

**INTEGRATED SAFEGUARDS DATASHEET  
APPRAISAL STAGE**

Report No.: 87725

Date prepared/updated: 12/26/13

**I. Basic Information**

**1. Basic Project Data**

Country: Pakistan	Project ID: P145420	
Project Name: Developing Artisanal Livelihoods in Rural Pakistan 'RANG'		
Task Team Leader: Vinayak N. Ghatate		
Appraisal Date: December 16, 2013	Estimated Board Date:	
Managing Unit: SASDL	Lending Instrument: Japan Social Development Fund (JSDF) Grant	
Sector: Other Industry (100%)		
Theme: Rural Non farm Income Generation (100%)		
IBRD Amount (US\$m.):		
IDA Amount (US\$m.):		
GEF Amount (US\$m.):		
PCF Amount (US\$m.):		
Other financing amounts by source: US\$ 2.80 million (Japan Social Development Fund)		
Environmental Category: C		
Is this project processed under OP 8.00 (Rapid Response to Crises and Emergencies)	Yes [ ]	No [X]

**2. Project Objectives:**

The Project Development Objective (PDO) is to improve the livelihood opportunities for rural artisans. It will demonstrate to policy makers the effectiveness of a crafts-based cluster approach to poverty alleviation and to improve living conditions for weavers and embroiderers (especially women and girls) and their families in targeted communities in Punjab and Sindh.

The project is to assist an estimated 2,600 vulnerable artisan families, mainly women headed households as is common in project districts, at the bottom of the pyramid to help them rebuild their lives and access sustainable livelihoods through establishing their own artisan institutions. The project is expected to benefit an overall population of about 18,200 individuals. Out of the total number of beneficiaries, 70% of the beneficiaries are expected to be women.

**3. Project Description:**

The project will work with weavers and embroiderers from poor income households in the identified districts in Punjab and Sindh provinces. The identified project areas in these provinces have the highest concentration of poverty in the country, but are known for their exquisite traditional skill. At the initial level, the project will conduct an awareness campaigns at the village level about the project and its objectives. It will examine the existing skill set of the

artisans and assess the technical and design support requirement for product innovation and design of new contemporary products that are demanded by the market. The project will target women, who have lost or are at a high risk of losing their livelihoods because of their inability to keep pace with contemporary market requirements. It will help them re-build their livelihoods and regain their dignity through their traditional weaves and needle work.

The project will primarily focus on introducing new tools (such as light embedded eye glasses, weaving tables etc.) to reduce drudgery while at work. More outputs can be resulted by the enhanced technology and the modified tools introduced by the project, which will eventually lead to better economic benefit. Along with the technical details, the project will also put its attention on the social empowerment aspect. The project plans to create artisan clusters, mainly constituting women members. Also, from them, one person will be made the president (selected by the cluster members) of the group, similarly a treasurer, accountant and so on. This will firstly build ownership among the members and secondly will build confidence and a feeling of empowerment. Basic capacity building support will be provided by the project.

The project will support the communities to build their own artisan institution, create and access tailor made artisan specific credit products and finally, market their products through a brand that is fully owned by them. The pilot would have the following four components:

#### **Component A: Cluster Development and Capacity Building (US\$ 0.941 million)**

A total of 15 new cluster enterprises will be developed in these areas in the two provinces, and at least two complete with Common Facility Centers for production operations and auxiliary centers for packing, tailoring, etc.

Specifically, Component A will provide the necessary capacity building assistance, equipment and tools, facilities and focused hand-holding and mentoring support to the poor artisan communities to set up and strengthen their very own organization. It will also focus on working with artisans to develop newer and more marketable products. Product developers and designers, who have substantial experience in working with artisan communities would work with artisans in the cluster. With the help of the artisans, the project will also set up focus on a resource and design center.

Expert product developers and designers would work with skilled rural and semi nomadic tribal artisans to examine their skills and their traditional designs and motifs for creating marketable products. Through this design intervention, specific skill training programs/modules would be developed and executed to equip the poorest artisans to create a range of products that are in demand by the market. To increase outreach and effectiveness of the program, the experts will work at the cluster level with the artisans to produce the new product lines. Identified entrepreneurial youth from the cluster will be provided specific training to help them establish long term business connections with mainstream markets and buyers.

Furthermore, to achieve greater livelihoods impacts, the project will work with artisans with different skill levels and try to design and develop products for all skill grades (not only the highly skilled). Since many of the artisans would need re-skilling, the focus of the skill enhancement program will be to develop contemporary products based on the artisans skill-level

i.e. designing and developing contemporary/marketable products for semi-skilled and new artisans so that they are able to equally benefit from the project. The project will work in developing marketing strategies for these products, targeting local, regional and national markets.

### **Component B: Artisan Cluster Investment Fund (US\$ .706 million)**

At the regional stakeholder consultation, artisans mentioned that they are not able to seek loans from commercial banks. As a result, they are heavily depended on middlemen/traders and money lenders for meeting their financial needs, who in turn, lend at high interest rates or purchase their products at marginal value. Several artisans pointed out that their problems are compounded by the fact that the raw materials are usually very expensive, followed by the long lag time in selling their products. A large proportion of products are sold in the festival season. Hence, they often have to resort to either borrowing from middlemen/traders or selling product at significantly reduced prices. In areas where NGOs/microfinance institutions operate, sometimes artisans are able to get small loans. It was observed that in most cases, NGOs and MFI credit products are geared towards agriculture inputs, and microenterprises such as tailoring, grocery store, repair shop and small merchandize. Lack of access to specific credit services, such as to purchase raw material, implements, risk management instruments etc, the artisans are often left with no choice but to work with exploitative middlemen and traders.

Through this Component each artisan cluster supported through the project will be provided with a small fund with an objective to provide an opportunity to the poor to access funds, otherwise inaccessible through formal financial institutions to initiate their businesses. The members of each of the clusters can request for loan. The size, duration and the interest rate will be determined by the cluster members themselves, based on the type of activity the member proposes to undertake. The loan that is paid off along with the interest will be ploughed back in the cluster's artisan investment fund pool. This way, the fund is intended to be a self-replenishing resource to help maintain continuous production and sales cycles for the cluster. A detailed guideline on management and operation of Cluster Investment funds will be formulated to guide each of the clusters on its usage and terms.

Hence, through this component, an innovative mechanism would be piloted whereby Micro Finance experts will work with the artisans to identify the key financial constraints and services that are critical for ensuring viability and sustainability of their activity. Once the financial needs are properly assessed, the experts would then work with the identified community members to help design a set of tailored financial products for the livelihood activity. These will include providing access to the cluster members to meet their working capital requirements, design livelihood activity specific loan products i.e the quantum, repayment schedules and duration of the loan based on the business cycle of the craft activity, develop artisan specific innovative insurance products and also explore possibilities of testing artisan credit card schemes and also offer livelihood financing for higher level of investments for purchase of small machineries for the cluster level initiatives that would enable the business promoted by the poor to grow and become sustainable.

The expert will work with the communities to develop Community Operations Guidelines to manage the fund. The expert will help the clusters to negotiate and leverage a credit line from

commercial banks and other private sector organizations for scaling up and ensuring sustainability and continuity of operations. The Fund is intended to be a self-replenishing resource to help maintain continuous production and sales cycles for the cluster.

The project will work in partnership with the World Bank assisted Pakistan Poverty Alleviation Fund project that is now a premiere micro-finance institution in Pakistan. So far, PPAF has cumulatively financed 4.7 million micro finance loans through over 100 partner NGOs/CSOs and rural support organizations. IHT has already had preliminary discussions with PPAF and are now working towards signing an MoU with them.

### **Component C: Marketing, Trade Facilitation and Support Services (US\$ 0.659 million)**

This component aims to provide front-end marketing and trade linkages for the products produced by the clusters and test new mechanisms to efficiently link the cluster organizations developed in the project to local, provincial and national markets.

The project will work on developing a robust strategy to market these products, based on consumer feedback (local, provincial and national). The project will focus on developing strong links with existing retail shops, exhibitions; conduct specific buyer-seller meets. The project will reach out to the government as a promoter and a buyer of these new products. Developing on the positive signals, it will work with the governments to institute Handmade in Pakistan fairs at the key provincial, national and regional cities and emerging growth centers. The project will conduct periodic market research to develop a game plan for marketing the products produced by the clusters. Specifically, this will include:

1. Developing a detailed product/market database for identifying and organizing marketing events most suitable for the new products. Furthermore, entrepreneurial youth from the clusters will be taught key elements of effective marketing, sales and business negotiations.
2. Developing focused strategies and structuring participation in the identified marketing events. This would include developing catalogues and product briefs and exploring possibilities of accessing government sources for opening shops that are owned and managed by the community members.
3. Organizing fashion shows to promote key market linkages.
4. Developing a successful brand management strategy that includes brand launching and marketing.

### **Component D: Monitoring and Evaluation, and Knowledge Dissemination and Project Management and Administration (US\$ 0.493 million)**

This component would support a small administration unit dedicated to implementing the project and will support the incremental administrative and operational costs of the project at IHT. The unit will be responsible for implementing the grant, including hiring and supervising of implementing partners, facilitating contacts with key partners, art institutes, market sector

players, organization of training, preparation of TORs for consultants, The project would hire a full time Project Manager, Project Accountant and Cluster representatives from within the community as well as some support staff.

Component deliverables include: baseline and midterm surveys, audit report and quarterly reports used for M&E, impact assessment study – mid-term and after completion of the project.

Monitoring and Evaluation (M&E): IHT will work with cluster leadership to closely monitor and evaluate the use of grant funds and track the Development Outcome Indicators. The team will gather data, prepare reports and consult with the World Bank on a periodic basis, as may be necessary.

Knowledge Dissemination: Throughout the 4 year grant period, IHT staff will gather information and lessons learned from the project. IHT will share information on the website, in relevant publications and by other means to the extent appropriate and helpful to the larger community.

#### **4. Project Location and salient physical characteristics relevant to the safeguard analysis:**

The project will be implemented in the identified districts of Punjab and Sindh in Pakistan. These are:

Sindh Province- districts of Khairpur, Sukkur, Tharparker, Thatta and Hyderabad;

Punjab province- districts of Muzzafargarh, Bahawalpur, Rahimyar Khan and Multan.

These areas in southern Punjab and Sindh are mainly irrigated agro-based economies and are situated in arid regions with little rainfall. Environmental settings in these areas highlight high suspended dust particles, poor water quality and partly degraded lands. Lands are generally dead flat with lack of natural drainage posing small water ponds here and there, and in Sindh generally used for fish farming.

#### **5. Environmental and Social Safeguards Specialists on the Team:**

Javaid Afzal (SASDI)

Mr. Chaohua Zhang (SASDS)

<b>6. Safeguard Policies Triggered</b> <i>(please explain why)</i>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>		X
<b>Natural Habitats (OP/BP 4.04)</b>		X
<b>Forests (OP/BP 4.36)</b>		X
<b>Pest Management (OP 4.09)</b>		X
<b>Physical Cultural Resources (OP/BP 4.11)</b>		X
<b>Indigenous Peoples (OP/BP 4.10)</b>		X
<b>Involuntary Resettlement (OP/BP 4.12)</b>		X
<b>Safety of Dams (OP/BP 4.37)</b>		X
<b>Projects on International Waterways (OP/BP 7.50)</b>		X
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		X

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

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

The project will provide support to the artisans in weaving and embroidery work. These are small activities, which are environmentally benign with no direct or indirect environmental or adverse social impacts. The project does not involve any civil works and therefore does not require land. Consistent with practice in World Bank operations in Pakistan, the project districts do not have ethnic groups falling under World Bank definition of indigenous people as described in its OP 4.10. Therefore the project is not triggering World Bank OP 4.10 and 4.12. . The project will not finance any chemical dyeing operation; any cottage industry involving child labor; and shall not support carpet weaving or commercial scale operations. Further, the Environmental and Social Management Framework developed for the Pakistan Poverty Alleviation Fund Project will be used as a framework for consultation with the beneficiaries and for sound management of project activities. PPAF under its Bank approved ESMF is already working to bring in positive environmental changes through its community-led interventions in the proposed project area.

#### **2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:**

The project area is a target program area for PPAF and it is expected that together with this proposed project, a positive change will happen in the overall environmental setting.

#### **3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts:**

N/A

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

No significant environmental impacts are likely to occur due to the proposed activities. The ESM Group of the PPAF will be responsible for conducting awareness training for the Implementing Agency, IHT, who will then impart training to communities on better environmental management practices in small-scale community work. Project in-charge of the IHT will be the focal point for the liaison on environmental and social aspects with the PPAF.

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

Key stakeholders include artisan community members, youth and small businesses and PPAF's partner organizations already working in the area. The project will work with NGOs/CBOs that are actively involved in working with the poor at the local level.

<b><i>B. Disclosure Requirements Date</i></b>		
<b>Environmental Assessment/Audit/Management Plan/Other:</b>		
Was the document disclosed <i>prior to appraisal</i> ?		N/A
Date of receipt by the Bank		N/A
Date of "in-country" disclosure		N/A
Date of submission to InfoShop		N/A
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors		N/A
<b>Resettlement Action Plan/Framework/Policy Process:</b>		
Was the document disclosed <i>prior to appraisal</i> ?		Not Required
Date of receipt by the Bank		
Date of "in-country" disclosure		
Date of submission to InfoShop		
<b>Indigenous Peoples Plan/Planning Framework:</b>		
Was the document disclosed <i>prior to appraisal</i> ?		N/A
Date of receipt by the Bank		N/A
Date of "in-country" disclosure		N/A
Date of submission to InfoShop		N/A
<b>Pest Management Plan:</b>		
Was the document disclosed <i>prior to appraisal</i> ?		N/A
Date of receipt by the Bank		N/A
Date of "in-country" disclosure		N/A
Date of submission to InfoShop		N/A
<b>* If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. N/A</b>		
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>		
It is a category C project so no environmental assessment document has been prepared.		

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

<b>OP/BP 4.01 - Environment Assessment</b>			
Does the project require a stand-alone EA (including EMP) report?	Yes [ ]	No [X]	N/A [ ]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?			
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?			
<b>OP/BP 4.04 - Natural Habitats</b>			
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [ ]	No [X]	N/A [ ]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?			
<b>OP 4.09 - Pest Management</b>			
Does the EA adequately address the pest management issues?	Yes [ ]	No [ X]	N/A [ ]
Is a separate PMP required?	Yes [ ]	No [ X]	N/A [ ]
If yes, has the PMP been reviewed and approved by a safeguards specialist or Sector Manager? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?			
<b>OP/BP 4.11 – Physical Cultural Resources</b>			
Does the EA include adequate measures related to cultural property?	Yes [ ]	No [ X]	N/A [ ]
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources?			
<b>OP/BP 4.10 - Indigenous Peoples</b>			
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [ ]	No [ X]	N/A [ ]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?			
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit?			
<b>OP/BP 4.12 - Involuntary Resettlement</b>			
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes [ ]	No [ X]	N/A [ ]

If yes, then did the Regional unit responsible for safeguards or Sector Manager review and approve the plan/policy framework/process framework?	
<b>OP/BP 4.36 – Forests</b>	
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes [ ]      No [ X]      N/A [ ]
Does the project design include satisfactory measures to overcome these constraints?	
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	
<b>OP/BP 4.37 - Safety of Dams</b>	
Have dam safety plans been prepared?	Yes [ ]      No [ X]      N/A [ ]
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	
<b>OP/BP 7.50 - Projects on International Waterways</b>	
Have the other riparians been notified of the project?	Yes [ ]      No [ X]      N/A [ ]
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	
What are the reasons for the exception? Please explain:	
Has the RVP approved such an exception?	
<b>OP/BP 7.60 - Projects in Disputed Areas</b>	
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared	Yes [ ]      No [ X]      N/A [ ]
Does the PAD/MOP include the standard disclaimer referred to in the OP?	
<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ ]      No [ X]      N/A [ ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ ]      No [ X]      N/A [ ]

Have costs related to safeguard policy measures been included in the project cost?	
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	

***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Vinayak Ghatate	4/21/2014
Environmental Specialist:	Javaid Afzal	3/20/2013
Social Development Specialist	Chaohua Zhang	3/20/2013
Additional Environmental and/or Social Development Specialist(s):		
<b><i>Approved by:</i></b>		
Regional Safeguards Coordinator:	Zia Aljalaly/SanjaySrivastav	3/21/2013
Comments:		
Sector Manager:	Shobha Shetty	12/25/2013
Comments:		