<tr>
<th>Description of adverse impact</th>
<th>Mitigation</th>
<th>Recommendation</th>
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<tbody>
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III. OHS Aspects

<table>
<thead>
<tr>
<th>Description of adverse impact</th>
<th>Mitigation</th>
<th>Recommendation</th>
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IV. Health Aspects

<table>
<thead>
<tr>
<th>Description of adverse impact</th>
<th>Mitigation Plan required</th>
<th>Recommendation</th>
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Name of WEDP representative:
## ANNEX 2: ESMF MATRIX

<table>
<thead>
<tr>
<th>Issue or component</th>
<th>Mitigation/remediation measures</th>
<th>Location</th>
<th>Implementation time-frame</th>
<th>Mitigation cost</th>
<th>Institutional responsibilities</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location and Design Stage</strong></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Location of MSE</td>
<td>* Clearly show the location MSE and present proof that the MSE is legally leasing or renting the premise.</td>
<td>-</td>
<td>-</td>
<td>To be included in design cost</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
</tbody>
</table>
| Water Contamination and Usage, Proximity of Water Bodies & Sources | * Only processed water, as per the EPA sector specific standards (Proc. No. 159/2008), is allowed to be disposed in water channels and streams.  
  * Regular soil/water testing against particular contaminants, as per EPA. | -        | -                        | To be included in design cost | MSEs                          | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Removal of Trees                           | * Design adjustments for saving maximum trees.  
  * Plan for tree planting & landscaping. | -        | -                        | To be included in design cost | MSEs                          | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Processed & Unprocessed Waste              | * Waste recycling plans.  
  * Safe disposal, as per recommendations of EPA and Environmental, Health and Safety (EHS) Guidelines of the World Bank. |          |                          | To be included in design cost | MSEs                          | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| **Construction Stage**                      |                                                                                               |          |                          |                |                               |                                                                          |
| Water Contamination and Usage              | * Processed water should be discharged in line with the EPA sector specific standards (Proc. No. 159/2008) and Bank EHS Guidelines. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Quarry Areas                               | * All quarry materials should be obtained from sites with proper licenses and environmental clearances. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Construction site Sanitation & Waste Disposal | * Construction site should be served with sanitation facilities and waste disposal should be in accordance with the EPA legislation (Proc. No. 513/2007) and Bank EHS Guidelines. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Emission from Construction Vehicles & Equipment | * All static plants will be downwind of human habitats.  
  * All static plants will be downwind of human habitats. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Noise from Vehicles, Plants & Equipment    | * All construction equipment & plants will strictly conform to EPA noise standards as stipulated in proclamation (159/2008) and Bank EHS Guidelines. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Vegetation Losses                          | * All removed trees will be replanted or compensated for through a re-planting program. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
| Construction Activities & Accident Risks   | * Workers should wear necessary personal protective equipments  
  * Safety signals should be installed on all hazard related works during construction |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |
<p>| Health Issues                              | * Drainage, sanitation, &amp; waste disposal facilities will be provided at work places. |          |                          | To be included in the construction cost | MSEs, Contractor             | FEMSEDA (PMT), DBE (PIU)                                                |                                                                          |</p>
<table>
<thead>
<tr>
<th>Issue or component</th>
<th>Mitigation/remediation measures</th>
<th>Location</th>
<th>Implementation time-frame</th>
<th>Mitigation cost</th>
<th>Institutional responsibilities</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation Phase</td>
<td></td>
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<tr>
<td>Contamination from Spills</td>
<td>• An accident clearance contingency plan should be prepared &amp; sites will be cleared immediately.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
<tr>
<td>Air Pollution</td>
<td>• Controls should be made against all types of toxic emissions.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
<tr>
<td>Water Contamination</td>
<td>• Untreated, raw &amp; contaminated water should not be allowed to be disposed in perennial, non-perennial water channels or close to any water source &amp; reservoirs. • Processed water should be discharged in accordance with the EPA sector specific standards (Proc. No. 159/2008) and Bank EHS Guidelines.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
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<tr>
<td>Dust Generation</td>
<td>• Maintenance of plantations, which will act as live screens, should be ensured.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
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<tr>
<td>Flora &amp; Fauna</td>
<td>• MSE plantations should be strictly monitored &amp; maintained.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
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<tr>
<td>Accidents</td>
<td>• Establish and adopt SOPs, slack controls &amp; other related procedures, which must be controlled through</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
<tr>
<td>Hazardous Materials</td>
<td>• Use, handling and disposal of hazardous substances must be in line with the dictated of the EPA legislation (Proc. No. 300/2002) and Bank EHS Guidelines.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
<tr>
<td>Safety Measures</td>
<td>• Development of coordinated SME safety management plan, drawing on EHS Guidelines.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
<tr>
<td>Health Issues</td>
<td>• Sufficient drainage, sanitation, &amp; waste disposal facilities should be provided at work places with protocols for handling toxic and hazardous waste.</td>
<td></td>
<td></td>
<td>To be determined and born by MSEs</td>
<td>MSEs</td>
<td>FEMSEDA (PMT), DBE (PIU)</td>
</tr>
</tbody>
</table>