



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 10-Jan-2018 | Report No: PIDISDSC22556



**BASIC INFORMATION**

**A. Basic Project Data**

Country Afghanistan	Project ID P164443	Parent Project ID (if any)	Project Name Women's Economic Empowerment Rural Development Project (P164443)
Region SOUTH ASIA	Estimated Appraisal Date Jun 18, 2018	Estimated Board Date Jul 26, 2018	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Rural Rehabilitation and Development	

**Proposed Development Objective(s)**

To increase social and economic empowerment of poor rural women in selected communities.

**Financing (in USD Million)**

Financing Source	Amount
Afghanistan Reconstruction Trust Fund	75.00
IDA Grant	25.00
<b>Total Project Cost</b>	<b>100.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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## **B. Introduction and Context**

### **Country Context**

1. **Afghanistan has relatively successfully managed the immediate challenges resulting from the political transition post-election of 2014.** It has maintained macroeconomic stability and established the conditions for a slow recovery of the economy.
2. **Modest economic growth and investment recovery is tempered by security challenges.** Security and development remain inextricably linked in Afghanistan, with the poor security environment continuing to exert a significant constraint on confidence, investment, and growth. In 2015, Afghanistan recorded an estimated economic growth rate of 1.5 percent, a marginal increase from the figure of 1.3 percent recorded in 2014.
3. **The current level of women's formal economic contribution to Afghan development is low.** In 2016, the Central Statistics Office<sup>1</sup> estimated the total population of Afghanistan to be 29.2 million, 48% of which are females. Among the working age women, only 29% are economically active and most are employed in the agricultural sector (70%) while 24% are in manufacturing.
4. **Women in Afghanistan face significant legal, regulatory and cultural challenges that hinder their access to and utilization of credit and markets.**<sup>2</sup> Microfinance has been a widely-used strategy in Afghanistan to address barriers to financial inclusion.
5. **There is tremendous potential to increase women's participation in national development.** Actions to expand women's economic activity in Afghanistan are constrained by a variety of cultural, institutional, and economic factors. Afghan women suffer discrimination that is multi-faceted, inter-related and self-reinforcing.

### **B. Sectoral and Institutional Context**

6. **The Government of Afghanistan has been advancing a number of reforms as national priority programs** One of two major cross-ministerial national priority programs announced by the Government is a Women's Economic Empowerment National Priority Program (WEE-NPP).
7. **Most successful women empowerment programs are built on a community platform which also provide access to basic services and enable trust.** In 2003, the government established the National Solidarity Program which provides block grants to communities so that they could invest on the basis of community development plans formulated with the help of Facilitating Partners (FPs) (usually NGOs) hired and managed by the government.

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<sup>1</sup> Statistics in this section are taken from the ALCS 2013-2014.



8. **Lessons learnt from an earlier community empowerment program, AREDP indicated significant employment effect on women.** The Afghanistan Rural Enterprise Development Program (AREDP) was approved by the ARTF Management Committee on April 11, 2010 with the objective of improving employment opportunities and income of rural men and women, and sustainability of targeted local enterprises.
9. **Institutional constrains on women's economic participation in Afghanistan are often amenable to public policy actions and investment programs that can ease constraints.** A World Bank review<sup>3</sup> identified 22 discriminatory regulations, which are currently being reviewed by MOWA and Ministry of Justice for action. The WEE-NPP incorporates follow-up reviews to procedures and regulations that effectively impede women's access to finance, trade, and employment.
10. **Improving Women's Inclusive Access to Finance.** The WEE-NPP component on "Inclusive Access to Finance" aims at expanding women's access to economic resources.

### **Relationship to CPF**

11. The proposed project is well aligned with the recently approved Afghanistan Country Partnership Framework (CPF) for FY17 to FY20, which has three strategic areas of focus.

### **C. Proposed Development Objective(s)**

12. To increase social and economic empowerment of poor rural women in selected communities.

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<sup>[1]</sup> The project defines "social empowerment" as participation in community level women's institutions, with an implicit theory of change that such participation leads to social empowerment.

#### **Key Results (From PCN)**

The key project performance and results indicators are:

- % of women from poor and ultra-poor households<sup>4</sup> mobilized into savings groups (SGs) and are federated into financially viable and sustainable<sup>5</sup> organizations i.e. VSLAs;
- % of SGs/VSLAs linked to financial institutions (both formal and informal); and individual members benefitting of other government development programs.
- % increase in the proportion of SG members having new livelihood enterprises; and
- % of SG members reporting increase in productive assets base

#### **Scale of Operation:**

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<sup>3</sup> "Women's Role in Afghanistan's Future: Taking Stock of Achievements and Continued Challenges" World Bank, Kabul: 2013.

[4] Poor and ultra-households shall be identified following a participatory process on the pattern of Citizen Charter program

[4] Sustainability is defined as being active (i.e. regular attendance at meetings; following a system of book keeping and abiding to agreed by-laws), financially viable (i.e. taking and repaying loans) and a governance structure that ensures transparency and accountability.



Depending on agreed implementation modalities and its associated cost estimates; exact coverage of the program during its first phase of implementation will be worked out. **An early estimate suggests to cover 500000 HHs; 50000 SGs; 5000 CDCs; from 50 Districts of 10 Provinces.**

### **Target Communities:**

While the project will follow the principles of saturation and universal mobilization on a self-selection basis i.e. any rural women interested to be part of Savings Group network, will be mobilized to form groups.

## **PROJECT CONTEXT**

### **D. Concept Description**

#### From AREDP to WEE-RDP

13. Afghanistan Rural Enterprise Development Program (AREDP), was launched in the year 2010 by Ministry of Rural Rehabilitation and Development (MRRD) as a multi-donor funded program. It has twin objectives to increase employment, income of rural men and women, and to trigger private sector growth by enabling sustainability of local enterprises in rural areas of Afghanistan.

### **1. PROJECT DESCRIPTION:**

#### **COMPONENT-1: Community Institution Development (US\$ 20 million)**

14. The objective of the component is to build sustainable community institutions through social and economic mobilization. The project will heavily draw on the mobilization efforts undertaken by Citizen Charter program of MRRD and leverage upon the network of facilitating partners working with the program.

#### **Sub-Component 1.1: Promotion of Savings Groups and their Associations/Clusters:**

The purpose of the sub-component is to mobilize poor, socially and economically marginalized women around internal thrift and credit activities and build vibrant and self-managed community institutions in the form of Savings groups and their higher-level associations.

#### **Component - 2: Building Access to Finance and Linkages with Financial Institutions (US\$ 50 million):**

The component will facilitate empowering of both community institutions i.e. SGs/VSLAs and its members to develop direct linkages with financial service providers including MFI and commercial banks.

#### **Sub-Component 2.1: Seed Capital to Build Bankable Credit profile of CBOs and its members:**

The Seed Capital or matching grant (in proportion to accumulated savings of SG/VSLA) is designed to transfer financial resources to mature SGs/VSLAs based on a participatory demand driven micro-planning process for use as a catalyst to build their institutions, credit history, improve their livelihoods, acquire productive assets and generate income.



**Sub-Component 2.2: Development of innovative financial products and services & Building partnerships with MFIs & Commercial Banks:**

The objective of this sub-component is to work with MFIs and commercial banks to create an enabling environment for investment in the livelihoods of rural poor by increasing access to financial services

**COMPONENT-3: Providing Technical Assistance and Improved access to Markets (US\$ 20 million)**

The first two components of the project are universal and all households mobilized under the network of Savings Groups would benefit from the above mentioned two components.

**Sub-Component-3.1: Development of Enterprise Group (EGs) and Producers Organizations (POs):**

The purpose of the sub-component is to maximize economic potential of rural women entrepreneurs and producers to improve demand side constraints of market access, deliver technical knowledge, raise basic business skills and leverage economies of scale to decrease the cost and increase the value of their sales and produce.

**Sub-Component 3.2: Technical Partnerships with public and private Sectors:**

The objective is to mobilize various public & private sector initiatives (including SMEs, Social Enterprises, Corporates) to promote vertical integration of small producers/local entrepreneurs with private investments in input supply; access to new technologies and post-harvest value addition initiatives including agro-processing, and to develop various livelihood/enterprise clusters in the fam/non- farm/off farm sector.

**Sub-Component 3.3: Innovation challenge fund:**

This sub-component will focus on identifying, developing and piloting innovative intervention models that can enhance access to market for rural enterprise (both individual & collective) promoted under the project.

**COMPONENT 4: Project Management and Knowledge Management (including implementation arrangements) (US\$10 million)**

Under this Component, the project will finance salaries of project staff, consultancies, training programs, office equipment, and incremental operational costs of set up under MRRD and provincial units.

**2. Overall Risk and Explanation**

15. The overall risk rating for this project is substantial due to the country's fragile security environment, limited government capacity especially at the sub-national levels, overall fiscal uncertainties and the declining foreign aid budget.
16. Another key risk is (i) coordination challenges of multiple implementation agencies/ministries; and (ii) weak capacity of implementing agencies/ministries to implement new and innovative aspects of the project. The institutional and capacity risks associated with coordination of multiple ministries and agencies during implementation will be minimized through leveraging and utilizing the existing capacities created under AREDP and that of the CDC's under Citizens Charter.



17. The deteriorating security situation poses the largest risk to the project. Fragility and conflict continue to be critical threats to personal safety, capacity building, and private investments.

## 18. **B. Economic Analysis**

### 1. Briefly describe Project's development impact in terms of expected benefits and costs

19. The project is expected to contribute to the twin goals of the World Bank Group of eliminating extreme poverty by 2030 and boosting shared prosperity by organizing half a million rural poor women, building community institutions and increased income and employment opportunities for them.

20. Given the project's 'demand-driven' and 'market-led' approaches makes it difficult to ex-ante predict the project's full impact on employment and beneficiaries incomes but various evaluation studies and assessments of similar programs implemented in other South Asian countries have shown that these projects have resulted in a range of economic and social benefits.

21. The development impacts of community institutions promoted in the program is expected to go well beyond the project period and what is captured in the PDO indicators related to increased incomes, as the program provides opportunities for poor rural women to gain greater economic independence and a greater degree of involvement in community level decision making.

### 2. Rationale for public sector provision/financing, if applicable

22. Women's social and economic empowerment plays crucial role in nation building and deepening of democratic processes. Investments in strong, women-centric, grassroots community institutions not only benefit the participating member households but also the non-participants both within households and outside.

### 3. Brief description of methodology/scope and next steps

23. The project is expected to yield considerable social and economic benefits. A comprehensive economic and financial analysis (both at the household and enterprise level) based on experiences of ongoing AREDP and future investments will be carried out during preparation of the project.

## **C. Implementing Agency Assessment**

24. The WEE-RDP will be implemented by the Ministry of Rural Rehabilitation and Development (MRRD) under the overall framework of WEE-NPP and will be fully aligned to implementation arrangements set up under the Citizen Charter Afghanistan Project (CCAP).

25. The WEE-RDP directorate will also coordinate its activities with other national flagship programs being implemented by the Government of Afghanistan within MRRD and other related Ministries, such as the Ministry of Finance (MoF); Ministry of Agriculture, Irrigation and Livestock (MAIL); Ministry of Commerce and Industries (MoCI); The Ministry of Labor, Social Affairs, Martyrs and Disabled (MoLSAMD); and Ministry of Women Affairs (MoWA).



26. At the province level, a WEE-RDP structure will be merged with the existing institutional arrangements for the Citizens Charter as much as feasible in order to avoid duplication.

## **SAFEGUARDS**

### **A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

Based on the AREDP experiences and lessons learnt, the proposed project, WEE-RDP is designed to be a more women centric program and it would be scaled up to 10 additional provinces with better institutional alignment with WEE-NPP objectives, which will cover both rural and urban areas with basic focus on agriculture sector.

At this stage it is envisaged that, the environmental and social adverse impacts will be insignificant, minor and reversible in nature. The environmental impacts may include issues with health, safety and labor hygiene as well as concerns on handling and disposal of agro-based wastes. However, given the scope and scale of planned businesses, the impact are minor and easily manageable. The environmental and social safeguards issues will be managed through a framework approach, and if required the framework will include necessary provisions to spell out with additional safeguards tools and plans which will be used throughout the project life.

### **B. Borrower's Institutional Capacity for Safeguard Policies**

MRRD and other relevant ministries such as MOLSAMD, Ministry of Public Health (MoPH), Ministry of Education (MoE), and Ministry of Agriculture Irrigation and Livestock (MAIL), and (MoUDH) etc. have some level of engagement with the World Bank through different projects, whereas MRRD has over the years' experience with many of the World Bank-funded projects and has gained considerable experience with an improved capacity in managing, implementing, supervising and monitoring of environmental and social safeguards frameworks and other pertinent instruments. All the above-mentioned Ministries have been implementing several World Bank funded projects such as Safety Net, NSP III, CCAP AREDP, ARAP. Most of these Government agencies have demonstrated improved capacity to address social and environmental safeguards issues as well as citizen engagement during the implementation of their respective projects. MRRD will develop the ESMF for the WEE-RDP & take its ownership and smooth implementation of the framework. The proposed project will have qualified social and environment safeguards experts along with safeguard focal points at provincial level. The safeguard focal points will supervise the implementation of ESMF and also will train the ministry and project staff to manage the environmental and social concerns from both the managerial and technical perspectives. However, to ensure sustain the capacity development, the project will develop methods and procedures enhance the capacity of the environmental and social safeguards teams to handle the environmental and social issues more efficiently and effectively. The project will not have land acquisition and resettlement, in case of land requirement, the willing buyer-willing seller method will be applied or the Government provides government land to the community for sub-project implementation, requiring no resettlement and/or compensation for losses, and the land should be free of squatters and any dispute. In order to manage the expected environmental and social impacts, the Environmental and Social Management Framework (ESMF) would be prepared by appraisal stage.



The project will be an Environmental Category B, and the Environmental Assessment (OP 4.01) will be triggered.

**C. Environmental and Social Safeguards Specialists on the Team**

Obaidullah Hidayat, Environmental Safeguards Specialist

Qais Agah, Social Safeguards Specialist

**D. Policies that might apply**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Environmental Assessment OP/BP 4.01 is triggered. The provision of seed capital (revolving fund) for VSLAs under subcomponent 2.1 may cause some adverse environmental and social impacts including occupational health and safety issues. The environmental and health and safety concerns may arise from different enterprises including agro-businesses, food processing machinery, chicken farms, weaving and other handcraft industries etc. A framework approach will be adopted as the specific locations and details of activities will only be determined by the borrower during project implementation. The Environmental and Social Management Framework (ESMF) prescribes guidelines and procedures that would avoid, mitigate, or minimize adverse environmental and social impacts and it will also spell out the policies, guidelines and procedures including mitigation plans to minimize and mitigate the likelihood of envisaged negative impacts. The ESMF will be prepared, consulted, cleared and disclosed before project appraisal and the required mitigation plans for sub-project and businesses activities under WEERP will be identified during implementation.
Natural Habitats OP/BP 4.04	No	OP/BP 4.04 is not triggered since; the scope of the project will not pose any risk to the natural habitats.
Forests OP/BP 4.36	No	OP/BP 4.36 is not triggered since; the scope of the project will not pose any risk on Forest.
Pest Management OP 4.09	No	OP 4.09 (Pest Management) policy is not triggered because Project activities will not involve purchase, use or storage of pesticides, nor will it support the procurement, or use of, or lead to the increased use of other agricultural chemicals



Physical Cultural Resources OP/BP 4.11	No	OP/BP 4.11 is not triggered because there are no activities that will impact the quality of physical cultural resources as defined under the policy. However, the ESMF will also comprise guidelines for Chance Find Procedures according to national laws.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered as there are no Indigenous Peoples that meet the criteria of OP/BP 4.10 in the country that could potentially benefit or be adversely affected by the Project's activities.
Involuntary Resettlement OP/BP 4.12	No	The World Bank's operational policy on Involuntary Resettlement (OP 4.12) is not triggered, since the project will not have land acquisition and resettlement, in case of land requirement, the ESMF will provide guidelines and provisions on land acquisition through willing buyer-willing seller approach, or the Government provides government land to the community for sub-project implementation, requiring no resettlement and/or compensation for losses, and the land should be free of squatters and any dispute. The RSA concurs on the proposal not to trigger OP 4.12 given that there is no physical footprint; land acquisition or subsequent impacts of physical or economic resettlement or loss of access to resources are not anticipated. Please ensure the ESMF will include a section on the land acquisition through willing buyer-willing seller method, if that should occur during project implementation.
Safety of Dams OP/BP 4.37	No	The Project does not have any activity involving dams.
Projects on International Waterways OP/BP 7.50	No	The Project does not involve any activity that will affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The Project does not involve any activity in any know disputed area.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Dec 06, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The various safeguard and environmental assessments will be conducted during project preparation.



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