

**UNITED REPUBLIC OF TANZANIA**



**MINISTRY OF FINANCE**

**FINANCIAL ACCESS FOR SUSTAINABLE AND  
TRANSFORMATIONAL (FAST) GROWTH  
(P500471)**

**ENVIRONMENT AND SOCIAL MANAGEMENT SYSTEM (ESMS)**

**November, 2024**

---

## Environmental & Social Policy

Small and Medium Enterprises (SMEs) are vital contributors to Tanzania's economy, comprising a large percent of registered businesses and a significant portion of the informal sector. They are estimated to contribute around one-third of the country's Gross Domestic Product (GDP) and generate up to 40% of total employment. Recognizing the global importance of environmental and social risk management, the Ministry of Finance - Financial Sector Development Division (FSDD) emphasizes the integration of sustainable development and social progress into effective business administration.

We recognize that the activities of SMEs can lead to adverse Environment and Social (E&S) impacts, pose health hazards, and negatively impact local communities. The extent of these impacts varies based on factors such as the complexity of business operations, sector, and geographical location. While the E&S risks associated with individual SME operations are often limited, the cumulative effect of these risks across all SMEs can be significant, necessitating effective management and mitigation strategies starting at the level of individual companies.

Consequently, we are dedicated to integrating E&S considerations into all activities associated with the Financial Access for Sustainable and Transformational (FAST) Growth Project. Our commitments include refraining from financing excluded activities and ensuring compliance with the Project's E&S requirements. This involves assessing implementing agencies who will receive funds from the FSDD under the FAST project against relevant national and local E&S regulations in Tanzania, and the E&S requirements of the World Bank.

Our E&S Policy underscores our commitment to integrating E&S risk considerations into decision-making processes and implementing strategies to avoid, minimize, mitigate, or compensate for residual impacts in the FAST Growth Project. With a formal ESMS in place, we are committed to its maintenance, implementation, and continuous improvement. Additionally, relevant training will be provided to staff, Tanzania Mortgage Refinance Company (TMRC), implementing agencies, Project participating financial institutions, and SMEs to support the implementation of our E&S Policy and ensure effective E&S risk management procedures.

Signed: 

Effective date: 07<sup>th</sup> November, 2024

## Table of Contents

<b>1</b>	<b>INTRODUCTION .....</b>	<b>7</b>
<b>1.1</b>	<b>ABOUT FAST GROWTH PROJECT .....</b>	<b>7</b>
1.1.1	PROJECT BENEFICIARIES .....	11
<b>2</b>	<b>POTENTIAL E&amp;S RISKS AND IMPACTS.....</b>	<b>12</b>
<b>3</b>	<b>APPLICABLE E&amp;S REQUIREMENTS .....</b>	<b>20</b>
<b>4</b>	<b>IMPLEMENTATION ARRANGEMENT FOR FAST GROWTH PROJECT .....</b>	<b>22</b>
4.1	ROLE OF MOF FSDD.....	23
<b>5</b>	<b>E&amp;S RISKS MANAGEMENT AT FSDD.....</b>	<b>24</b>
5.1	E&S PROCEDURES OF FSDD.....	25
5.2	INSTITUTIONAL ROLES AND RESPONSIBILITIES.....	31
5.3	MONITORING .....	32
5.4	CAPACITY BUILDING AND TRAINING .....	32
5.5	STAKEHOLDER ENGAGEMENT AND GRIEVANCE MECHANISM.....	33
5.6	COORDINATION WITH WORLD BANK.....	34
<b>6</b>	<b>GUIDELINES FOR E&amp;S PROCEDURES FOR IMPLEMENTING AGENCIES .....</b>	<b>34</b>
6.1	ESMS OF TMRC/SPV AND PFIs.....	35
6.1.1	ESMS OF TMRC/ SPV (SUBCOMPONENT 1.1).....	35
6.1.2	ESMS OF PFIs, TVCF AND OTHER FUNDS (SUBCOMPONENT 1.1).....	37
6.2	ESMS FOR THE ONLINE REVERSE FACTORING PLATFORM (SUBCOMPONENT 2.2) .....	37
6.3	ESMS OF GOVERNMENT IMPLEMENTING AGENCIES (SUBCOMPONENT 3).....	37
6.4	EXTERNAL COMMUNICATION MECHANISM .....	38
	ANNEX 1: EXCLUSION LIST .....	39
	ANNEX 2: NATIONAL E&S REGULATIONS .....	40
	ANNEX 3: GUIDANCE ON E&S CATEGORIZATION OF PFI SUBPROJECT/ SMES.....	49
	ANNEX 4: E&S QUESTIONNAIRE FOR PFIs .....	52
	ANNEX 5: STANDARD E&S TERMS AND CONDITIONS .....	55
	ANNEX 6: ESAP TEMPLATE .....	57
	ANNEX 7: DECLARATION OF LABOR POLICIES AND PRACTICES .....	58
	ANNEX 8: ANNUAL E&S MONITORING REPORT FORMAT (FOR SUBMISSION BY PFIs TO TMRC).....	61
	ANNEX 9: E&S APPLICATION .....	65
	ANNEX 10: E&S SCREENING FORM (TO BE USED BY PFIs FOR SCREENING SMES).....	69
	ANNEX 11: TERMS OF REFERENCE FOR ESDD .....	73
	ANNEX 12: REPRESENTATION FORM FOR E&S COMPLIANCE.....	77
	ANNEX 13: ANNUAL E&S PERFORMANCE MONITORING REPORT FORMAT (FROM SMES TO PFIs) .....	79
	ANNEX 14: ANNUAL E&S PERFORMANCE MONITORING REPORT FORMAT (TO BE SUBMITTED BY TMRC TO THE FSDD) .....	84

**ANNEX 15: MAJOR E&S INCIDENT REPORTING FORMAT..... 89**  
**ANNEX 16: SECTORAL E&S RISKS ..... 90**  
**ANNEX 17: FSDD’S GRIEVANCE MECHANISM..... 99**

## List of Acronyms:

AfCFTA	African Continental Free Trade Area
BDS	Business Development Services
BOT	Bank of Tanzania
BRELA	Business Registration and Licensing Agency
CRS	Credit Reporting System
DFS	Digital Financial Services
E&S	Environment & Social
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMS	Environmental and Social Management System
ESS	Environment & Social Standard
FAST	Financial Access for Sustainable and Transformational
FSDD	Financial Sector Development Division
GDP	Gross Domestic Product
GoT	Government of Tanzania
IEE	Initial Environmental Examination
IFC	International Finance Corporation
LOC	Line of Credit
MFI	Microfinance Institution
MIT	Ministry of Industry and Trade
MICT	Ministry of Information and Communication Technology
MIGA	Multilateral Investment Guarantee Agency
MNO	Mobile Network Operator
MOF	Ministry of Finance
MSME	Micro, Small, and Medium Enterprises
NBFI	Non-Bank Financial Institution
PBZ	People's Bank of Zanzibar
PCG	Partial Credit Guarantee
PCM	Private Capital Mobilization
PDO	Project Development Objective
PFI	Project Financial Intermediaries and Institution
PIU	Project Implementing Unit
POFP	President's Office Finance and Planning
POPI	President's Office Planning and Investment
PSC	Project Steering Committee
RGZ	Revolutionary Government of Zanzibar
SACCOS	Savings and Credit Cooperative Societies
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SEP	Stakeholder Engagement Plan

SIDO	Small Industry Development Organization
SMEs	Small and Medium Enterprises
SPV	Special Purpose Vehicle
TA	Technical Assistance
TADB	Tanzania Agriculture Development Bank
TBS	Tanzania Bureau of Standards
TEFC	Tanzania Enterprise Finance Company
TMRC	Tanzania Mortgage Refinance Company
TOR	Terms of Reference
TRA	Tanzania Revenue Authority
TVCF	Tanzania VC Fund
WB	World Bank
ZBS	Zanzibar Bureau of Standards
ZEEA	Zanzibar Economic Empowerment Agency

# 1 Introduction

This Environment & Social Management System (ESMS) outlines the Environment & Social (E&S) risk management strategy for activities to be undertaken by the Ministry of Finance's (MOF) Financial Sector Development Department (FSDD) under the Financial Access for Sustainable and Transformational (FAST) Growth Project. It outlines the FSDD's E&S policy and defines the roles of various agencies participating in FAST Growth Project implementation. It details procedures for E&S risk management by FSDD, offers guidance on the ESMS for project implementing agencies and incorporates several annexes to facilitate ESMS implementation.

## 1.1 About FAST Growth Project

The MOF FSDD is implementing the World Bank (WB) supported FAST Growth Project in Tanzania. The Project aims to increase access to finance for Small & Medium Enterprises (SMEs) and to improve their competitiveness in high growth value-chains. It has the following four components:

### **Component 1: Facilitate access to finance to SMEs and innovative start-ups:**

The objective of this component is to stimulate financing for SMEs and innovative start-ups by financial institutions. Industry value chains in which SMEs are expected to be supported include agro-processing, construction, fisheries, garment, information, and communication technology/fintech, leather, livestock, manufacturing, minerals, tourism, and transport. Efforts will be made to maximize outreach to women (target of 30%), and green/greening SMEs (target of 50%). The component includes two subcomponents.

#### *Subcomponent 1.1: Commercial wholesale finance entity*

This subcomponent's objective is to deliver financing to SMEs effectively in a sustainable manner. This will be done through funding of an Apex non-bank financial institution (NBFI, a Special Purpose Vehicle (SPV), which will be established under the project to provide wholesale financing to banks and, Microfinance Institutions (MFIs), regulated NBFIs referred to as Project Financial Institutions (PFIs) that will in turn extend financing to SMEs and innovative start-ups. The apex/SPV will be owned fully by TMRC with its own Board of Directors and qualified staff.

In addition to financing to PFIs funding will cover the capital and administrative and operational costs for the Apex. Private Capital Mobilization (PCM) is expected to be US\$100 through additional loans extended by banks from their own funds, loans to SMEs enabled through partial credit guarantees, private co-investments in innovative startups, and potential private financing in the Apex.

The types of financing extended to PFIs by the Apex would include (a) Lines of Credit (LoCs) and (b) patient capital such as convertible debt, equity, and other quasi equity investments. The PFIs will then use this financing to extend the following types of financing to SMEs and innovative start-ups: (a) LoCs for working capital, receivables, and trade financing and (b) equity/quasi equity investment in start-ups with potential for high growth especially those that are innovating in key development solutions (green, fintech, agritech, and others).

The subcomponent will also fund Technical Assistance (TA) to support restructuring and improving the operation of the Partial Credit Guarantee (PCG) scheme currently managed by the Bank of Tanzania (BOT) to enhance SME lending. The PCG has a broad mandate and covers lending to all firms including corporates across all sectors. The project funds in this case will support the a) development of the current policies, regulations and procedures of the scheme based on international best practices such as the World Bank Principles for SME Credit Guarantee Schemes; b) restructuring of the PCG accordingly, including on where to house the PCG going forward, c) assistance with increasing the uptake of the guarantees and d) capacity building to the BOT PCG staff.

**Flow of Funds:** The flow of funds will transfer as follows: (i) a subsidiary agreement between the MOF and the TMRC/SPV; (ii) agreements entered between the SPV and PFIs; and (iii) credit/investment agreements between PFIs and Project beneficiaries which are SMEs and start-up companies.

**Types of financing:** The types of financing the SPV will extend to PFIs will include (a) LoC for on lending to SMEs; and (b) patient capital such as convertible debt, or equity and other quasi equity investment for investments/patient capital financing in innovative start-ups and SMEs.

**Subcomponent 1.1 activities:**

- a) Establish an Apex/ SPV for wholesale financing to SMEs and start-ups through PFIs.
- b) Provide funds to the TMRC/SPV for on lending.
- c) Restructuring and improving the operation of the PCG scheme currently managed by the BOT to enhance SME lending

*Subcomponent 1.2: Restructuring of the People's Bank of Zanzibar (PBZ)*

The objective of this subcomponent is to support the (People's Bank of Zanzibar) PBZ's restructuring and reform its risk management policies and practices and digital capabilities to expand the role of the bank in financing SMEs and facilitate capital injection from strategic private investors. This will be done through funding of TA and purchase of relevant technology needed for the bank to achieve its target reforms following recommendations from a diagnostic of the bank conducted by the International Finance Corporation (IFC) in 2023. The new capital and improved risk management is intended to enable the PBZ to expand its SME loan portfolio, including through Islamic finance.

**Component 2: Strengthening the Credit Infrastructure and Value Chain Financing**

The objective of this component is to narrow the information gap on potential borrowers to help lower their perceived risk and encourage banks and other financial institutions to develop appropriate products for SMEs and underserved groups such as women and farmers who remain outside the banking sector. Tanzania's credit infrastructure and Digital Financial Services (DFS) have achieved progress but fall short of facilitating access to credit opportunities for SMEs especially underserved groups (women, youth, and farmers). Funding under this component will support (a) strengthening the Credit Reference Systems (CRSs) with optimal relevant information and value-added services to evaluate SMEs' creditworthiness, (b) support increased use of DFS by



farmers and facilitate collection of data for development of their credit scores, and (c) develop value chain financing, through establishment of a reverse factoring platform and development of the necessary policies and regulations to facilitate reverse factoring in Tanzania.

**Subcomponent 2.1 (Strengthening credit reporting systems) activities:**

- a) Facilitation of TA funding to the BOT for the development of a regulatory framework to support the collection of all relevant data (including in relation to climate finance) from reliable sources by credit bureaus, including from MFIs, Savings and Credit Cooperative Societies (SACCOS), and Mobile Network Operators (MNOs); development of fintech regulations; and exploration and development of the regulatory framework for open banking
- b) Funding for the MOF to support farmers' use of DFS, enhance their digital footprint, and use it to develop credit risk scores based on traditional and alternative data and allow them to access financial services including through training; and
- c) Funding for the procurement of an interoperable centralized platform to enable SACCOs and MFIs to submit credit data to the credit bureaus.

**Subcomponent 2.2 (value chain financing) activities:**

- a) Establish an on-line Fintech reverse factoring platform through a Public-Private Partnership (PPP) between the BOT and a private sector provider.
- b) TA and advisory services to support development of the terms of references and Project documentation for the platform.
- c) Funding will support the development of the necessary policies, and regulations to facilitate reverse factoring in Tanzania.

**Component 3: Promoting SMEs growth in select value chains**

This component will support SMEs' capacity-building efforts within value chains as well as foster links and access to market infrastructure and services. As the internal capacity of SMEs improves, it is expected that these firms will become more attractive to PFIs supported by the project under components 1 and 2 and will be able to benefit from financial instruments developed by the project. Focus on select value chains in the mainland and in Zanzibar is prioritized to ensure the maximization of socioeconomic opportunities to a wide set of domestic firms, their employees, and the local communities through development of upstream links to connect local suppliers of goods and services to other companies. The component includes two subcomponents as detailed in the following paragraphs.

*Subcomponent 3.1: Strengthening SMEs capabilities*

The objective of this subcomponent is to fund training and advisory support to strengthen SMEs' capabilities under a targeted funnel approach through competitively selected Business Development Services (BDS) provider(s). Coordination will be done with existing donor-funded programs for a selection of SMEs that fit the eligibility criteria under this project. The training envisaged will comprise three stages, addressing different levels of SMEs' development: Stage one will support building SME's skills in managing their business and conducting a gap analysis of their quality standards and use of technology including on environmental elements and climate smart technology; in stage two SMEs will be provided quality enhancement services (for example, branding and packaging complying with quality standards and certification). SMEs that fully

comply with the requirements of stage 2 will progress to the third and final stage; stage 3 will support the final cohort's access to market opportunities by facilitating upstream links with large companies, aggregators, and corporate buyers and increasing access to their procurement opportunities.

Funding based on a needs assessment,<sup>1</sup> will also support TA to the Ministry of Industry and Trade (MIT) as well as to relevant public service providers, such as the Small Industries Development Organization (SIDO) and the Zanzibar Economic Empowerment Agency (ZEEA), and to select incubators and industry associations in both the mainland and Zanzibar, to improve their institutional capacity and quality of services. Given the fragmented nature of the public and private business services provision in the country, the project will seek to strengthen the use of partnerships across public and private stakeholders (BDS providers, SME development agencies, Chambers of Commerce, business and professional associations, cooperatives and others) and identify opportunities for cooperation, including exploring a partnership for a SME digital marketplace.

**Subcomponent 3.1 activities:**

- a) Training of SMEs to improve their institutional capacity.

*Subcomponent 3.2: Strengthening market access services and infrastructure for SMEs.*

This subcomponent aims to strengthen the provision and utilization of services related to quality management and standards compliance through capacitation of the Tanzania Bureau of Standards (TBS), SIDO, Zanzibar Bureau of Standards (ZBS) and ZEEA to provide better support to SMEs on certification and compliance with quality standards as well as to improve governance and outreach capacity. This will be done by funding to address: (a) existing gaps in testing equipment and small rehabilitation works for at least three new testing laboratories and capacity needs for TBS staff; (b) existing gaps in testing equipment for a food laboratory (comprising food chemistry, food microbiology and packaging) in Zanzibar and capacity needs for ZBS staff; and (c) TBS, SIDO, and ZBS institutional capacity needs and capabilities in implementation of outreach activities and advisory support to SMEs across the country, especially on compliance with standards and certification processes. This includes enhancing their efficiency on standards formulation and harmonization processes as well as capacity to collect, analyse, and disseminate standards information to enhance implementation and transparency of technical regulatory control requirements for the private sector, including utilization of digital solutions, where possible.

**Subcomponent 3.2 activities:**

- a) Support financing of testing equipment and rehabilitation works for at least three new testing laboratories (being established by the Government of Tanzania (GoT) in Dodoma to complement existing eight laboratories in Dar es Salaam).
- b) TA for building capacity of TBS and SIDO for the implementation of standards, norms and SME compliance.

---

<sup>1</sup> The project will also utilize existing assessments such as the feasibility study being conducted by JICA on SIDO's programs in sunflower oil and cotton value chains.

#### **Component 4: Legal and regulatory reforms and capacity building**

The objective of this component is to support policy and legal reforms related to the project. The component will support (a) the review of existing regulations and legislations; (b) the identification of critical policy, institutional, or regulatory constraints; and (c) an actionable cross-cutting and sector-specific reform agenda for implementation. The project will support the MOF, which is responsible for drafting and submitting policies and laws related to the financial sector in Tanzania, some of which are a priority to ensure the project's success. The project will also support the MOF in coordination with the President's Office Planning and Investment (POPI), Attorney General (AG), other ministries and private sector representatives to work on improving the policy and legal environment for a more conducive business environment.

Funding for TA and coordination costs will be provided for development and/or amendments of policies and laws related to components 1 and 2.

- Under component 1 reforms will include: amendment of TMRC's mandate, a PCG legal and regulatory framework, and venture capital and a private equity legal and regulatory framework.
- For Component 2 reforms will necessitate coordination with multiple Ministries and Authorities to reform the legal and regulatory frameworks needed to enable the collection of all relevant data (including in relation to climate finance) from credit bureaus, MFIs, SACCOS, MNOs, Fintech/AgriTech, TRA, Business Registration and Licensing Agency (BRELA), and the National ID Agency.

#### **Component 5: Technical assistance and project implementation, monitoring and reporting**

The objective of this component is to ensure the proper management, monitoring and administration of the project. Funds will cover the costs of the Project implementation units (PIUs) and implementing agencies in the management, coordination, and oversight of the project including for the: Project Steering Committee (PSC) and the project Technical Committee (PT); monitoring and follow-up with implementing agencies to ensure the project's implementation and reporting on social and environmental safeguards, fiduciary, and Monitoring and Evaluation (M&E); project marketing and promotion and stakeholder consultations and capacity building.

##### **1.1.1 Project Beneficiaries**

Direct Project beneficiaries of the FAST Growth Project will be SMEs, including green/greening businesses, women owned businesses and farmers in both Zanzibar and Tanzania mainland. Direct beneficiaries will benefit from the Project's financing and non-financing activities that will increase opportunities for them to improve their products and services, access markets, access finance and lower their costs of doing business.

### Definition of SMEs

Definition of SMEs adopted in National SME Development Policy of Tanzania.

Category of Enterprise	No. Of Employees	Capital Investment (Tsh)
Micro	1-4	≤ 5 mil.
Small	5-49	5 mil. ≤ 200 mil.
Medium	50 – 99	200 mil. ≤ 800 mil.
Large	100 +	800 mil. +

Other beneficiaries include the PFIs who will benefit from the increased liquidity. The PFIs will include banks, MFIs and regulated NBFIs.

## 2 Potential E&S Risks and Impacts

The Project aims to support the growth of entrepreneurs and SMEs in Tanzania through increased access to finance and business development services. The Project will support SMEs in the value chains of sectors such as agro-processing, construction, fisheries, garment, information & communication technologies (ICT)/fintech, leather, livestock, manufacturing, minerals, tourism and transport. The Project activities focus on facilitating the establishment of a funding mechanism to support extension of diverse finance products to SMEs and start-ups through PFIs; development of DFS and credit infrastructure; strengthening SME competitiveness and support infrastructure; and implementation monitoring and reporting.

Typically, SMEs face a variety of E&S risks, such as those related to labor conditions, resource usage, waste management, and community impact. However, these risks vary significantly depending on the Project components. In subcomponent 1.1, where funding is provided to SMEs through PFIs, the E&S risks will primarily arise from the operations and activities of the SMEs themselves. In other components, the risks will be linked to specific activities supported by the Project, such as capacity building, digital infrastructure development, or supply chain initiatives. Each Project component requires a tailored approach to identify, assess, and mitigate the distinct E&S risks it presents. This section highlights the risks for each component of the Project.

### Component 1: Facilitate access to finance to SMEs and innovative start-ups

In Tanzania and Zanzibar, SMEs play a critical role across various sectors, contributing significantly to economic growth and employment. In agro-processing, SMEs add value by transforming raw agricultural products such as maize, rice, cassava, and coffee into finished or semi-finished goods, including juices, jams, and flours, and handle the packaging and distribution to local and international markets. In the construction sector, SMEs supply essential materials like cement, bricks, and steel, and act as contractors or subcontractors, providing renovation and maintenance services. Within fisheries, SMEs are actively involved in fishing, fish processing, aquaculture, and logistics, supplying both fresh and processed fish products. In the garment industry, SMEs

manufacture a variety of clothing, from traditional garments to uniforms, engage in textile processing, and offer design and tailoring services, with some also involved in export. The ICT and fintech sectors see SMEs developing software, apps, and digital solutions, providing financial technology services such as mobile payments, and operating e-commerce platforms. Leather SMEs are engaged in tanning, producing leather goods, and creating artisanal crafts that cater to both local and export markets. In the livestock sector, SMEs focus on cattle and poultry farming, dairy processing, and animal feed production. Manufacturing SMEs produce a wide range of goods, including consumer and construction products, contributing to diverse industrial outputs. SMEs in the minerals sector participate in small-scale mining, processing, and refining of minerals, supporting artisanal mining communities. In tourism, SMEs offer tours, accommodation, and transportation services, operate hospitality establishments, and produce handicrafts and culinary experiences that attract tourists. In transport sector, SMEs provide public and tourist transportation services, logistics, vehicle maintenance, and marine transport, supporting both local and tourist mobility. Through these varied activities, SMEs not only drive sectoral growth but also foster innovation, cultural heritage, and sustainable practices across Tanzania and Zanzibar.

While the role of SMEs across these sectors can vary significantly in scale and scope, there are typical E&S risks that may arise depending on the specific activities undertaken by the SMEs. Understanding and addressing these risks is crucial for understanding the mitigation and management strategies.

SMEs in sectors such as agro-processing, fisheries, leather, and livestock may face challenges related to water pollution, waste management, and resource depletion. For instance, improper disposal of effluents in agro-processing and tanning can contaminate local water bodies, while overfishing and unsustainable agricultural practices can lead to biodiversity loss and habitat destruction. Construction and mining SMEs are often associated with land degradation and air pollution due to emissions and dust from operations. Additionally, manufacturing SMEs may contribute to air and water pollution and generate hazardous waste if not properly managed. The transport sector faces challenges with emissions and noise pollution, impacting urban environments and community health.

Social risks across these sectors include labor rights violations, poor working conditions, and inadequate safety measures. In industries like garments, manufacturing, and construction, SMEs may struggle with ensuring fair wages, preventing child labor, and providing safe work environments. Tourism SMEs can impact local communities by displacing residents or contributing to cultural commodification. In the ICT and fintech sectors, while the physical risks may be lower, issues like data privacy, cybersecurity, and digital inclusion are prominent. Furthermore, livestock and fisheries SMEs must consider the welfare of their workers and the potential for conflicts over resource use with local communities.

This section outlines the typical E&S risks and impacts associated with SME operations, which are particularly relevant to Subcomponent 1.1, where SMEs will receive Project funding through PFIs. This is a generic list of potential E&S risks and additional risks and impacts may be present depending on the sector and context in which the SME operates.

## **Environmental Risks:**

- a) **Waste Management:** Improper disposal of solid and hazardous waste generated by SME activities, such as manufacturing, construction, and agro-processing, can lead to pollution of land, water, and air.
- b) **Water Pollution:** SMEs may discharge untreated wastewater containing chemicals, heavy metals, and organic pollutants into water bodies. Additionally, SMEs may also dispose solid wastes and emit chemical into the air that mixed with rain water and fall into the water bodies. These unwanted materials when into water bodies, contaminating aquatic ecosystems and posing risks to human health and aquatic life.
- c) **Air Pollution:** Activities like manufacturing, construction, and transportation in the SME sector can release air pollutants such as particulate matter, volatile organic compounds (VOCs), and sulphur dioxide (SO<sub>2</sub>). Also, spraying of agrochemicals particularly pesticides on the farms lead to air pollution. These contribute to air pollution and respiratory illnesses.
- d) **Deforestation:** SMEs involved in industries like logging, timber processing, and agriculture may contribute to deforestation and habitat destruction, leading to loss of biodiversity, soil erosion, and degradation of ecosystems.
- e) **Energy Consumption:** Inefficient energy use in SME operations, such as reliance on fossil fuels and outdated technologies, can increase greenhouse gas emissions and contribute to climate change.
- f) **Resource Depletion:** Unsustainable extraction of natural resources, including water, minerals, and timber, by SMEs can deplete local resources and disrupt ecosystems, affecting biodiversity and ecosystem services.
- g) **Land Degradation:** SME activities like mining, quarrying, and agricultural expansion may result in land degradation, soil erosion, and loss of arable land, reducing soil fertility and productivity.
- h) **Noise Pollution:** SME operations, such as manufacturing, construction, and transportation, may generate excessive noise levels, causing disturbance to nearby communities and impacting human health and well-being.

## **Social Risks:**

- a) **Elite capture in access to Project-supported financing:** There is a risk that influential individuals or groups may monopolize access to Project-supported financing, excluding smaller or less connected SMEs from benefiting. This could perpetuate economic inequalities and hinder the growth of the broader SME sector.
- b) **Gender discrimination or women's difficulties in accessing Project financing and benefits:** Women entrepreneurs may face systemic barriers such as limited access to collateral, gender biases in lending practices, limited exposure to information, access to production technologies and unequal opportunities for capacity-building support.
- c) **Labor and working conditions including deficient compliance with labor regulations:** Some SMEs may overlook labor regulations, leading to poor working conditions, unfair wages, HIV/AIDS in the workplace, addressing child labor, managing retrenchment, non-discrimination, equal opportunities and lack of employee protections.

- d) Occupational health and safety within the supported SMEs: Many SMEs may lack adequate safety protocols and infrastructure and safety gears, exposing workers to occupational hazards and health risks.
- e) Exclusion of vulnerable groups including VMGs, persons living with disabilities, and youth: Vulnerable groups may face discrimination and marginalization in accessing Project benefits, exacerbating existing inequalities.
- f) Community health and safety concerns associated with the activities of beneficiary SMEs: The operations of SMEs can have environmental and social impacts on local communities, including pollution, noise, and waste disposal issues.
- g) Security risks especially in marginalized areas: SMEs operating in marginalized or conflict-prone areas may face security threats such as theft, vandalism, or extortion, which can disrupt business operations and endanger employees.
- h) Lack of equal opportunity and awareness among SME owners to ensure that all eligible enterprises can access Project benefits: Some SME owners may lack awareness of available resources and support programs, leading to unequal access to Project benefits. Enhancing outreach efforts and providing capacity-building initiatives can help ensure that all eligible enterprises have equal opportunities to thrive.
- i) Minimal labor influx: SMEs may struggle to attract and retain skilled labor due to limited job prospects, inadequate wages, or unfavourable working conditions. Investing in workforce development and creating favourable employment opportunities are essential for addressing labor shortages and fostering sustainable economic growth.
- j) Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) in the industry, especially, manufacturing and industries involving many workers: SMEs in certain industries may be susceptible to sexual exploitation and harassment incidents, creating hostile work environments and undermining employee well-being. Implementing robust anti-harassment policies, organizing workshops, special radio and TV programs providing training on respectful workplace conduct, and establishing grievance mechanisms are critical steps for preventing and addressing SEA/SH risks within SMEs.

Annex 16 provides sectoral E&S risks and impacts.

In addition, E&S risks are inherent in the Project due to its nationwide scope, requiring thorough monitoring of PFIs' E&S performance. With multiple PFIs involved, it's essential to cascade E&S risk management responsibilities and ensure PFIs have adequate management systems and manpower for E&S risk management. The capacity of PFIs will be crucial in identifying and mitigating E&S risks associated with SME operations in compliance with Project requirements.

Potential financial risks to PFIs and TMRC/SPV may arise when SMEs encounter Environmental, Social, Health, and Safety (ESHS) issues that affect their financial stability or asset value. These risks include SMEs struggling to meet financing agreements due to operational disruptions, fines, or reduced productivity resulting from ESHS non-compliance. Additionally, issues such as soil contamination or equipment damage can reduce the value of collateral or assets, increasing the financial exposure of PFIs.

The subcomponent will also fund TA to support restructuring and improving the operation of the PCG scheme currently managed by the BOT. The key risks involved in this are:

- The restructured PCG scheme may not include a robust framework for assessing and managing E&S risks, which could result in financing projects that cause environmental harm or violate social standards, such as land degradation, displacement of communities, or inadequate worker safety measures.
- Without proper E&S screening, the PCG scheme could extend guarantees to SMEs in high-risk sectors, such as mining, construction, or heavy manufacturing, which often have significant E&S impacts if not properly managed.
- The restructuring might not set clear criteria to exclude activities that shouldn't receive guarantees.
- The restructured PCG scheme might not have adequate systems in place for monitoring and enforcing E&S compliance among SMEs which benefit from the guarantee, leading to ongoing or unchecked environmental degradation or social issues like labor exploitation.
- If PFIs do not uniformly define and apply E&S standards in evaluating SMEs, this could lead to inconsistent risk management, with some SMEs receiving guarantees without proper E&S assessments.
- PFIs or SMEs which are funded by the FAST Growth Project may lack the technical capacity to conduct proper E&S due diligence, leading to poor decision-making in SME selection and guarantee issuance, which could exacerbate negative E&S impacts.

Lastly as part of subcomponent 1.1, the TMRC/SPV will set up the Tanzania VC funding program (TVCF) and make co-investments both as a limited partner investor in other funds or make direct capital investment alongside other investors in innovative start-ups or SMEs. Investments under the TVCF will be for a minority stake made alongside other investors including new and existing angels/angel seed funds, accelerators, VC funds and institutional investors, and investment banks. Investments in innovative start-ups and SMEs will range from seed stage (average ticket size [ATS] US\$50,000–US\$150,000), early stage (ATS: US\$150,000–US\$500,000), and growth stage (ATS: US\$500,000–US\$1.5 million). A minimum of 50 percent of the TVCF funding should be in seed stage and early-stage ventures.

**Fund-Level Risks:** At fund level, the key E&S risks are related to inadequate ESMS and E&S capacity. There is a risk that the fund may not have proper systems in place to identify, assess, and manage E&S risks associated with its investments. This could lead to insufficient due diligence on potential investees, failure to recognize high-risk investments and inability to monitor and report on E&S performance effectively. Insufficient E&S expertise within the fund could compromise the effectiveness of its ESMS and hinder proper E&S risk management. Without adequate capacity, the fund may struggle to accurately assess E&S risks during due diligence, implement appropriate mitigation measures, monitor investees' E&S performance effectively and provide necessary guidance and support to SMEs.

**Portfolio-Level Risks:** At the portfolio level, the fund may face specific E&S risks such as resource consumption and pollution, land use changes, labor issues. The portfolio level risks would arise from SME's limited E&S understanding and capacity. Many SMEs may lack: awareness of E&S issues and their importance; resources to implement robust E&S management practices, experience in complying with international E&S standards.



**Subcomponent 1.2** will support the PBZ's restructuring and reform its risk management policies and practices and digital capabilities to expand the role of the bank in financing SMEs and facilitate capital injection from strategic private investors. This will be done through funding of TA and purchase of relevant technology needed for the bank (A separate ESMS has been prepared to address this component).

## **Component 2: Strengthening the Credit Infrastructure and Value Chain Financing**

Under **subcomponent 2.1**, efforts will focus on developing a robust regulatory framework to facilitate the collection of relevant data from reliable sources by credit bureaus, creating fintech regulations, and exploring the regulatory framework for open banking. The Project will provide funding for TA to the MOF to bolster farmers' use of DFS, improve their digital footprint, and develop credit risk scores utilizing both traditional and alternative data. A consultancy firm, selected through a competitive process, will be funded to establish a PPP framework that brings together off-takers, Agricultural Marketing Cooperative Societies (AMCOs), private DFS providers, and credit bureaus.

**Subcomponent 2.1** poses potential E&S risks. Vulnerable farmers, such as those with limited digital skills, may be excluded from DFS, increasing inequality. Data privacy issues could arise from collecting farmers' information for credit scoring, and if the system does not account for small-scale farmers' challenges, they may face limited access to credit. Fintech regulations may overlook E&S safeguards, leading to support for unsustainable practices. The digital divide could deepen, with farmers in low-tech areas struggling to benefit, and inadequate training may limit DFS adoption.

**Subcomponent 2.2** involves setting up an on-line Fintech reverse factoring platform through a PPP between the BOT and a private sector provider. The establishment of the Fintech platform may require digital infrastructure that has a carbon footprint due to energy use and hardware disposal.

Reverse factoring is a financial arrangement where a buyer, typically a large corporation, helps its suppliers by facilitating early payment of their invoices through a financial institution. Essentially, reverse factoring involves supplier payments, and any supply chain involved could be linked to E&S risks (e.g., pollution from agriculture, human rights issues). The Project will help set up an online platform where buyers, sellers (SMEs) and financial institutions can interact with each other to facilitate reverse factoring.

The key E&S risks related to subcomponent 2.2 could be:

- ❑ Suppliers, particularly in industries like agriculture, mining, or manufacturing, may engage in environmentally harmful practices (e.g., deforestation, pollution, overuse of water) that could damage ecosystems and local communities.
- ❑ Suppliers could be involved in labor violations such as child labor, forced labor, inadequate working conditions, or violations of worker rights, especially in developing countries.

- ❑ Many SMEs that benefit from reverse factoring may not have E&S management systems in place. This can result in a lack of adherence to national or international E&S standards, especially in sectors like agriculture, construction, and manufacturing, leading to reputational and financial risks.

### **Component 3: Promoting SMEs growth in select value chains**

As part of **subcomponent 3.1**, SIDO and ZEEA, will recruit a specialized service provider (SSP) through an international call for proposals based on criteria described in the Project Operations Manual (POM) for the provision of BDS for SMEs, focused training, and sector and value chain development. The SSP will: i) Assist in the provision of BDS and training of trainers (TOT) for SIDO/ZEEA and their partner public and private support providers (relevant industry associations and Chambers of Commerce, incubators, training hubs) identified by SIDO/ZEEA; and ii) provide additional advisory on managing, developing, and implementing BDS related programs and instruments to SIDO/ZEEA. The SSP will also support SIDO/ZEEA in the procurement of additional value chain focused technical expertise as needed (such as in horticulture and tourism, and edible oils value chains, facilitation of linkages between large buyers, for example. hotels, and downstream SME suppliers). This can include preparation of TORs, meeting procurement and market requirements, and screening and evaluation tools. In addition, through the M&E system and training provided by the GEMS team SIDO/ZEEA will supervise the outputs of the trainings and assistance including sales/turnovers of beneficiary firms; number of beneficiary firms; satisfaction survey of beneficiary firms; improvement/ introduction of new products; acquisition of new markets; partnership between beneficiary firms and larger strategic buyers.

SIDO in collaboration with the SSP will design an evaluation tool for the screening and preapproval process of beneficiary SME that will obtain BDS services and training. SMEs selected for TA will sign a formal memorandum with the PIU, which will include detailed specifications of their project implementation, including environmental and social requirements, the assistance to be provided by the Project, and their technical modalities.

The E&S risks mentioned under component 1, such as resource use, pollution, and labor issues, are all applicable to this component. SMEs could be carrying out operations that have direct E&S impacts, such as emissions, waste generation, or unsafe working conditions. They may also be non-compliant with national regulations, risking fines or legal action. Additionally, poor human resource practices, such as wages lower than minimum wages, unsafe working conditions, and inadequate employee benefits, could lead to social risks.

Additional risks could be on account of the following:

- The SSP may not adequately incorporate E&S risk management into the BDS or training provided to SMEs. Without this, SMEs may not adopt sustainable business practices, potentially leading to environmental harm (e.g., pollution, resource depletion) or social issues (e.g., poor labor conditions, lack of community engagement).
- There is a risk that SMEs selected to receive BDS or participate in training could fall under sectors or activities on the exclusion list.
- SMEs selected for technical assistance may not be compliant with E&S standards.

- The tool designed by the SSP to screen and evaluate SMEs for BDS may not sufficiently assess E&S risks.
- Although SMEs are required to sign a formal memorandum that outlines E&S requirements, there is a risk that these requirements will not be adequately implemented or monitored.
- The selected SSP may not have sufficient expertise in E&S risk management, which could lead to weak advisory support and poorly designed BDS programs.

As part of **subcomponent 3.2**, Project funds will be used for addressing: (a) existing gaps in testing equipment and small rehabilitation works for at least three new testing laboratories and capacity needs for TBS staff; (b) existing gaps in testing equipment for a food laboratory (comprising food chemistry, food microbiology and packaging) in Zanzibar and capacity needs for ZBS staff; and (c) TBS, SIDO, and ZBS institutional capacity needs and capabilities in implementation of outreach activities and advisory support to SMEs across the country, especially on compliance with standards and certification processes.

These activities could cause very limited and site-specific E&S impacts, which may include:

#### **Environmental Impacts:**

- **Waste Generation:** The installation of new testing equipment and rehabilitation works could generate waste, including construction debris, packaging materials, and obsolete equipment. Proper disposal of these wastes is necessary to avoid environmental contamination.
- **Resource Use:** The operation of new and upgraded laboratories may result in increased consumption of resources such as water, electricity, and chemicals.
- **Chemical Waste:** The food chemistry and microbiology laboratories may produce hazardous chemical waste that needs to be managed carefully to prevent soil and water contamination.
- **Air and Water Pollution:** Small rehabilitation works might cause temporary air pollution (dust, emissions from machinery) and potential water pollution if construction activities are near water bodies.

#### **Social Impacts:**

- **Occupational Health and Safety:** Laboratory staff could be exposed to hazardous substances, requiring strict adherence to safety protocols and provision of appropriate personal protective equipment (PPE).
- **Noise and Disturbance:** Rehabilitation works may cause temporary noise and disruption, particularly if they are conducted near residential areas or during sensitive times.
- **Community Health and Safety:** The operation of laboratories handling chemicals and biological materials could pose risks to the surrounding communities if there are accidents or if waste is not properly managed.

While these impacts are possible, their scale is expected to be very limited given the nature of the activities involved. The rehabilitation works and laboratory operations are relatively small in scope, and with proper management and mitigation measures in place, the potential E&S effects can be effectively minimized.

## Technical Assistance under various components

In the context of policy and legal reforms related to the Project (**subcomponent 4**), the TA will encompass reviewing existing regulations and legislation, identifying critical policy and regulatory constraints, and outlining an actionable cross-cutting and sector-specific reform agenda for implementation. Funding will support coordination costs, technical assistance, advisory support, participation in up to four workshops and study tours, and other activities aimed at strengthening institutional and human capacity, as well as harmonizing and applying digital systems where applicable.

The TA can be grouped into: a) capacity and coordination support; b) regulatory reform; c) reforming existing schemes for improving access to financial services for SMEs, and c) program management and M&E support. Although these activities do not directly pose E&S risks, there is potential for downstream impacts if certain aspects are not handled properly. For instance, poor selection of SMEs for capacity-building programs could lead to supporting SMEs that cause environmental degradation or social issues such as poor labor conditions. Similarly, if regulatory reforms or the revision of financial schemes fail to integrate E&S considerations, the financial support provided could lead to supporting SMEs that are not sustainable. Therefore, it is crucial that E&S safeguards are embedded in the selection criteria, reforms, and capacity-building processes to mitigate these potential risks and ensure sustainable and inclusive growth for SMEs.

## 3 Applicable E&S Requirements

The SME sector presents inherent E&S risks that vary in scale and magnitude depending on the size and scope of operations within individual SMEs. It's crucial to recognize that E&S risks are not uniform across all SMEs and that the level of risk exposure is often proportional to the scale of SME activities. The scale and nature of SME operations typically result in smaller, more localized impacts that can be effectively managed with less complex frameworks tailored to their specific needs. As such, effective E&S risk management strategies must be tailored to the specific characteristics and capacities of each SME, considering factors such as their size, sector, geographic location, and operational context. For instance, a small-scale agro-processing unit may have fewer environmental impacts compared to a medium-sized manufacturing plant. Additionally, SMEs may have limited resources and technical capabilities to address E&S risks compared to larger SMEs. Hence, SMEs require tailored risk management approaches that consider their unique operational contexts and capabilities.

It's, therefore, important to develop and adopt a nuanced approach to E&S risk assessment and mitigation, recognizing the diversity within the SME sector and avoiding a one-size-fits-all approach. This means conducting relevant assessments to identify specific E&S risks associated with different types of SMEs and developing customized mitigation measures that align with their capacities and needs.

The level of E&S risk associated with an SME loan is typically lower compared to a large project. Applying the same stringent standards might be an excessive burden for SMEs. Given this background, the E&S requirements for the Project include:

- Exclusion List (see Annex 1);
- Applicable local, provincial and national laws and regulations (see Annex 2); and
- Screening out of any substantial and high-risk activities (see Annex 3).

In addition, the World Bank group has Environment, Health & Safety (EHS) guidelines for the following sectors. These will be useful in guiding the E&S risk management and should be considered relevant for the Project. These are available at <https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines>.

- Annual Crop Production (2016)
- Aquaculture (2007)
- Breweries (2007)
- Dairy Processing (2007)
- Fish Processing (2007)
- Food and Beverage Processing (2007)
- Mammalian Livestock Production (2007)
- Meat Processing (2007)
- Perennial Crop Production (2016)
- Poultry Processing (2007)
- Poultry Production (2007)
- Sugar Manufacturing (2007)
- Vegetable Oil Production and Processing (2015)
- Cement and Lime Manufacturing (2022)
- Ceramic Tile and Sanitary Ware Manufacturing (2007)
- Construction Materials Extraction (2007)
- Foundries (2007)
- Glass Manufacturing (2007)
- Metal, Plastic, Rubber Products Manufacturing (2007)
- Printing (2007)
- Semiconductors and Electronics Manufacturing (2007)
- Tanning and Leather Finishing (2007)
- Textiles Manufacturing (2007)

In all subprojects, the PFI and SMEs will adhere to national environmental, labor, and social laws and regulations to minimize adverse impacts. Also, TMRC/ SPV will comply with the national environmental, labor, and social laws and regulations to minimize adverse impacts.

The ESMS for all PFIs will account for the type of financial product being offered, such as lines of credit, loans, or guarantees. Each financial product carries different levels of E&S risks based on its structure and duration. For instance, longer-term loans may present higher environmental risks due to the extended timeframe, while guarantees might involve indirect risks depending on the nature of the project being financed.

Although substantial or high-risk activities or SMEs are excluded from the Project, any inclusion of such activities will require prior approval of the World Bank and the World Bank Environment

& Social Framework (ESF) will be applied to these projects. Additionally, the World Bank's prior permission will need to be obtained, and the Bank will clear all project-specific E&S instruments.

For the TA activities, the specific requirements are:

- a) Any or revised policies developed under TA of the Project (component 4) shall be developed with broad stakeholder consultations consistent with the ESS 10 and subject to Strategic Environmental and Social Assessment in accordance with ESS 1 and national law requirements.
- b) Carry out all TA activities in accordance with the relevant requirements of the ESF and with Terms of Reference (TOR) agreed upon with the World Bank.

## 4 Implementation Arrangement for FAST Growth Project

The PIU will be established at the MOF's FSDD for the mainland and the President's Office Finance and Planning (POFP) in Zanzibar. The PIUs will sign agreements with the Project implementing agencies (TMRC, PBZ, and ZEEA, Ministry of Industry) who will be responsible for implementing various Project components and coordinate with POPI and POLEAI for implementation of the legal and regulatory reforms.

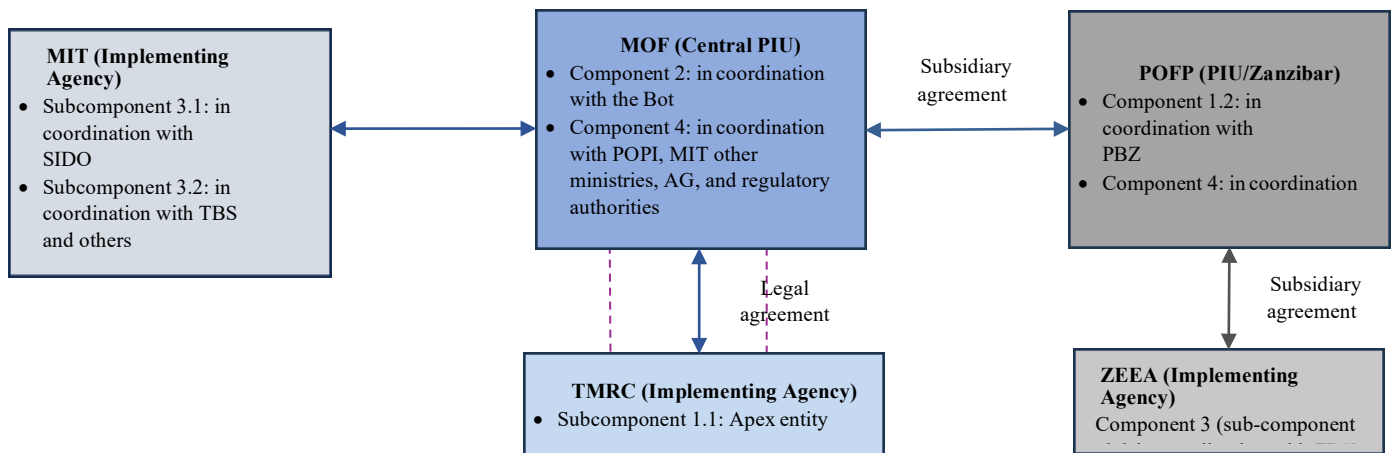
The specific implementation arrangements are as follows:

The TMRC will be the Implementing Agency (IA) for facilitating the wholesale financing (subcomponent 1.1) in both mainland and Zanzibar through agreements with PFIs for on lending to SMEs and making investments in innovative firms. TMRC will set up a SPV for the sole purpose of facilitating wholesale financing to project financial institutions (banks, MFIs, and regulated NBFIs in the form of loans, guarantees, and investments. Project funds will support TMRC for the costs incurred in the set up and capitalization of the SPV and administrative costs throughout the project. The SPV will be fully owned by TMRC with its own Board of Directors and qualified staff.

- The POFP will be responsible for implementing the restructuring activities of the PBZ (subcomponent 1.2) under the guidance of the BOT.
- The MOF FSDD will be responsible for implementation of component 2 in coordination with the BOT.
- Component 3 will be implemented by MIT through agreements with the SIDO and TBS, and others, if applicable; in Zanzibar the ZEEA will be the implementing agency for component 3 in collaboration with ZBS.
- Component 4 will be implemented by MOF-FSDD in coordination with the POPI and POLEAI in Zanzibar in coordination with the POFP. The PIU and each IA is required to designate a Project manager and staff who can dedicate their time to the relevant tasks to manage, monitor, report and implement the activities and have the capacity to manage E&S risks, procurement, and financial management.

The figure below shows the implementation arrangements.

**Figure 1. Implementation Arrangement and Flow of Agreements**



## 4.1 Role of MOF FSDD

As detailed in the previous section, MOF FSDD serves as the central PIU for the entirety of the Project. In this capacity, it assumes responsibility for the implementation of all Project components except those components which will be implemented by POFP subcomponent 1.2). Its primary function entails facilitating the timely disbursement of Project funds to the respective implementation agencies. This ensures that these agencies have the necessary financial resources to effectively execute the Project activities within the designated timeframe.

As part of implementation, the FSDD will maintain a dedicated team to oversee the Project implementation, including facilitating the implementation of the ESMS, Stakeholder Engagement Plan (SEP), and GRM.

This ESMS is designed for FSDD, and its effective design and implementation require a thorough understanding of FSDD's role in the FAST Growth Project. This understanding is crucial to ensure that the ESMS is tailored to the specific activities that FSDD will undertake within the project. The role and activities to be undertaken by the FSDD are defined in the Environmental and Social Commitment Plan (ESCP), which was disclosed by the MOF on the Ministry's website ([www.MOF.go.tz](http://www.MOF.go.tz)).

The role and responsibilities of MOF FSDD include:

- i) Coordinating Implementation of the Project activities with all implementation agencies.
- ii) Executing subsidiary agreement between the MOF and TMRC.
- iii) Ensuring all Project activities are implemented in compliance with the E&S requirements of the World Bank.
- iv) Ensuring capacity building of all implementing agencies, PFIs and SMEs.

- v) Support the SPV to be created for subcomponent 1.1 in meeting the ESMS requirements.
- vi) Maintain an organizational structure and qualified staff and resources to support the management of E&S risks; including the hiring and deployment of a qualified and experienced full-time E&S officer.
- vii) Develop, disclose, adopt, maintain, and implement an ESMS consistent with E&S Standard (ESS9) and in a manner acceptable to the World Bank as a condition of first disbursement of project funds to MOF FSDD.
- viii) Prepare and submit regular monitoring reports on the ESHS performance of the Project, including, but not limited, to the implementation of the ESCP, status of preparation and implementation of E&S documents required under the ESCP including specifically the various ESMS, capacity building and training of the PIUs, TMRC and PFIs on the ESMS and management of E&S risks and impacts, stakeholder engagement activities, the functioning of the grievance mechanism and information disclosure.
- ix) Notify the World Bank within 48 hours of FSDD becoming aware of any significant accident/fatal incident and any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers including SEA/SH. As soon as the PIU becomes aware of an alleged or actual incident, the PIU should inform the World Bank of the incident and provide information about the incident to the World Bank as well as further details as they become available. For any severe incident such as a fatality, incidents that caused or may cause great harm to the environment, workers, communities, or natural or cultural resources, incidents that may result in high levels of lasting damage or injury, incidents that require an urgent and immediate response, etc., the PIU shall notify the World Bank within 24 hours after it becomes aware of the incident.
- x) Throughout the Project implementation period, MOF FSDD shall obligate the TMRC and the TMRC shall cause the PFIs to assign and retain from among its existing staff and/or hire (where expertise does not exist internally) E&S personnel responsible for the coordination of the E&S management function, including the management of SEP, Grievance Mechanism (GM), and gender issues related to sub-projects. This obligation shall be included as a condition of the loan agreements to the TMRC and PFIs.
- xi) Ensure that any or revised policies developed under TA of the Project (component 4) shall be developed with broad stakeholder consultations consistent with the ESS 10 and subject to Strategic Environmental and Social Assessment in accordance with ESS 1 and national law requirements.
- xii) Carry out all TA activities in accordance with the relevant requirements of the ESF and with TOR agreed upon with the WB.
- xiii) Confirm that the human resources policies of the TMRC/ SPV are compliant with the ESS2.

## 5 E&S Risks Management at FSDD

The E&S risk management approach for the project is grounded in the principle of proportionality. This principle dictates that the level of assessment, mitigation, and monitoring should align with



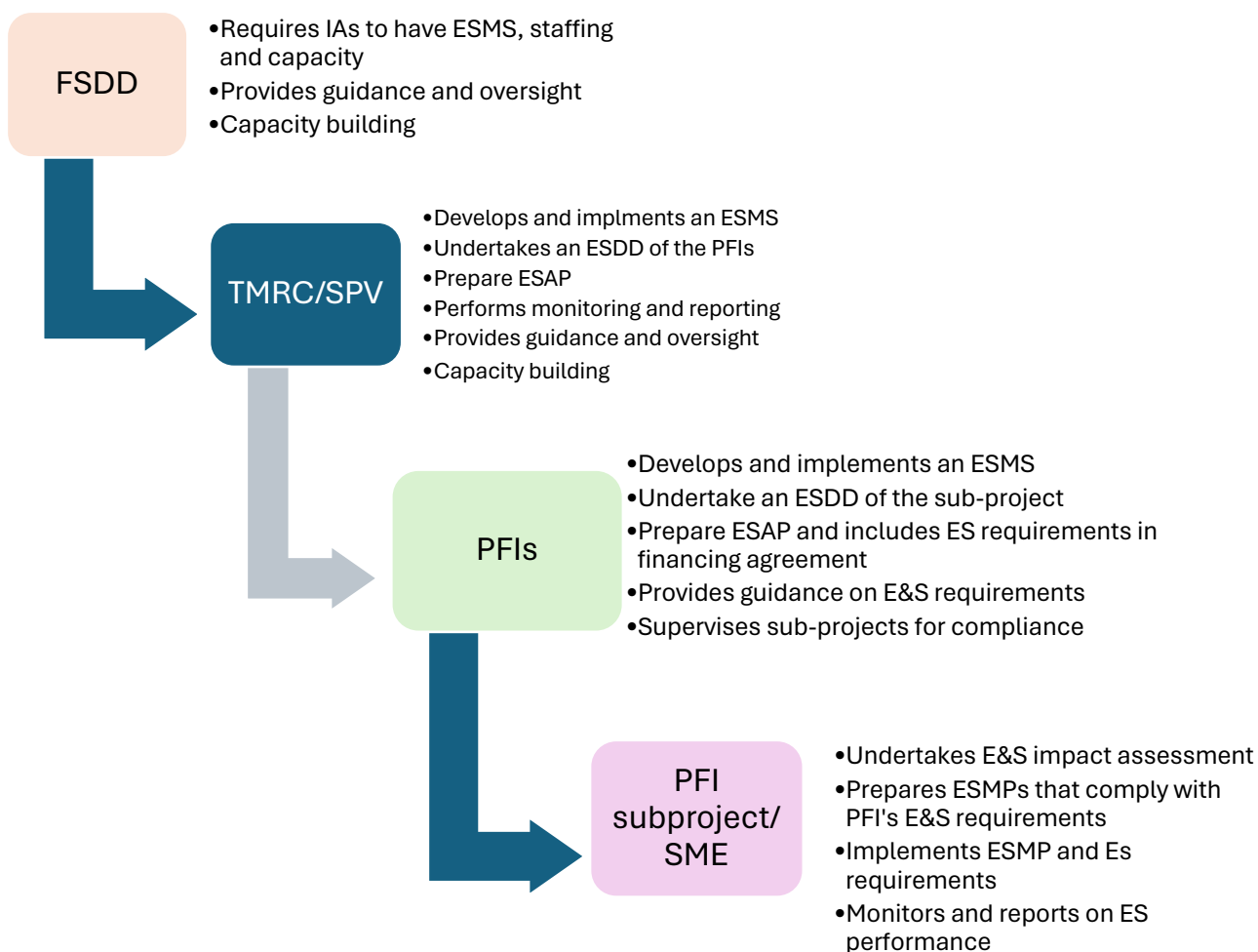
the scale and severity of the potential impacts and the specific activities to be implemented by different agencies.

This section outlines the E&S risk mitigation procedures for FSDD and provides guidelines on the essential components of the ESMS for the project implementation agencies, the SPV, and the PFIs.

## 5.1 E&S Procedures of FSDD

The Project funds will be routed through the FSDD to various implementing agencies. Before the first disbursement of the Project funds, the FSDD will verify that each implementing agency has an adequate ESMS and designated E&S capacity to effectively manage the E&S risks tied to their specific Project activities.

The following diagram illustrate the cascading down of E&S risk management responsibilities within the subcomponent 1.1 of the Project. This distribution of responsibilities will be facilitated through the integration of E&S compliance and reporting obligations into subsidiary agreements. These agreements will ensure that all parties involved adhere to a standardized framework for addressing E&S concerns, thus maintaining a consistent approach to sustainable Project management across different levels of implementation.



With respect to the SPV, FSDD will ensure they adopt the E&S policy, ESMS and HR policies and procedures of TMRC. The following section (section 6) provides guidance on what the ESMS of various implementing agencies should include.

FSDD's requirements for implementing agencies for various components in summarized in the following table:

Project component	Project implementing agency	Key E&S requirement
Subcomponent 1.1: Commercial wholesale finance entity	TMRC/SPV	<ul style="list-style-type: none"> <li>• Develop and implement an ESMS to ensure compliance with the applicable requirements.</li> <li>• Establish internal E&amp;S capacity to ensure ESMS implementation.</li> <li>• Support only those PFIs who develop and implement an ESMS.</li> </ul>

		<ul style="list-style-type: none"> <li>Develop, disclose and implement a grievance mechanism.</li> <li>Provide reports to the FSDD on ESMS implementation and ongoing compliance of PFIs with E&amp;S requirements to FSDD</li> </ul> <p>Refer section 6.1 for more details</p>
	BOT (for PCG scheme reforms)	<ul style="list-style-type: none"> <li>Reformed PCG scheme to adopt the E&amp;S requirements of FSDD for PFIs and SMEs which are funded by the FAST Growth Project.</li> <li>The reformed PCG scheme should clearly articulate that E&amp;S compliance with the FSDD's E&amp;S requirements is must for support for PFIs and SMEs which are funded by the FAST Growth Project under the reformed PCG scheme.</li> </ul>
Component 2: Strengthening the Credit Infrastructure and Value Chain Financing	TVCF	<ul style="list-style-type: none"> <li>Adopt SPV's ESMS and support only those SMEs that meet the E&amp;S requirements</li> <li>Establish E&amp;S capacity to ensure ESMS implementation</li> <li>Report to the SPV on ESMS implementation and ongoing E&amp;S compliance of portfolio projects</li> </ul>
	BOT (subcomponent 2.1)	<ul style="list-style-type: none"> <li>TOR for all TA activities should be designed such that the advice and other support provided is consistent with ESSs 1-10 of the World Bank.</li> <li>Support only those farmers that comply with the exclusion list and practice sustainable farming.</li> </ul>
	BOT (subcomponent 2.2)	<ul style="list-style-type: none"> <li>Require the reverse factoring platform to have an ESMS and designated responsible staff for its implementation.</li> <li>The platform to support only those SMEs that comply with FSDD's ESMS requirements.</li> </ul> <p>Refer section 6.2 for more details</p>
Component 3: Promoting SMEs growth in select value chain	MIT (subcomponent 3.1)	<ul style="list-style-type: none"> <li>TOR for all TA activities should be designed such that the advice and other support provided is consistent with ESSs 1-10 of the World Bank.</li> <li>Support only those SME that comply with the exclusion list and undertake activities in compliance with FSDD's E&amp;S requirements.</li> </ul>
	MIT (subcomponent 3.1)	<ul style="list-style-type: none"> <li>TOR for all TA activities should be designed such that the advice and other support provided is consistent with ESSs 1-10 of the World Bank.</li> </ul>

		<ul style="list-style-type: none"> <li>• All work contracts should include E&amp;S requirements</li> </ul> <p>Refer section 6.3 for more details)</p>
--	--	---

As part of its ESMS, FSDD must implement a comprehensive set of tasks to ensure that all relevant E&S risks are effectively managed throughout the Project. These steps are provided for each component:

#### **Subcomponent 1.1:**

- a) FSDD will review the SPV's ESMS to ensure it is aligned with the Project's E&S requirements. This review will confirm that the SPV's ESMS addresses key environmental, social, labor, and health and safety risks and includes clear processes for risk identification, mitigation, monitoring, and reporting.
- b) FSDD will review the ESMSs of all PFIs to ensure they meet the E&S standards required by the Project. This includes verifying that the PFIs have appropriate procedures in place to assess and manage E&S risks for the SMEs they finance. If gaps are identified, FSDD will require the SPV to ask PFIs to strengthen their ESMSs to meet the project's E&S requirements.
- c) FSDD will develop and deliver targeted E&S training programs to build the capacity of the SPV, PFIs, and other stakeholders involved in the project. These training programs will cover E&S risk management, reporting, compliance monitoring, and sector-specific E&S challenges. The training will ensure that all parties can adequately implement their respective ESMSs and comply with project E&S requirements.
- d) FSDD will review the TOR for the restructuring of the PCG scheme to ensure that E&S considerations are effectively integrated into the restructuring process. This includes ensuring that E&S risk management frameworks are embedded into the new operational design of the PCG for PFIs and SMEs.
- e) FSDD will assess the outcomes of the PCG restructuring to ensure that E&S management principles have been appropriately integrated into restructured PCG scheme. Additionally, FSDD will review the revised ESMS or if a new ESMS is being developed for the restructured PCG to confirm its compliance with the project's E&S requirements, ensuring it effectively addresses E&S risks in its new structure.
- f) FSDD will ensure that the TVCF either adopts the TMRC/SPV's ESMS or develops its own ESMS that is fully compliant with the Project's E&S requirements. The ESMS must include procedures for identifying, assessing, and managing E&S risks in the SMEs the TVCF finances, ensuring consistent risk management across the Project.
- g) FSDD will require the TMRC/SPV to assess the E&S capacity of the TVCF, ensuring it has the necessary resources, expertise, and organizational commitment to implement and monitor E&S measures effectively. This may involve training or appointing additional E&S personnel within the TVCF.
- h) FSDD will review the E&S Due Diligence (ESDD) reports prepared by PFIs and the TVCF on a sample basis to ensure they are comprehensive and address all E&S risks as per the project's E&S requirements. This includes confirming that the reports identify material E&S risks, propose appropriate mitigation measures, and include ongoing monitoring plans.

- i) FSDD will undertake supervision by reviewing the E&S monitoring reports submitted by the SPV and other entities involved in the project. FSDD may also undertake site supervision, if required.
- j) FSDD will verify that the SPV, PFIs, and TVCF have established appropriate stakeholder engagement mechanisms and grievance mechanism. These mechanisms should ensure that stakeholders, including affected communities and workers, can raise concerns about E&S impacts, and that these concerns are addressed in a timely and transparent manner.
- k) FSDD will ensure that the TMRC, PFIs, and TVCF provide regular E&S reports that meet the Project's transparency and disclosure requirements. These reports should be publicly available, as appropriate, and include information on significant E&S impacts, mitigation measures, and ongoing monitoring efforts.
- l) In cases where non-compliance with E&S requirements is identified, FSDD will require the TMRC, PFIs, TVCF and SMEs to implement corrective actions. This may involve revising the ESMS, improving capacity, or enhancing monitoring and reporting mechanisms to ensure future compliance.

## **Subcomponent 2.1**

FSDD will undertake the following steps:

- a) Review and approve TORs to ensure they integrate E&S considerations. Ensure that the TORs for hiring consultants and developing the regulatory frameworks (e.g., fintech, credit reporting, open banking) explicitly include provisions on E&S risk management. This should cover issues such as data protection, privacy, gender inclusion, labor practices, and environmental sustainability.
- b) Review draft regulations for E&S Integration and require all draft regulatory frameworks (e.g., for credit reporting, open banking, fintech) to undergo an E&S review before they are finalized to ensure that: E&S risks like data privacy, protection, and gender inclusion are addressed. Provisions on inclusive finance and environmental sustainability are integrated into the regulatory guidelines.
- c) The FSDD should review the PPP framework between the BOT and private partners to ensure that E&S considerations (such as environmental sustainability, responsible sourcing, labor conditions, and human rights) are incorporated into agreements with fintech/agritech partners.
- d) Require the BOT to develop an E&S risk assessment framework for fintech/agritech partnerships that considers the E&S impacts of digitizing transactional data and credit scoring.
- e) Participate in the selection process of the consultancy firm and ensure that selection criteria include E&S criteria to ensure that the firm has the capacity to address E&S risks and implement best practices in data collection, handling, and reporting.
- f) Require consultants and project partners to develop and submit regular E&S compliance reports on data security, labor conditions, inclusion of vulnerable groups (e.g., female farmers), and environmental sustainability.
- g) Review the PPP framework to ensure it includes provisions for the inclusion of female farmers, and that SMEs and farmers participating in the reverse factoring platform are not involved in activities on the exclusion list (e.g., harmful environmental practices).

- h) Review the regulatory frameworks to ensure it include strong data protection measures to safeguard farmers' personal information and financial transaction data. This should include guidelines for securely collecting, storing, and processing data.

## **Subcomponent 2.2**

- a) Review the draft PPP agreement to ensure that the relevant E&S requirements are integrated into the contractual obligations. This includes clear provisions on E&S risk management, reporting, and monitoring.
- b) FSDD will review the assessment done by BOT on the private sector partner to ensure they have the capacity and commitment to manage E&S risks in line with the project's standards, including environmental impacts, labor conditions, and compliance with local and international E&S standards.
- c) Review and approve the ESMS developed for the platform. Ensure that the platform includes E&S criteria for supplier participation, particularly in high-risk sectors such as agriculture, mining, and manufacturing, where practices such as deforestation, pollution, and labor violations could pose risks.
- d) Support capacity building for the platform on managing E&S risks, particularly those related to supply chain impacts (e.g., pollution, labor rights). Provide TA to help the platform implement the E&S measures defined in the PPP agreement.
- e) Review the E&S monitoring and reporting requirements for the platform within the PPP agreement.
- f) Ensure that the platform includes a well-defined GRM for stakeholders, including suppliers, buyers, and financial institutions, to raise E&S concerns. FSDD will review the effectiveness of the GRM to ensure it is accessible, transparent, and effective in addressing E&S issues.
- g) Ensure the PPP agreement includes the E&S monitoring reports from the platform to ensure that the platform is complying with E&S requirements, especially those related to supply chain risks, digital infrastructure, and environmental impacts.
- h) Collaborate with the BOT to oversee the platform's E&S performance. Provide feedback and ensure that the central bank integrates E&S performance into the ongoing assessment of the platform's effectiveness.

## **Component 3: Promoting SMEs growth in select value chains**

### **Subcomponent 3.1:**

- a) Review and approve the ESMS of the MIT.
- b) Review and approve the TOR, submitted by MIT, and prepared by SIDO for the SSP to ensure that E&S risk management is a core component of the BDS and training. The TOR must specifically include E&S modules and criteria within the SSP's scope of work and deliverables.

- c) Review the screening and evaluation tool developed by the SSP to confirm that it includes robust E&S risk assessment criteria. Ensure that the screening process excludes SMEs involved in activities on the exclusion list. The selection criteria should also incorporate regular assessments to ensure SMEs comply with E&S standards, including a requirement for SMEs to submit a compliance statement.
- d) Review SIDO's monitoring and reporting mechanism to ensure that SMEs adhere to the E&S requirements outlined in their formal agreements, with provisions for regular follow-ups and corrective actions where necessary.
- e) Participate in the selection of the SSP along with SIDO to ensure it possesses proven expertise in E&S risk management and has a demonstrated ability to integrate these considerations into its service delivery.

### **Subcomponent 3.2**

- a) Ensure the draft work contracts include specific clauses that require contractors and equipment suppliers to effectively manage the E&S impacts associated with their activities.

### **Component 4**

- a) Review and approve the TOR for policy and legal reforms to ensure that it includes E&S risk management requirements and aligns with international E&S standards, particularly ESS9 of the World Bank. It will review the TORs to ensure:
  - Integration of E&S considerations into policy and legal reform activities, where relevant, ensuring that environmental sustainability and social inclusion are addressed in sectors like venture capital, private equity, and open banking.
  - Implementation digital inclusion strategies for marginalized groups, ensuring they are not excluded from the benefits of digitalized business processes, and incorporate data privacy protections and equity-focused enforcement in digitalized inspections.
  - Promotion of social inclusion by ensuring that SMEs and vulnerable groups are given adequate support and representation in business environment reforms, such as capacity-building initiatives and easier access to financial services.

## **5.2 Institutional Roles and Responsibilities**

The FSDD will appoint a dedicated, full-time qualified E&S Officer to oversee the implementation of the ESMS, and all E&S Project requirements. This role is crucial in ensuring that E&S standards are consistently applied and maintained throughout Project execution. The E&S Officer will be responsible for monitoring compliance, managing risks, and ensuring that all Project activities align with the established environmental and social guidelines. This position will serve as a pivotal point of contact for all E&S-related issues, providing guidance and support to ensure effective and sustainable Project management.

<b>Institutional Position</b>	<b>Role</b>
Commissioner, FSDD	<ul style="list-style-type: none"> <li>• Commitment to the E&amp;S Policy and implementation of the ESMS</li> <li>• Providing resources and support for ESMS implementation</li> <li>• Approval of the ESMS</li> </ul>

	<ul style="list-style-type: none"> <li>• Review of ESMS implementation</li> </ul>
E&S Officer	<ul style="list-style-type: none"> <li>• Implementation of ESMS.</li> <li>• Undertake E&amp;S due diligence/ assessment of all implementation agencies and approval of ESMSs of IAs prior to provision of Project funds.</li> <li>• Coordinating E&amp;S risk management in the Project.</li> <li>• Ensuring subsidiary agreements include E&amp;S requirements for all implementing agencies.</li> <li>• Ensure all implementing agencies submit their E&amp;S monitoring reports.</li> <li>• Prepare and submit E&amp;S monitoring reports to the WB.</li> <li>• Coordinate with the WB on all E&amp;S reporting and clearance requirements.</li> <li>• Coordinates with the E&amp;S team of the TMRC.</li> <li>• Support PFIs in the initial ESDD activities.</li> <li>• Undertake monitoring of implementing agencies to confirm compliance with E&amp;S requirements and prepare monitoring reports.</li> <li>• Prepare TOR and supervise the work of environment consultants, if any and Ensure all Project TA activities comply with WB requirements in ESCP.</li> <li>• Plan and execute capacity building of all implementing agencies, PFIs and SMEs on E&amp;S risk management.</li> <li>• Ensure implementation of external communication mechanism and grievance mechanism and maintain records of all complaints and inquiries.</li> </ul>

### 5.3 Monitoring

The FSDD requires each implementing agency (POFP, MIT, TMRC, ZEEA) to submit an annual E&S monitoring report. This requirement ensures ongoing compliance and facilitates the assessment of each agency's adherence to E&S standards throughout the Project's duration. Governmental implementing agencies, including but not limited to the POFP, the MIT, and the ZEEA, are required to provide updates, coinciding with the completion of key Project milestones. This allows for timely interventions and adjustments where necessary, ensuring that the Project's objectives are met in a sustainable and socially responsible manner. Additionally, the TMRC/SPV is expected to furnish a detailed report following the format outlined in Annex 13.

In addition to the submission of reports by implementing agencies, the FSDD may call for meetings, and visit TMRC and the PFIs supported by TMRC/SPV as well as SMEs to confirm compliance with the E&S requirements.

### 5.4 Capacity building and training

The FSDD will conduct training programs designed to enhance E&S risk management skills across all implementing agencies. These capacity-building initiatives are crucial to ensuring that all parties involved in the Project are well-equipped to handle E&S concerns effectively. The training will target three key levels:



- i) Implementing Agencies and beneficiary implementation partners: These sessions will focus on the foundational aspects of E&S risk management, ensuring that staff within these agencies understand their roles and responsibilities in upholding E&S standards.
- ii) TMRC/ SPV, TVCF and PFIs: Training for the TMRC/ SPV, TVCF and PFIs will delve into more specific E&S risk scenarios that these entities might face, providing them with the necessary tools including guidance on development of ESMS and knowledge to manage these risks appropriately.
- iii) SMEs: SMEs will receive tailored training to address their unique E&S challenges. This will help SMEs align their operations with broader E&S guidelines and improve their overall sustainability practices.

These structured training programs are essential for building a robust E&S risk management framework, fostering a culture of sustainability and responsibility across various levels of Project implementation.

Institutional	Training topics	Duration of the training
Implementing agencies and beneficiary implementation partners (government)	<ul style="list-style-type: none"> <li>a) FSDD's ESMS including E&amp;S requirements for the Project</li> <li>b) Integration of E&amp;S issues in TORs, studies and reforms</li> <li>c) Monitoring and reporting</li> </ul>	2 hours
TMRC/ SPV, TVCF and PFIs	<ul style="list-style-type: none"> <li>a) FSDD's ESMS including E&amp;S requirements for the Project</li> <li>b) E&amp;S risks in SME lending to PFIs</li> <li>c) ESDD and monitoring of PFIs and SMEs</li> <li>d) Understanding ESMS and how to implement it</li> <li>e) Financial E&amp;S risks</li> <li>f) National regulations</li> <li>g) WB ESF</li> <li>h) Stakeholder engagement</li> </ul>	1-2 days
SMEs	<ul style="list-style-type: none"> <li>a) E&amp;S requirements for the Project</li> <li>b) E&amp;S risks in SME operations</li> <li>c) National regulations</li> <li>d) Assessment, management and mitigation of E&amp;S risks</li> <li>e) Reporting requirements</li> <li>f) Stakeholder engagement</li> <li>g) WB ESF</li> </ul>	1-2 days

## 5.5 Stakeholder Engagement and Grievance Mechanism

The MOF FSDD has already developed and disclosed a Project specific stakeholder engagement plan and grievance mechanism, available at <https://www.MOF.go.tz>. The grievance mechanism is provided in Annex 17.

## 5.6 Coordination with World Bank

During the implementation of the FAST Growth Project, the FSDD will liaison with the World Bank on an ongoing basis on the following aspects of the Project:

- a) Submission of TORs for various studies, reforms, and capacity building to the World Bank for review and feedback prior to the execution of commitment agreements and commencement.
- b) Submission of ESMS of TMRC/SPV, TCVF and PFIs.
- c) Inform the World Bank if any PFI has a substantial and high risk SME in its pipeline, submit initial screening reports along with the plan and timeline for ESDD, and any available E&S reports. The ESDD of such SMEs should commence only after the World Bank has approved the funding of such SMEs and the scope of ESDD.
- d) Provide the World Bank with the ESDD report and draft ESAP, including all E&S studies and TORs for supplementary studies for all substantial and high projects being considered by PFIs.
- e) Notify the World Bank within 48 hours upon becoming aware of any incidents, accidents, or other circumstances that may materially impact compliance with the Performance Standards.
- f) Submit an annual E&S monitoring report to the World Bank to confirm ongoing compliance with the project's E&S requirements.
- g) World Bank will support with the E&S training of all implementing agencies and PFIs.

Communication regarding the above matters should be handled by the E&S Officer of FSDD for the FAST Project and can be sent via email to the task team leader of the World Bank. For incident reporting, the initial email should provide a brief description of the incident (refer annex 14), with a detailed action taken report and root cause analysis to be submitted later, within a timeline agreed upon with the World Bank team.

## 6 Guidelines for E&S Procedures for Implementing Agencies

To receive Project funding from MOF FSDD, every Project implementing agency must establish and execute an ESMS. This is a prerequisite for accessing Project funds under FAST Growth Project. The ESMS should outline the E&S Policy, delineate institutional responsibilities, and establish procedures for E&S appraisal and monitoring, ESMS training, and how E&S risks will be managed in TA activities. Additionally, it must be endorsed by senior management and made publicly available on the websites of all implementing agencies.

This section provides the ESMS requirements for each agency.

## 6.1 ESMS of TMRC/SPV and PFIs

### 6.1.1 ESMS of TMRC/ SPV (subcomponent 1.1)

As part of component 1 of the Project, an Apex non-bank financial institution will be established under the Project to provide wholesale financing. The SPV will play an important role in disbursing Project funds to PFIs for further on-lending to SMEs. Consequently, the SPV will be tasked with various responsibilities, including the identification of suitable PFIs, extending both funded and non-funded support to them, overseeing the on-lending activities of PFIs, setting up of TVCF, make co-investments both as a limited partner investor in other funds or make direct capital investment alongside other investors in innovative start-ups or SMEs and ensuring that all Project-related activities are carried out in compliance with the stipulated requirements, including E&S requirements.

The key requirements for the SPV under the Project include:

- i) Maintain and implement an ESMS consistent with the FSDD's ESMS and ESS9.
- ii) Require all PFIs, TVCF and other funds and SMEs (in case of co-investment with TVCF) to maintain an ESMS consistent with TMRC/SPV ESMS and ESS9.
- iii) Cascade down all E&S responsibility and requirements to the PFIs, TVCF, and other funds and SMEs (in case of co-investment with TVCF) through the financing agreements.
- iv) Submit E&S monitoring reports to the MOF FSDD as per the agreed frequency.
- v) Maintain an organizational structure and qualified staff and resources to support the management of environmental and social risks; including the hiring and deployment of a qualified and experienced full-time E&S officer.
- vi) Require PFIs to ensure that the SMEs carry out scoping, screening, prepare and implement the appropriate tools e.g.; ESMP, E&S Impact Assessment (ESIA), Initial Environmental Examination (IEE) (as relevant) prior to disbursement of funds to SMEs. SMEs should also comply with the Environmental Law 2004 and the subsequent Regulations 2005 (Amendment 2018).
- vii) Require all PFIs, TVCF and other funds and SMEs (in case of co-investment with TVCF) to submit E&S monitoring reports (subcomponent 1.1).
- viii) Notify the MOF FSDD within 24 hours of becoming aware of any incident or accident related to the PFI, TVCF and other fund's (in case of co-investment with TVCF) subprojects and SMEs (in case of co-investment with TVCF) which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers including SEA/SH.
- ix) Confirm that the human resources policies of the PFIs are in compliance with the ESS2.

Therefore, the ESMS of the TMRC/SPV should include the following elements:

- i) E&S Policy
- ii) Procedures for identification, assessment and management of E&S risks associated with providing Project funds to the PFIs, TVCF and other funds and SMEs (in case of co-investment with TVCF)
- iii) Institutional Capacity and resources
- iv) Monitoring and review of the E&S performance of PFIs

- v) External communication mechanism to receive, review and respond to stakeholder concerns and questions about the Project.

The ESMS of the TMRC should include the following procedures:

Steps	Details	Annex
<b>Step 1: Initial Environmental and Social Screening</b>	The purpose of this screening step is to verify that the activities proposed by the PFI, TVCF and other funds and SMEs (in case of co-investment with TVCF) do not appear on the exclusion lists. Should a PFI's, TVCF and other funds and SMEs (in case of co-investment with TVCF) proposed Project activities be found on the exclusion lists, they will be promptly notified, and the Project will be disqualified from further evaluation.	Annex 1, 2, 3
<b>Step 2: ESDD</b>	<p>These steps includes evaluating the PFI's, TVCF and other funds and SMEs (in case of co-investment with TVCF) policies, operations, and effectiveness in managing E&amp;S risks and incorporating sustainability into its business practices. ESDD should include the following:</p> <ul style="list-style-type: none"> <li>• Evaluation of E&amp;S Policies and Commitments</li> <li>• Examination of Organizational Structure and Resources</li> <li>• Review of E&amp;S Management Systems and Processes, Practices and Past Performance (if available) (review ESDD &amp; monitoring reports prepared by PFIs and other funds and SMEs (in case of co-investment with TVCF) for the kind of investments envisaged under FAST Growth Project</li> <li>• Evaluation of E&amp;S Training and Capacity Building initiatives implemented by the PFIs, TVCF and other funds and SMEs (in case of co-investment with TVCF).</li> <li>• Review the external communication mechanisms if it exists.</li> <li>• Review of HR practices of the PFI to confirm compliance with ESS2.</li> <li>• Following the ESDD, develop an Environmental and Social Action Plan (ESAP) to remedy any identified deficiencies in E&amp;S management and procedures. The ESAP should specify timelines for each corrective action.</li> </ul>	Annex 4, 6, 7

<b>Step 3: Legal Documentation</b>	Include all E&S compliance requirements including the ESAP in the financing agreements.	Annex 5
<b>Step 4: E&amp;S monitoring</b>	It defines how the TMRC will monitor ongoing compliance. The ESMS of the TMRC should include reporting formats.	Annex 8

### 6.1.2 ESMS of PFIs, TVCF and other Funds (subcomponent 1.1)

This section provides guidelines for ESMS of PFIs, TVCF and other funds that the SPV may invest in along with the TVCF.

The PFIs, TVCF and other funds in case of co-investment with TVCF will receive Projects funds from the SPV for on-lending to the SMEs. They will be responsible for identifying the SMEs meeting the eligibility criteria for FAST Growth Project, undertaking due diligence and supervision for ensuring ongoing compliance. The specific requirements for PFIs, TVCF and other funds that the SPV may invest in along with the TVCF include:

- i) Maintain and implement an ESMS consistent with this ESMS, TMRC/SPV's and ESS9.
- ii) Maintain an organizational structure and qualified staff and resources to support the management of E&S risks.
- iii) Enforce the following requirements for SMEs:
  - Conduct E&S Assessments (ESA) and develop and implement E&S management plans (ESMPs) tailored to the size, scope, and E&S risks associated with activities, particularly those related to ESS1 and ESS10.
  - Require and ensure that the beneficiary SMEs have in place a worker's grievance redress mechanism, in line with national labor law and consistent with ESS2.
  - Ensure compliance with the existing E&S laws and regulatory requirements.
  - Provide regular E&S monitoring reports to the PFIs.
  - notify the PFI within 48 hours of any incident or accident related to the Project that may have a significant adverse impact on the environment, affected communities, the public, or workers, including incidents of SEA/SH.
  - Maintain E&S capacity and staff levels commensurate with the scale of activities and their E&S impacts.
  - Adhere to relevant Occupational Health and Safety (OHS) measures, including conducting scoping and screening and preparing appropriate tools. Obtain necessary OHS-related licenses and business permits.
  - Develop and implement a Grievance Mechanism (GM) suited to the scale of activities and their E&S impacts.
- iv) Prepare and submit to the SPV regular E&S performance reports and information.
- v) Notify the SPV within 24 hours of becoming aware of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers *including* SEA/SH.

The ESMS of PFIs, TVCF and other funds that the SPV may invest in along with the TVCF should include the following elements:

- i) E&S Policy
- ii) Procedures for identification, assessment and management of E&S risks associated with providing Project funds to the SMEs
- iii) Institutional Capacity and resources
- iv) Monitoring, review and reporting of the E&S performance of PFIs and SMEs financed by the PFI, TVCF and other funds that the SPV makes co-investment in with TVCF
- v) External communication mechanism to receive, review and respond to stakeholder concerns and questions about the Project.

Each of the elements is explained below in some detail:

- (i) **E&S Policy:** E&S policy articulates an institution's commitment to managing E&S risk across its operations in a written statement approved by senior management. This commitment must be effectively communicated to all employees, particularly operational staff within the PFI, TVCF and other funds that the SPV has co-invested in with TVCF, and extended to all relevant stakeholders, including clients.

#### **Sample E&S Policy**

[PFI Name] is committed to:

- i) Ensure that all operations are reviewed, evaluated and monitored against E&S requirements.
- ii) Integrate E&S risks into its financial decisions.
- iii) Support sub-projects only when they are expected to be designed, built, operated and maintained in a manner consistent with applicable E&S requirements.
- iv) Allocate resources for effective ESMS implementation.
- v) Ensure that all staff are trained in and are aware of their roles and responsibilities with respect to, ESMS implementation.
- vi) Establish a monitoring protocol to confirm ESMS implementation and ongoing compliance of subprojects with the E&S requirements.
- vii) Promote transparency and accountability through internal and external disclosure and reporting.

This E&S Policy will be reviewed and updated annually, or as required, to reflect changes in our business activities, regulatory requirements, or best practices.

- (ii) **E&S Procedures:** E&S procedures define steps that a PFI, TVCF and other funds that the SPV has co-invested in with TVCF will implement to identify, assess, and manage E&S risks throughout the lending and investment process. This includes conducting due diligence on potential clients, categorizing projects based on risk levels, and implementing appropriate mitigation measures. Additionally, the PFI should monitor ongoing projects to

ensure compliance with E&S standards and adapt procedures as necessary to address emerging risks.

Annex 9 provides a template for the application form that SMEs must submit to PFIs, TVCF and other funds that the SPV has co-invested in with TVCF when seeking funding under the FAST Growth Project. Annex 10 includes an initial screening template for PFIs, designed to assess compliance with the exclusion list (Annex 1), identify key E&S issues, screen out substantial and high-risk investments, and determine the scope of the ESDD. Annex 3 offers guidance on E&S categorization, assisting PFIs, TVCF and other funds that the SPV has co-invested in with TVCF in properly categorizing projects and SMEs.

It is recommended that PFIs, TVCF and other funds that the SPV has co-invested in with TVCF conduct an ESDD for all potential investments and SMEs. The ESDD of low to medium risks SMEs/subprojects may be done internally, while external E&S consultants must be hired for SMEs that high risks and where long-term funding is sought. It is important to note that high and substantial-risk SMEs and activities are excluded from the Project. However, if PFIs, TVCF, or other funds that the SPV has co-invested in with TVCF wish to invest in any high or substantial-risk SMEs, they must first obtain prior approval from the FSDD. Annex 11 provides a TOR for ESDD. The following table outlines the appropriate ESDD procedures for different types of lending.

<i>Type of financing</i>	<i>Description</i>	<i>Tenor</i>	<i>Average size (USD)</i>	<i>E&amp;S Category</i>	<i>E&amp;S requirements</i>	<i>ESDD process</i>
<b>Lines of credit</b>	Flexible credits limits allowing SMEs to borrow up to a specified amount as needed (for working capital needs, manage cash flow, cover short-term operational expenses, or invest in specific projects)	Renewable every year	\$10,000-100,000	Substantial & high risk	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- WB E&amp;S Standards</li> </ul>	<ul style="list-style-type: none"> <li>- Excluded from the Project</li> </ul>
				Moderate	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- WB E&amp;S Standards</li> <li>- PFI ESMS requirements for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions involving products and commodities with moderate E&amp;S risks.</li> <li>- Include applicable ES requirements into finance agreement</li> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank Project requirements and applicable ESMS.</li> <li>- Conduct site visits to all moderate risks projects to observe the SME's operations and assess on-the-ground E&amp;S practices.</li> <li>- Inspect facilities of all moderate risk projects for compliance with environmental regulations (e.g., waste management, emissions control).</li> </ul>



						<ul style="list-style-type: none"> <li>- Appraise project based upon client submitted information to assess compliance with all applicable ES requirements and to identify potential ES financial risks</li> </ul> <p>E&amp;S assessment by SMEs:</p> <ul style="list-style-type: none"> <li>- ESIA or an IEE including ESHS audit scoped to the SMEs operations with relevant ESMPs</li> </ul>
				Low	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- Compliance statement confirming the presence of an E&amp;S management system and sufficient capacity to handle ESHS risks and impacts, while also affirming that there are no material ESHS-related issues or financial risks stemming from E&amp;S considerations.</li> <li>- PFI ESMS requirements for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions involving products and commodities with high E&amp;S risks.</li> <li>- Appraise transactions in terms of ES compliance and ES financial risks</li> <li>- Include applicable ES requirements into finance agreement</li> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank Project requirements and applicable ESMS.</li> <li>- Ask the client to submit the representation form along with its application</li> </ul>

						SMEs to provide: <ul style="list-style-type: none"> <li>- ES Impacts and Risks and management thereof related to transaction</li> <li>- ESMPs</li> </ul>
<b>Invoice/ accounts receivables financing</b>	Borrowing against the value of unpaid invoices	30 to 120 days	\$5,000-100,000	Mostly category moderate and low	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- Compliance statement confirming the presence of an E&amp;S management system and sufficient capacity to handle ESHS risks and impacts, while also affirming that there are no material ESHS-related issues or financial risks stemming from E&amp;S considerations</li> <li>- PFI ESMS requirements for SMEs</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions in terms of potential ES financial risks</li> <li>- Include applicable ES requirements into finance agreement</li> <li>- Appraise transactions involving products and commodities with high E&amp;S risks.</li> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank Project requirements including applicable ESMS.</li> </ul>
<b>Factoring</b>	Selling accounts receivables to a third party at a discount for immediate cash	30 to 120 days	\$5,000-100,000	Mostly category moderate and low	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- Compliance with national E&amp;S and labor laws (representation) confirming the presence of an E&amp;S management system and sufficient capacity to handle ESHS risks and impacts, while</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions for ES financial risks</li> </ul>

					<p>also affirming that there are no material ESHS-related issues or financial risks stemming from E&amp;S considerations.</p> <ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Appraise transactions involving products and commodities with high E&amp;S risks.</li> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank Project requirements including applicable ESMS.</li> </ul>
<b>Equity</b>	Purchase of ownership shares in a SME	Long term		Substantial & high risk	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- WB E&amp;S Standards and applicable PFI ESMS requirements</li> </ul>	Excluded from the Project
				moderate	-	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions involving products and commodities with high E&amp;S risks.</li> <li>- Appraise for compliance with PFI ESMS requirements and for ES financial risks</li> <li>- Include ES requirements into finance agreement</li> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank Project requirements and applicable ESMS.</li> <li>- Conduct site visits to observe the SME's operations and</li> </ul>

						<p>assess on-the-ground E&amp;S practices.</p> <ul style="list-style-type: none"> <li>- Inspect facilities for compliance with environmental regulations (e.g., waste management, emissions control).</li> </ul> <p>E&amp;S assessment by SMEs:</p> <ul style="list-style-type: none"> <li>- IEE scoped to the SMEs operations with relevant ESMPs</li> </ul>
				Low	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws and applicable ESMS requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Confirm exclusion list and eligibility criteria compliance</li> <li>- Ask the client to submit the ES Completion and ES Financial Risk representation form along with its application</li> <li>- Appraise for compliance with PFI ESMS requirements and for ES financial risks</li> <li>- Include ES requirements into finance agreement</li> <li>-</li> </ul>
<b>Quasi equity</b>	Hybrid of debt and equity, such as convertible debt or mezzanine financing	Long term		Substantial & high risk	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- WB E&amp;S Standards</li> </ul>	<ul style="list-style-type: none"> <li>- Excluded from the Project</li> </ul>
				Moderate	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> <li>- WB E&amp;S Standards</li> </ul>	<ul style="list-style-type: none"> <li>- Integrate E&amp;S aspects into the know-your-customer (KYC) process.</li> <li>- Undertake web search on the SMEs.</li> <li>- Screen transactions against the exclusion lists.</li> <li>- Appraise transactions involving products and commodities with high E&amp;S risks.</li> </ul>

						<ul style="list-style-type: none"> <li>- Monitor sub-borrowers to ensure compliance with national E&amp;S regulations and World Bank requirements.</li> <li>- Conduct site visits to observe the SME's operations and assess on-the-ground E&amp;S practices.</li> <li>- Inspect facilities for compliance with environmental regulations (e.g., waste management, emissions control).</li> </ul> <p>E&amp;S assessment by SMEs:</p> <ul style="list-style-type: none"> <li>- IEE scoped to the SMEs operations with relevant ESMPs</li> </ul>
				Low	<ul style="list-style-type: none"> <li>- Exclusion list</li> <li>- National laws</li> </ul>	<ul style="list-style-type: none"> <li>- Confirm exclusion list and eligibility criteria compliance</li> <li>- Ask the client to submit the representation form along with its application</li> </ul>

During the ESDD process, PFIs, TVCF and other funds that the SPV has co-invested in with TVCF are responsible for ensuring that SMEs have adequately assessed the E&S risks and impacts associated with their operations. This involves a thorough review of the SME's assessment by the PFI, TVCF and other funds that the SPV has co-invested in with TVCF to confirm its comprehensiveness, accuracy and relevance to the project's scale and complexity. If the initial assessment is deemed inadequate, the PFI, TVCF and other funds that the SPV has co-invested in with TVCF may request the SME to conduct further supplementary assessments to address any gaps. However, it is crucial to emphasize that the extent of E&S assessment must be proportionate to the specific activities of the SME. While some SMEs engaged in higher-risk activities may require a ESIA, others with lower-risk profiles may only need a more basic assessment. It's important to note that substantial and high-risk activities are excluded from the project, ensuring that only SMEs with manageable E&S risks are considered within the scope of the project. The approach should be flexible and tailored to ensure that E&S risks are managed appropriately without imposing unnecessary burdens on SMEs.

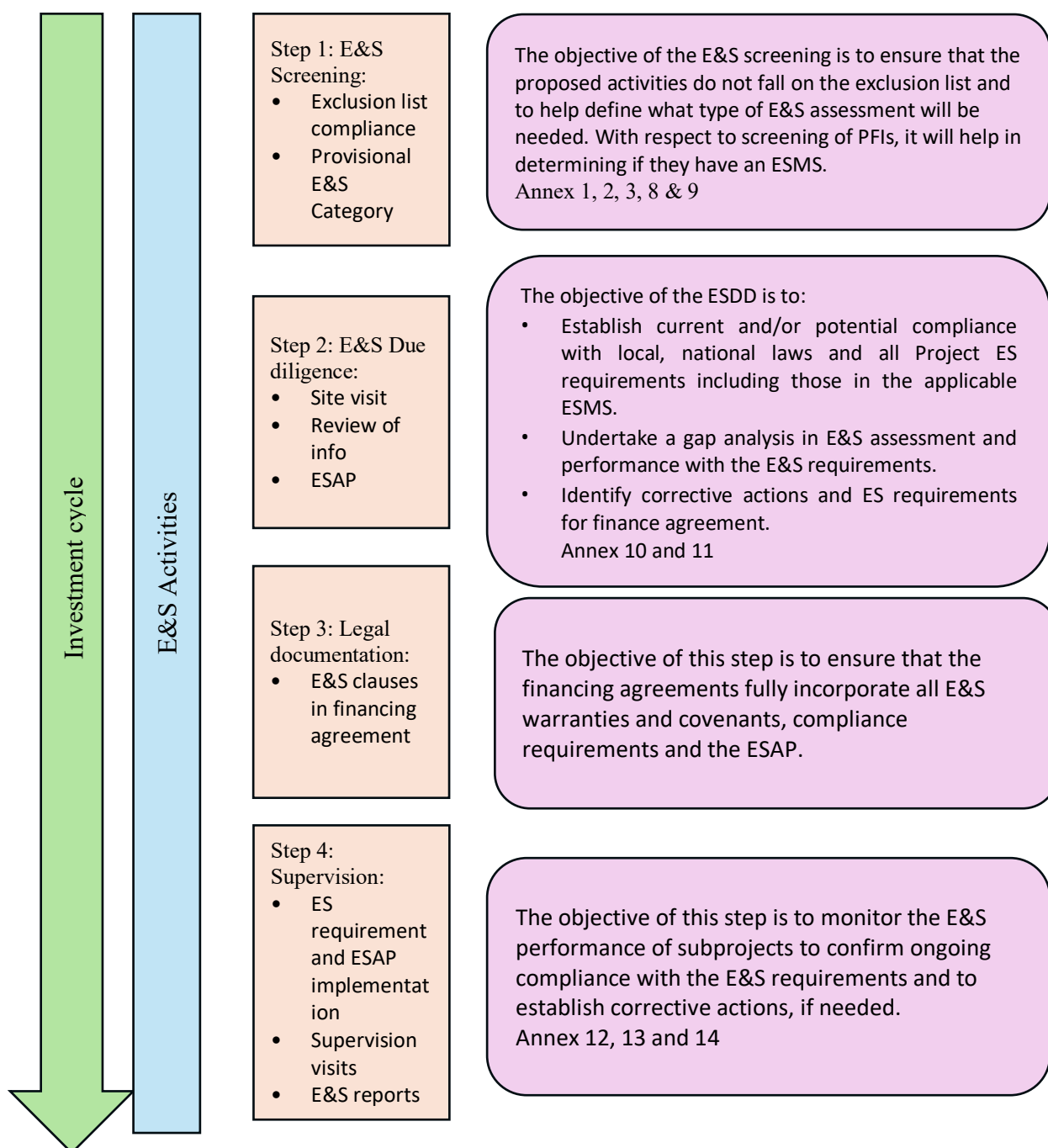
**When an ESIA is required:**

Not all SMEs are required to undertake an ESIA. An ESIA is required only when:

1. **Substantial and High-Risk Activities:** When the SME is involved in activities or industries that are known to have significant E&S impacts, such as mining, large-scale agriculture, or heavy manufacturing. Examples include:
  - Establishing a new mining operation or quarry.
  - Expanding or constructing a large-scale agricultural plantation.
  - Setting up a manufacturing facility with significant emissions or waste generation.
2. **New Projects or Expansions:** When the SME is planning a new project, expansion, or significant modification of existing operations that could alter local environments or communities. Examples include:
  - Building a new factory or processing plant.
  - Expanding existing production capacities or facilities.
  - Introducing new processes or technologies that significantly increase resource use or emissions.
3. **Land Use and Habitat Alteration:** When the activities involve significant land use changes, deforestation, or habitat destruction. Examples include:
  - Clearing large tracts of land for industrial or agricultural use.
  - Projects near ecologically sensitive areas such as wetlands, forests, or protected areas.
4. **Potential Community Impact:** When the project might affect local communities, including displacement, resource access, or social dynamics. Examples include:
  - Expansion activities that require land acquisition or relocation of communities.
  - Projects that may alter local water supplies or access to resources for surrounding communities.

All ESIA's must meet the World Bank ESF requirements.

The following diagram shows the procedures that PFI's ESMS should include.



(iii) Institutional capacity: PFIs must have qualified staff or resources to effectively implement their ESMS. While PFIs may appoint existing staff as their E&S manager or officer, they must be able to demonstrate technical capacity either through in-house expertise or by

engaging external E&S consultants. The ESMS of PFIs should clearly outline the institutional arrangements, including defined roles and reporting lines.

## 6.2 ESMS for the Online Reverse Factoring Platform (Subcomponent 2.2)

Regarding the online reverse factoring platform, it will be required to have its own ESMS. The ESMS will outline specific procedures for managing E&S risks, ensuring compliance with relevant regulations, and integrating sustainability considerations into the platform's operations and decision-making processes.

- a) Supply Chain E&S Screening: procedures for conducting ESDD on suppliers receiving financing, including assessments of their environmental impact and labor practices. Substantial and high-risk suppliers will be excluded from the platform. Only those SMEs/suppliers who comply with the exclusion list will be allowed to participate in the platform.
- b) E&S Compliance Criteria: The ESMS of the platform should include clear E&S compliance criteria that suppliers must meet to access reverse factoring services. This includes compliance with national regulations on labor, health, safety, and environmental protection. The SME must submit the compliance statement at the time of their registration on the platform and subsequently every year.
- c) Monitoring and Reporting Mechanisms: Establish monitoring mechanisms to track suppliers' ongoing E&S performance. Require suppliers to submit periodic reports on their compliance with E&S standards, and conduct site audits where necessary.
- d) Corrective Action Plans: If suppliers are found to be non-compliant with E&S standards, the ESMS should require them to implement corrective action plans within a specific timeline. Continued non-compliance and refusing to implement the corrective actions could lead to suspension of reverse factoring services.
- e) Grievance Mechanism: Implement a grievance mechanism that allows workers, community members, or other stakeholders to raise concerns about E&S violations related to suppliers benefiting from reverse factoring.

Additionally, the platform will need to establish either an in-house E&S staff or have on-call E&S expertise available to ensure proper management and oversight of E&S risks.

## 6.3 ESMS of Government Implementing Agencies<sup>2</sup> (subcomponent 3)

The government implementing agencies and their respective components are:

- i) The POFP will be responsible for implementation of component 1.2 (This ESMS does not cover the activities under Component 1.2. A separate ESMS has been specifically developed to address the requirements for POFP; and
- ii) The MIT for component 3.

---

<sup>2</sup> Government implementing agencies such as MIT, BoT,



The E&S concerns linked to the execution of components 2 and 3 are minimal. Therefore, the ESMS of government implementing agencies is anticipated to be straightforward and limited, but it must include the following:

- a) E&S Policy for the Project articulating their commitment to implementing the Project in compliance with the E&S requirements;
- b) Procedures for ensuring that the E&S considerations are integrated into all Project activities. The terms of reference, work plans, or other documents should be drafted so that the advice and other support provided is consistent with ESSs 1–10.
- c) Description of institutional capacity for ESMS implementation.
- d) Stakeholder engagement plan to ensure that various stakeholder views are taken on board while developing legal and regulatory frameworks and platforms.

The work contracts, therefore, must include specific clauses that require contractors and equipment suppliers to effectively manage the identified E&S impacts. This ensures that all parties adhere to the necessary E&S standards throughout the Project.

## 6.4 External Communication Mechanism

The TMRC/ SPV and PFIs will establish an external communication mechanism to offer stakeholders a platform to voice their concerns and grievances. The external communication mechanism can be integrated within the ESMS or developed as a separate document. This mechanism will be accessible to all stakeholders, including those affected by the operations of PFIs and SMEs financed under the FAST Growth Project. It must outline the procedures for assessing, resolving, and responding to complaints and inquiries.

The TMRC/ SPV and PFIs will specify the various channels through which inquiries and complaints can be submitted. These could include an online complaint form, email, telephone, and postal address.

The mechanism will provide clear guidelines and procedures for gathering, reviewing, resolving, and reporting complaints. This will enable the TMRC and PFI to identify, monitor, measure, and manage reputational risks associated with service delivery and interactions with external stakeholders.

The mechanism must be approved by FSDD and the senior management of TMRC/SPV.

## Annex 1: Exclusion List

The following list of activities shall be ineligible for financing under the Project:

- Any activities involving adverse impacts on biodiversity conservation and sustainable management of living natural resources.
- Any activities that have adverse impacts on cultural heritage as defined under ESS 8.
- SMEs that are not compliant with in country EHS regulatory requirements
- Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species (CITES)
- Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the Association considers the radioactive source to be trivial and/or adequately shielded).
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- Purchase of logging equipment for use in cutting forests.
- Production or trade in wood or other forestry products other than from sustainably managed forests
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Fishing in the marine environment using electric shocks and explosive materials.
- Any activities that would curtail workers fundamental rights. These would include: (i) all forms of forced or compulsory labor; (iii) child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations.
- Commercial logging operations in primary tropical moist forest.
- Production or trade in products containing Polychlorinated biphenyls (PCBs).
- Production or trade in ozone depleting substances subject to international phase out.
- Production, trade, storage, or transport of hazardous chemicals, or commercial scale usage of hazardous chemicals (includes gasoline, kerosene, and other petroleum products).
- Production or trade or use or storage of dyeing chemicals and dye intermediaries.
- Production or activities that impinge on the lands owned or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

## Annex 2: National E&S Regulations

The Tanzanian policy, legal, and regulatory framework for E&S risk management includes elements spanning the national, sectoral, and local levels. This annex provides a summary of the relevant national environmental and social (E&S) legislation applicable to the project. However, for comprehensive and detailed information, it is recommended to refer directly to the full text of the laws and regulations. It is important to note that the project must comply with the national E&S requirements in force at the time of the project investments, ensuring all obligations under current laws are met.

### Policy Framework

The Tanzania Development Vision 2025 and third Five Year National Development Plan (FYDP III 2021/22-2025/26) acknowledge the Environment and natural resources as the basis of national development. The national E&S risk management policy has been recently updated via the National Environmental Policy (NEP, 2021) and National Strategic Plan (2022). The NEP sets forth the objectives, commitments, and implementation arrangements for addressing the issues identified in NEP 1997 and makes policy commitments in new areas, including crosscutting issues. The National Environmental Master Plan for Strategic Interventions (NEMPSI) (2022-2032) is a 10-year government plan to implement the NEP (2021) that sets forth a series of intervention options. The NEP is further supported by sectoral policies, which are further elaborated via strategies, programs, and plans on specific issues. The main law for implementation of NEP (2021) and NEMPSI (2022-2032) is the Environmental Management Act (2004, Cap.191).

***The Environmental Management Act (EMA, 2004).*** This framework law, which effectively supersedes all other legislation on environment issues (except for the Constitution), provides legal and institutional framework for the environmental management in Tanzania. Specifically, it defines management instruments, establishes roles and responsibilities for key actors at all levels, and requires the application of specific planning, assessment, and management methods and tools based on the nature, scale, and location of potential impacts. These instruments include the EIA, Environmental Audit, and Strategic Environmental Assessment (SEA). They are currently in various stages of development and application. The Act also requires that proponents provide adequate human and financial resources for monitoring of the implementation of Environmental and Social Management Plans (ESMPs) and meeting of all conditions stipulated in the EIA.

***Supporting Legislation.*** Four (4) sets of regulations define the methods, tools, and responsible parties for the various types of assessments in different types of Projects:

- Regulation 4A(1) of the EIA and Audit (Amendment) Regulations (2018), which classifies Projects into four categories (“A” for EIA mandatory Projects, “B1” for borderline Projects, “B2” for non- mandatory Projects, and “Special Category”) based on their nature, extent, and level of impact; and Regulations 5-10, which describe the scope, procedure, approach, and methodology for the preparation of Project Briefs and Scoping Reports for Category A, B1 and B2 Projects;
- Regulation 18 of the EIA and Audit Regulations (2005), which describes the contents of the Environmental Impact Statement for Category A Projects;

- Registration and Practice of Environmental Experts Regulations (2021), which presents the code of conduct for qualified experts conducting assessments; and
- Fees and Charges Regulations (2021) which guide Project proponent payment of EIA costs.

The EIA process is further detailed in general and sector-specific subsidiary regulations and guidelines that support the execution of the instruments it defines, including the requirement that an EIA must be done prior to Project approval. The Environmental Impact Assessment and Audit Regulations (2005) and EIA Amendment Regulations (2018) define the key actors in the assessment, management, and monitoring of E&S impacts for Projects at all stages and detail the requirements according to a Project's nature, scale, and level of impact. The EMA (Section 83) requires that EIAs be done by qualified, experienced experts, following the code of conduct found in the Environmental Management (Registration and Practice of Environmental Experts) Regulations (2021). The responsibility of Project proponents to pay EIA costs is determined by the Environmental Management (Fees and Charges) Regulations (2021). The Tanzania National Guidelines for Strategic Environmental Assessment (2017) provide guidance on the conducting of SEA. Other regulations detail standards and criteria in specific areas. The EIA Guidelines and Procedures (vols.1-5) and EIA Guidelines for Onshore and Offshore Oil and Gas Development (2016) provide further detail.

***Social Impact Assessment (SIA).*** Among the EMA's basic principles are the right to a clean, safe, and healthy Environment, right to access to the Environment for recreational, educational, health, spiritual, cultural, and economic purposes, and right to bring an action where these are threatened. The EIA Regulations stipulate that consideration be given to social aspects in specific sections of the EIA Report. The Project justification is mainly focused on socio-economic aspects, the policy, legal and institutional framework covers Gender, Land, Employment, and HIV/AIDs, among other aspects, the baseline conditions cover the socio-economic conditions of affected communities and any direct socio-economic impacts of the Project on them, stakeholder engagement requires that stakeholder views be captured in the consultation process, impact identification includes social impacts, and the development of an Environmental and Social Monitoring Plan and Environmental and Social Management Plan listing both Environmental and Social likely impacts and corresponding mitigation measures.

## **Zanzibar**

***The Zanzibar Environmental Policy (ZEP).*** ZEP was passed in 2013, replacing the earlier ZEP (1992). It sets for priorities for a range of sectors, including Water, Forestry and Non-renewable Natural Resources, Tourism, Energy, Fisheries and Marine Resources, Health, Agriculture and Livestock, Lands, Industries, Infrastructure, Disaster Management, and Local Government. Cross cutting issues considered Climate Change, Gender Mainstreaming, Education, NGOs, Private Sector, and Collaboration with International Development Partners.

***The ZEMA.*** The Zanzibar Environmental Management Act (ZEMA) No.3 (2015) sets forth the environmental and social management instruments, defines permitting requirements, and bestows enforcement powers and coordinating roles and responsibilities for government authorities at all levels and for all sectors and spectators. Although other laws define the environmental mandates of sector-specific authorities, the ZEMA supersedes other legislation in this regard except for the Constitution. The Act further defines the main environmental

management tools, including Environmental Impact Assessment (EIA), Environmental Audit, Strategic Environmental Assessment (SEA, primarily designed to guide implementation of strategies and programs),<sup>45</sup> Pollution Prevention and Waste Management, Biodiversity Conservation, Environmental Education and Research, Integrated Coastal Zone Management, Climate Change Adaptation, Non- Renewable Natural Resources, and measures to address environmental emergencies. These instruments are supposed to be mainstreamed in all sectors and crosscutting aspects defined by the ZEP (2013). The ZEMA makes EIA a legal requirement for all Projects with environmental and social risks and impacts.

**Environmental Impact Assessment (EIA) has been mainstreamed across various government Projects.**

***Zanzibar Local Government Authority Act (2014)***. This Act establishes LGA structures, their areas of jurisdiction, powers, and functions, including with regard to the Environment and the sustainable management of land and natural resources. It specifies general functions of the Council, including maintenance of environmental sanitation, environmental pollution control, and prevention and control of public and private nuisances. Under the Act, LGAs are tasked with supervising and ensuring measures to combat epidemic diseases, control extraction of stone, sand, wood and other forms of natural resources, undertaking forestation and urban forestry initiatives, managing, controlling, and regulating the use of land as defined and allotted under the land-use plan, and addressing such cross-cutting issues as HIV/AIDS, Climate Change, Disaster Management, and population issues. The Act provides powers to an authorized LGA Officer to enter premises to confirm whether a development has been granted a permit and defines offences and unauthorized land use.

#### **Institutional Framework**

The EMA, following the National Environment Policy (1997 and 2021), establishes a comprehensive institutional and administrative framework for environmental management at all levels, assigning clear responsibilities to key government decision makers and mandating the responsible national-, sectoral-, and local-level authorities to address specific aspects under the coordination of the Minister Responsible for Environment. The NEP (2021) shifts the focus from positions to institutions (neither scheme assigns specific responsibilities to the VPO). The NEP (2021) assigns specific functions to four authorities under the VPO's administration: (1) the Minister Responsible for Environment; (2) the Director of Environment; (3) the National Environmental Advisory Committee (NEAC); and (4) the National Environment Management Council (NEMC). The EIA and Audit Regulations (2005) and Environmental Management (EIA and Audit) (Amendment) Regulations (2018) detail the functions of additional institutions, in effect assigning responsibilities to all parties in the EIA process. Institutions with specific responsibilities for the implementation of NEP 2021, NEMPSI 2022-2032, the EMA and the E&S Regulations are: (1) the Minister Responsible for Environment; (2) the Sectoral Ministries; (3) the National Environment Management Council (NEMC); (4) the Regional Secretariats; (5) the Local Government Authorities (LGAs); (6) the National Environmental Advisory Committee (NEAC); and (7) the Environmental Appeals Tribunal (EAT). NEP 2021 expands this framework to include new actors that provide financial and technical resources, as well as participants and recipients of technical knowledge, environmental information, communication, education (government

departments agencies, local communities, academic and research institutions, and media, etc.). Each of the main actors in the EIA process is discussed below.

***The Vice President's Office (VPO).*** The Vice President's Office has a mandate that includes the providing of environmental guidance and interventions, development of guidelines, oversight of standards, issuing of EIA permits based on NEMC's recommendations and ensuring that environmental aspects are adequately incorporated into Project implementation by LGAs and ministries, according to the ten-year Environmental Master Plan. According to the EMA and NEP 2021, there are four environmental management authorities under the VPO's administration: (1) the Minister Responsible for the Environment; (2) the Director of Environment; (3) National Environmental Advisory Committee (NEAC); and (4) the National Environment Management Council (NEMC). LGA Environmental Officers report quarterly on environmental issues to their Regional Offices, which in turn report to PO-RALG, which then reports to the VPO, which uses the reporting as the basis for the preparation of a State of the Environment Report. The VPO has an Environmental Officer and Sociologist with responsibilities that include coordination and awareness raising. VPO staff also participate, together with NEMC, in Project monitoring on an as-needed basis (mainly for major Projects).

***Minister responsible for Environment.*** Established under the EMA, with a mandate to issue guidelines and regulations and assign responsibilities to other government actors on the Environment, the Minister Responsible for the Environment is responsible for the issuing of Decision Letters/EIA Certificates approving Project EIAs. The Minister may delegate this responsibility to the Director of Environment, LGAs, and/or Sectoral Ministries. The Director of Environment (DoE) is responsible for coordinating, advising, assessing, monitoring, and reporting on environmental issues and activities, including policymaking and implementation, environmental policy-related research, coordination and monitoring, and promoting the integration of environmental aspects into development policies, plans, programs, strategies and Projects. The DoE's specific responsibilities include: (1) coordinating the implementation of NEMPSI (2022-2032), the EMA framework law, and subsidiary legislation; (2) preparation of a five-year National Environment Action Plan for general guidance on environmental and natural resource protection; (3) coordinating the preparation and implementation of SEAs; (4) advising the Minister on the approval of Project EIA reports and audits; and (5) negotiating and implementing international and regional environmental management conventions, protocols, and treaties. The DoE is divided into three Sections: (1) Impact Assessment (responsible for EIAs, SEAs, and risk assessments); (2) Natural Habitat Conservation; and (3) Pollution Management. Each section is responsible for the preparation, review, and coordination of its respective policies, legislation, and guidelines.

***National Environment Management Council (NEMC).*** Established in 1983 and operational since 1986, the National Environment Management Council (NEMC) is a corporate body mapped to the VPO with a mandate, as revised in 2004 under the EMA, to oversee and provide advice to the Government on all environmental matters in the country, including the review, monitoring, audit, and enforcement of EIAs and to facilitate public participation in environmental decision making. NEMC has four Directorates: (1) Environmental and Social Impact Assessment (DESIA); (2) Environmental Compliance and Enforcement (DECE); (3) Environmental Research and Management (DERM); and (4) Finance and Administration (DFA). DESIA is responsible for reviewing and recommending approval of EIA reports and Environmental Impact Statements

(EISs) to the Minister, who makes the final decision with technical support from the DoE. DESIA's functions further include capacity building, public awareness raising, management of databases, network development, publication of EIA procedures and guidelines (vols.1-5), Project Registration Forms, sectoral environmental checklists, training manuals, legislation and regulations, Control Audits, verification of Self Audit Reports, and the issuing of Post Audit Orders defining corrective measures. DECE is responsible for: (1) supervising the assessment of pollutant impacts and proposing and facilitating the implementation of mitigation measures; (2) fostering, promoting, specifying, supervising, and monitoring environmental quality standards, guidelines, norms, and criteria; (3) facilitating the establishment of environmental management systems in Projects; and (4) providing technical input to the negotiation and implementation of international and regional environmental management conventions, protocols, and treaties.

NEMC has 13 Zonal Offices, each serving the functions of: (1) compliance oversight and enforcement; (2) EIA; (3) research and planning; and (4) environmental information, communication and outreach. Each Office has technical officers with the authority to grant clearance to low-risk Zonal level Projects.

**National Environment Advisory Council (NEAC).** Established under the EMA to advise the Minister Responsible for Environment and other ministries on environmental matters, the National Environmental Advisory Committee is chaired by a Permanent Secretary (PS) and composed of 25 members (Directors of government agencies and representatives of academic, CSO, and private sector entities). NEAC has Social Specialists embedded in some Environmental Directorates who do awareness raising and training of consultants. A Technical Advisory Committee (TAC) is established for each Project and composed of the Developer, Environmental Consultant, a NEMC staff person, and representatives of the local LGA and other relevant agencies (e.g., Ministry of Water for Projects involving water). The TAC is a potential entry point for expanded ESIA and monitoring. The composition of the TAC depends upon the nature of the Project. Where specific social aspects are identified, the Ministry of Community Development, Health, Labor, etc., may be invited but this is not done in a systematic way.

**The Environmental Appeals Tribunal (EAT).** Established under the EMA the Environmental Appeals Tribunal (EAT) is an appellate body for decisions of the Minister Responsible for the Environment regarding EIA, any conditions, limitations and restrictions issued under EMA or its regulations, and any matters brought by NEMC that require interpretation. The EAT has five members, whose decisions may take the form of binding directives, orders or recommendations. If the complainant is not satisfied with EAT's decision, they may refer the case to the High Court.

**Regional Secretariats (RSs).** Established under the Regional Administration Act to assist the Regional Commissioner, the Regional Secretariats (RSs) oversee and advise on the enforcement of laws and regulations and the implementation of national policies, Projects, and activities at the regional level. The EMA also confers a coordinating role on the RSs for all environmental matters in their Regions via the Regional Environmental Management Experts (REMEs).

**PO-RALG.** The President's Office of Regional and Local Governments (PO-RALG) works with Sectoral Ministries, District Councils, and down to the village level, on Project implementation, monitoring, and reporting. The Directorate of Local Government oversees LGAs, including operations and such aspects as promoting the employment of local labor. They have

Environmental Officers, CDOs, and Social Workers at the local level. There is no standalone E&S unit or E&S specialists per se (which makes them ineligible for GCF funding) but only a Forest Officer, a Game and Wildlife Officer, and a Fisheries Officer. In practice, these specialists are largely limited to specific issues (e.g., tree planting and plastics). These are not represented on the CMT (Council Management Team) and do not participate in the decision-making process. They do not participate in the EIA review process, although consultants preparing EIAs sometimes consult them) and have little involvement with NEMC or OSHA). They are responsible for local level Project monitoring in all sectors, although they focus mainly on Environmental Conservation and Solid Waste Management and are involved in monitor only on an as-needed basis, and not in any structured or systematic E&S monitoring process. If there is a visit to a major Project involving multiple sectors, for example, they may be asked to accompany it but without any specific role or responsibility, although other agencies sometimes go to the field without them due to their lack of staff and work directly with the LGA, although they are supposed to have a lead coordination role. They have no database of LGA E&S staff and do not oversee the deployment of specialists locally. For that, they would need a dedicated E&S unit.

**The PCT.** PO-RALG's Project Coordinating Team (PCT) is a recent innovate designed to oversee E&S issues in World Bank financed Projects. They currently oversee more than 50 Project Implementing Teams (PITs), and other donors are expressing interest in using the PCT for Projects they finance as well. ESMPs, Valuation Reports, and RAPs are prepared by consultants under PO-RALG's supervision. The Team conflicts of staff from PO-RALG, other agencies, and LGAs, as well as independent consultants and includes three Social Specialists, one Environmental Specialist and one Expert Advisor, as well as a Valuer and Grievance Specialist from each LGA. They currently support three Projects, each overseen by a Coordinator and with a Project-specific budget. The Team is financed through the Projects. World Bank- financed Projects include support to LGAs for E&S implementation, including institutional strengthening.

**Local Governments Authority (LGAs).** Established under the Local Government Act (1982), Local Government Authorities (LGAs) are responsible for the preparation and implementation of Environmental Action Plans in their areas of jurisdiction. The two main legally established E&S-related LGA positions and units are the LGA Environmental Management Officer (EMO) and LGA Standing Committee Responsible for Environment. Established under the EMA at both the higher and lower LGA levels, the LGA Environment Management Officer is designated or appointed to: (1) enforce and coordinate all environmental protection functions and activities in the LGA; (2) advise the Environment Management Committee; (3) collect and manage data; and (4) report on state of the local environment. EMOs are specifically tasked with monitoring the preparation, review, and approval of EIAs for local investments. LGAs have junior Environmental Officers but no standalone E&S unit. Established under the Local Government (Urban Authorities) Act the Standing Committee on Urban Planning and Environment is charged with overseeing environmental management in the LGA. Their general powers include conducting inquiries and investigations, summoning parties, conflict resolution, inspection of premises, issuing orders to remove harmful substances or articles, and prosecution of violators. Beyond the Community Development Officers, Social Welfare Officers, and Gender Focal Points, there are few permanent staff at the LGA level to handle social aspects.

**Other Actors.** Other actors recognized by the EIA and Audit Regulations (2005) in the EIA process include:



**Sectoral Ministry Environmental Sections.** Established under the EMA as responsible for all Environmental matters in line ministries, Environmental Departments, Sections, and Units have roles and responsibilities that include: (1) preparation of five-year Sector Environment Action Plans; (2) conducting of EIAs; (3) participation in reviews by Cross-Sectoral Advisory Committees of EIA Reports; (4) review of Environmental Audit Reports; and (5) monitoring of Projects and submission of monitoring reports to NEMC.

**TEEA.** The Tanzania Environmental Experts Association (TEEA) is a national voluntary association of the environmental experts registered under the Societies Act (2017, Cap.337 [R.E 2020]), recognized by the Experts Registration Regulation (2020) and coordinated by the Register of Societies under the Ministry of Home Affairs. TEEA's mandate is to unite environmental experts in the country, build capacity, provide relevant information, engage in advocacy and awareness raising on the importance of EIA and to influencing environmental policies, and participate in interventions in collaboration with NEMC, the VPO (for Union and Environmental Matters), and other government and non-government institutions. They offer members updates on changing laws and regulations, professional development and training, networking with fellow environmental experts, opportunities to discuss Environmental Management issues and to participate in local, regional, and national conferences and forums, opportunities for joint consultancy services, and Information on available consultancies and other employment opportunities.

**The Registrar of EIA Experts/Firms of Experts.** The Registrar of EIA Expert/Firms of Experts is mandated under the Environmental (Registration of Environmental Experts) Regulation 22 of the Environmental Management (Registration and Practice of Environmental Experts) Regulation, 2021 (GN. No 27 /19/03/2021) to register and keep a registry of all firms and individuals authorized to provide EIA-related services in the country (e.g., preparation of EIAs and Initial and Control Environmental Audits, Environmental Inspections, training, and technical support).

**Environmental Inspectors.** Environmental Inspectors are appointed or designated with a mandate under the EIA and Audit Regulations (2005) to conduct inspections, examine records, make enquiries into projects and monitor Project impacts and activities. These inspectors generally lack specific training in SRM monitoring and oversight.

**The EIA Process:** The Tanzanian EIA process begins with the submission of an application by a Project proponent to NEMC for an EIA Certificate. The Project is then classified according to four categories based on the nature, extent, and level of impacts. These are: (1) "A" for High Risk Projects, requiring a mandatory detailed EIA; (2) "B1" for Substantial Risk Projects, requiring screening, scoping, and full EIA; (3) "B2" for Moderate Risk Projects involving small-scale activities, requiring registration but no EIA, screening or scoping (instead, the Project Brief is examined and issued with an EIA Certificate); and (4) "Special Category" Projects in which potential risks are uncertain, requiring detailed specialized studies prior to EIA (in practice, these are generally treated as Type "A" Projects). The EIA and Audit Regulations require the process to: (1) describe the Project location and scope; (2) conduct a scoping of issues prior to full EIA; (3) involve the public; (4) document baseline data; (5) identify and assess impacts; (5) evaluate alternatives; (6) propose management and mitigation measures; (7) estimate costs, responsibilities and schedules

for their implementation; and (8) prepare an ESMP to guide execution of all Project types. Instruments applied as components of an EIA include hazard and risk assessments and Cumulative Impact Assessments (CIAs). For Type A, B, and Special Category Projects, the proponent must submit a Scoping Report together with Terms of Reference (ToRs), an ESMP and an ESMoP (for Type B2 Projects, the proponent must submit a Project Brief). These documents must be prepared by registered experts authorized by NEMC and submitted online, along with a registration form and prescribed fee, in NEMC's Project Management System (PMS), thereby generating an Application Reference Number.

### **Other Environmental Instruments**

Other key environmental instruments in Tanzanian Law besides EIA are: (1) the Environmental and Social Management Plan (ESMP); (2) Environmental and Social Monitoring Plan (ESMoP); (3) Environmental Audit (EA); and (4) Strategic Environmental Assessment (SEA). Brief descriptions follow:

***Environmental and Social Management Plan (ESMP).*** This is applied to B2 Projects as a stand-alone instrument to identify, assess, and mitigate potential Project E&S impacts and Project clearance is based on approval of the ESMP. The Law defines an ESMP's scope and requires that it include detailed measures to avoid, mitigate or offset adverse impacts.

***Environmental and Social Monitoring Plan (ESMoP).*** DEIA is responsible for continuous monitoring of the environmental aspects of industrial operations, Projects, and activities, including ESMoPs, in coordination with the relevant line ministries and sectoral agencies.

***Environmental Audit (EA).*** Environmental Audit is an independent instrument separate from EIA that is applied to Projects to determine the effectiveness of mitigation measures and any emerging issues. The EIA and Audit Regulations (2005) define the scope of the two main audit processes: (1) Self Audit (with an Initial Audit undertaken where there is no prior EIA and a Compliance Audit for specific issues of concern), undertaken by the Project proponent; and (2) Control Audit, undertaken by the appropriate authority. The law requires the Audit process to identify all issues of concern, propose and justify corresponding mitigation measures, and estimate their implementation costs.

***Strategic Environmental Assessment (SEA).*** Applied to policies, bills, regulations, strategies, program, and plans to identify potential E&S impacts and issues of concern, SEA is not site-specific but rather applied at the national, zonal or regional level for sector-wide programs, Economic Processing Zones (EPZs), water basins, etc. The EMA specifically requires SEA for mineral, petroleum, hydroelectric, and major water Projects. The SEA Guidelines (2017), under the EMA and SEA Regulations (2008). The TAC is composed of no less than 12 multidisciplinary specialists from sectors responsible for environment and resource management (which are currently a focus of investment and relevant research institutions), in the aim of enhancing technical credibility, institutional and interagency coordination, accountability, and transparency Projects.

***Control or Compliance Audit.*** The EIA and Audit Regulations require a Control Audit (also referred to as a Compliance Audit) to be conducted by NEMC where the Council deems it necessary to verify ESMP or Self Audit compliance.

Overall, these instruments give limited attention to social aspects, beyond general requirements and they should be included in specific chapters.

## **Zanzibar**

**Zanzibar VPO-Department of Environment (DoE).** Directly under the First Vice President's Office, the Zanzibar Department of Environment is responsible for environmental policy making, formulation of guidelines, biodiversity and Climate Change management, and international coordination. The DoE has four Divisions: (1) Environment; (2) HIV/AIDS; (3) Disabilities; and (4) Substance Abuse and Rehabilitation. The Environment Division has two units: (1) Department of Environment; and (2) ZEMA. The Department of Environment is led by the Director.

**Zanzibar Environment Management Authority (ZEMA).** Established under the Zanzibar Environmental Policy (2013) and Environmental Act (2015), ZEMA is under the DoE with a mandate for coordination, enforcement, and monitoring of environmental activities, policies, regulations and guidelines, and ESIA review, approval, and implementation monitoring. ZEMA has three Departments: (1) Administration and Human Resources; (2) Planning, Monitoring and Environmental Assessment; and (3) the Pemba Office (as well as Divisions for IT, Communication, Law Enforcement, and Finance).

**The EIA Process.** The Zanzibar EIA process begins with the determination by ZEMA of the EIA category (the categories being Exempt, Minimal Impacts, and High Risk or Mandatory EIA) and level of assessment required (No Assessment, Environmental Report, or Full EIA). There are no ESIA Regulations but there are General TORs for conducting ESIA in Zanzibar. ZEMA also reviews and approves TORs. The process has now been streamlined, with a Scoping Report prepared by a consultant. At the close of the process, an EIA certificate is issued with a list of mandatory conditions where applicable. While ZEMA's guidelines provide no timeline for EIA review, ZEMA generally reviews small Projects and issues a certificate within three days, while larger Projects can take more than a week. Then they monitor the implementation and write regular monitoring reports. They monitor with a checklist (they only have a checklist for Tourism Projects. Routine Inspections are rarely done because of inadequate funding.

## Annex 3: Guidance on E&S Categorization of PFI Subproject/ SMEs

This Annex offers guidance to PFIs regarding the classification of their borrowers and Projects. While it outlines the features and offers examples of each category, the categorization process should be tailored to individual cases, considering factors such as location, environmental and social context, scale, and impact severity.

For clarity characteristics of Substantial and High-Risk activities are provided below.

**Substantial and High-Risk Activities** typically involve the following:

- **Significant Potential Impacts:** These Projects have the potential to cause significant adverse E&S impacts due to their scale, nature, or location.
- **Complexity:** They involve complex activities, technologies, or processes that increase the likelihood of E&S risks.
- **Sensitive Environments:** Projects located in environmentally or socially sensitive areas, such as protected areas, indigenous territories, or areas with vulnerable communities, are considered high risk.
- **Legal or Regulatory Requirements:** Projects that are subject to stringent E&S regulations at the national, are usually classified as high risk.
- **Controversial Issues:** Projects that are contentious or raise significant concerns among stakeholders, including affected communities, civil society organizations, or indigenous groups, are often categorized as high risk.
- **Large Investments:** Projects with substantial financial investments, such as infrastructure developments or extractive industry Projects, are typically considered high risk due to their potential magnitude of impacts.
- **Long-Term Impacts:** Projects with long-term or irreversible E&S impacts, such as large-scale infrastructure or mining Projects, are classified as high risk due to the potential for lasting harm.
- **Cumulative Effects:** Projects that contribute to cumulative environmental or social impacts when combined with other existing or planned Projects in the area are considered high risk.

Category	Definition	Example Activities
<b>High and Substantial Risk</b>	High Risk means any business activity which is likely to have significant adverse environmental impacts that are sensitive, diverse or unprecedented, and which includes, for the avoidance of doubt, activities involving (a) involuntary resettlement, (b) risk of adverse impacts on indigenous peoples, (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage, or (d) significant occupational	▪ Activities that require an IEE or ESIA

Category	Definition	Example Activities
	<p>health and safety risks (risk of serious injury or fatality to workers).</p> <p>Substantial Risk means any business activity that is not as complex as High-Risk activities, however, has some significant risks and impacts with the possibility of avoiding or reversing but with substantial investment and time and may give rise to limited degree of social conflict, harm, human security risk.</p>	

### Moderate Risk Activities

- Moderate Potential Impacts: These Projects have the potential to cause E&S impacts, but the magnitude and severity of these impacts are generally less significant compared to high-risk Projects.
- Standard Activities: They involve standard or routine activities that are well-understood and commonly implemented within the sector, reducing the likelihood of unexpected impacts.
- Limited Scale: These Projects are typically smaller in scale or scope compared to high-risk Projects, resulting in fewer potential impacts and lower overall risk.
- Low Complexity: They involve straightforward activities or processes with minimal technological complexity, reducing the likelihood of E&S complications.
- Non-sensitive Environments: Projects located in areas with low E&S sensitivity, such as urban or industrial zones, are often classified as moderate risk.
- Short-Term Impacts: Projects with short-term or reversible E&S impacts, such as construction activities or short-term operations, are categorized as moderate risk due to the limited duration of impacts.
- Limited Controversy: Projects that do not raise significant concerns among stakeholders and have minimal opposition from affected communities or civil society organizations are considered moderate risk.
- Manageable Cumulative Effects: While these Projects may contribute to cumulative E&S impacts when combined with other Projects, the overall magnitude of these effects is generally limited and manageable.

Category	Definition	Example Activities
<b>Moderate Risk</b>	Moderate Risk means any business activity that has potentially limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily	<ul style="list-style-type: none"> <li>▪ Acquisition of new transportation equipment (automobiles, trucks, other specialised equipment, and replacement parts).</li> <li>▪ Small-scale processing of agricultural produce e.g. rice.</li> </ul>

	<p>addressed through mitigation measures. Impacts are often site-specific without likelihood of impacts beyond the activity's footprint and routine safety precautions are expected to be sufficient to prevent accidents.</p>	<ul style="list-style-type: none"> <li>▪ Construction of warehouses, processing facility or renovation of existing physical premises on the land fully owned by the SMEs.</li> <li>▪ Acquisition of assets such as industrial machines, medium sized tools and equipment.</li> </ul>
<b>Low Risk</b>	<p>Low Risk means any business activity minimal or negligible risks to and impacts on human populations and/or the environment with few or no adverse risks and impacts and issues.</p>	<ul style="list-style-type: none"> <li>▪ Office based activities such as marketing, consultancy, etc.</li> <li>▪ Working capital needs (loans for payment of salaries, marketing costs, audit and accounting costs).</li> <li>▪ Acquisition of communications equipment (phone and fax equipment, computers, printers, servers, software, other hardware, etc.).</li> <li>▪ Purchase of construction materials for shops selling construction material,</li> <li>▪ Purchase of feed stock, and feed mixer machine.</li> <li>▪ Acquisition of fixed small assets (refrigerators, replacement parts, etc.), small tools and equipment etc.).</li> <li>▪ All types of retail outlets (except those dealing in hazardous or toxic chemicals, flammable materials); and</li> <li>▪ Restaurants and other food premises.</li> </ul>

## Annex 4: E&S questionnaire for PFIs

### 1. E&S Procedures and Capacity

<b>Name of PFI</b>	
<b>Date of the assessment:</b>	
<b>ESDD form filled by (name and designation):</b>	
<b>Does the PFI have an ESMS policy and management commitment—<i>check all that apply:</i></b>	
<ul style="list-style-type: none"> <li>• Policy regarding Environmental and Social (E&amp;S) risk management</li> </ul>	
<ul style="list-style-type: none"> <li>• The E&amp;S Policy is approved by Senior Management (mention the date of approval)</li> </ul>	
<ul style="list-style-type: none"> <li>• ESMS specifies types of investments/loans and activities it applies to (e.g., entire portfolio/investment type)</li> </ul>	
<ul style="list-style-type: none"> <li>• The E&amp;S Policy and ESMS disclosed on FI's website</li> </ul>	
<b>Does the ESMS process and procedures include—<i>check all that apply:</i></b>	
<ul style="list-style-type: none"> <li>• Documented process to assess E&amp;S impacts and risks of its Projects including what E&amp;S related documentation/information shall be submitted by client</li> </ul>	
<ul style="list-style-type: none"> <li>• ESMS specifies applicable requirements (e.g., Exclusion List/national laws/WB ESS)</li> </ul>	
<ul style="list-style-type: none"> <li>• E&amp;S due diligence process integrated with risk assessment procedures including identification of potential ES financial risks</li> </ul>	
<ul style="list-style-type: none"> <li>• Project site visits conducted as part of E&amp;S risk assessment procedures</li> </ul>	
<ul style="list-style-type: none"> <li>• Review of borrower's applicable environment, health and safety permits and compliance with all ESHS regulatory requirements</li> </ul>	
<ul style="list-style-type: none"> <li>• Loan agreements contain terms and conditions (warranties, covenants, remedies, etc.) requiring ongoing compliance with applicable requirements (e.g., national laws)</li> </ul>	
<b>Does the ESMS include a process for E&amp;S monitoring and record keeping—<i>check all that apply:</i></b>	
<ul style="list-style-type: none"> <li>• Process for monitoring ongoing compliance with applicable requirements including process to establish corrective actions if needed</li> </ul>	
<ul style="list-style-type: none"> <li>• Borrowers required to report accidents/incidents within reasonable timeframe</li> </ul>	
<ul style="list-style-type: none"> <li>• Borrowers required to provide periodic reports</li> </ul>	

pertaining to E&S performance of Projects	
<b>Does the ESMS have an internal feedback and continuous improvement mechanism—check all that apply:</b>	
<ul style="list-style-type: none"> <li>• Process for periodically reporting Environmental and Social performance information internally to senior management</li> </ul>	
<ul style="list-style-type: none"> <li>• Continuous improvement process in place to revise and update ESMS (e.g., changes in national law/international best practices)</li> </ul>	
<b>Is there provision for E&amp;S external reporting—check all that apply:</b>	
Annual reporting on E&S performance to lenders (names the lenders)	
<b>Are the ESMS roles and responsibilities defined—check all that apply:</b>	
<ul style="list-style-type: none"> <li>• Designated ESMS Officer</li> </ul>	
<ul style="list-style-type: none"> <li>• Designated ESMS Environmental Coordinator(s)</li> </ul>	
<ul style="list-style-type: none"> <li>• Description of ESMS responsibilities of different roles</li> </ul>	
<ul style="list-style-type: none"> <li>• Use of consultants</li> </ul>	
<b>ESMS capacity and resources—check all that apply:</b>	
<ul style="list-style-type: none"> <li>• Process for communicating ESMS policy and procedures across Financial Institution</li> </ul>	
<ul style="list-style-type: none"> <li>• ESMS includes tools (e.g., checklists/guidance notes) for its implementation.</li> </ul>	
<ul style="list-style-type: none"> <li>• Budget allocated for ESMS training for PFI staff and their clients</li> </ul>	
<ul style="list-style-type: none"> <li>• Training plan for ESMS implementation</li> </ul>	

*Note: It is advised to review all ESMS and/or ES related procedures and examine sample ESDD and monitoring reports for Project types anticipated under FAST. If such Projects are absent in the current portfolio, please review the ESDD and monitoring reports for two to three other Projects.*



## 1. Portfolio

Product lines for lending to SMEs	Description	Total exposure outstanding for most recent FY year end (in US\$)
Long term		
Short term	Transaction with tenor less than 12 months	
ST Corporate finance		
ST Trade finance		
Working capital		
Other		

What proportion of existing portfolio constitutes lending to SMEs:

Details of long-term Project finance/corporate finance (longer than 12 months tenor) to SMEs

Borrower name	Type of loan	Tenor of loan (months)	Value of exposure (US\$ mn)	Description of Project

## Annex 5: Standard E&S Terms and Conditions

### A. E&S Terms for SPV and PFI Financing Agreements:

- (i) The PFI shall implement and maintain an Environmental and Social Management System (ESMS) that aligns with national regulations and international standards, such as the IFC Performance Standards. The PFI must ensure that all financing decisions are consistent with these standards.
- (ii) The PFI shall submit quarterly reports in the first year and subsequently at a frequency to be agreed with the apex FI E&S monitoring reports to the Apex FI, detailing compliance with E&S requirements for each financed project. The reports should include information on any material E&S risks, mitigation measures, and updates on any corrective action plans.
- (iii) If the SPV identifies any material non-compliance with the E&S terms, the PFI must take immediate corrective action within a specified time frame. Failure to address these concerns may lead to financial penalties or suspension of disbursements.
- (iv) The PFI represents and warrants that it has adequate E&S capacity, policies, and personnel in place to manage the E&S risks of its portfolio and that there are no material E&S issues affecting its current operations.
- (v) Promptly notify the SPV, within 24 hours of becoming aware of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public, or workers *including Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)*

### B. E&S Terms for PFI and SME Finance Agreements:

- (i) The SME shall comply with all applicable E&S laws and regulations in the country of operation, as well as any specific E&S standards set by the PFI. The SME shall establish internal processes to identify and manage any E&S risks associated with its operations.
- (ii) The SME shall provide regular E&S performance reports to the PFI, including updates on any material E&S risks, mitigation measures, and any incidents that may have occurred during the reporting period.
- (iii) The SME promptly (no later than 48 hours) notify the PFI of any EHSS incident, provide information on the incident to the PFI.
- (iv) The SME shall confirm that no material environmental or social liabilities, such as soil contamination, hazardous waste, or health and safety violations, exist that could affect its financial performance or asset value.
- (v) The SME shall confirm that there are no material E&S risks or issues in respect of the SME activities other than those identified in the E&S scoping and feasibility study.
- (vi) The SME shall confirm that they have not received nor are aware of any material written communication from any person and/ or organization concerning the failure to undertake its operations and activities in compliance with the E&S requirements.

- (vii) The SME shall obtain, renew and maintain all consents required for its operations.
- (viii) The SME shall develop and maintain good Occupational Health and Safety (OHS) management practices in line with Applicable Laws and relevant E&S Standards. At a minimum it shall have provision of personal protective equipment (PPE), requirements for use of PPE, and enforcement of PPE use and a system for recording incident statistics, including total work hours, lost time incidents, major injuries, fatalities, etc.
- (ix) The SME shall allow the PFI and its representatives, at any time, on reasonable notice, to conduct a site visit.
- (x) In the event of non-compliance with E&S requirements, the SME shall take immediate corrective actions as agreed upon with the PFI. The PFI may suspend or terminate financing if the SME fails to comply within the agreed-upon time frame.
- (xi) The SME shall establish a grievance redress mechanism to address any E&S-related complaints from stakeholders, including employees, local communities, and customers, and keep the PFI informed about the nature and resolution of any grievances.

## Annex 6: ESAP template

<b>PFI/subproject name</b>			
<b>Date of ESAP/ date of compliance review</b>			
<b>Description of the E&amp;S action</b>	<b>Responsible Person</b>	<b>Due date</b>	<b>Evidence for completion of the action</b>

## Annex 7: Declaration of Labor Policies and Practices<sup>3</sup>

**(PFIs must complete this)**

This is to confirm that [PFI] has reviewed and agrees to comply with the World Bank's E&S Standard 2 (ESS2), available at <https://documents1.worldbank.org/curated/en/149761530216793411/ESF-Guidance-Note-2-Labor-and-Working-Conditions-English.pdf>.

**Documentation to be submitted with this questionnaire:**

1. Human Resources Policy
2. Sample Employee Contract
3. Code of Conduct/Ethics or Sexual Harassment Policy
4. Collective Bargaining Agreement (if available)
5. Recruitment Policy
6. Grievance Mechanism

1. HR Policy and Terms of Employment		
Does your organization have a human resources policy? (Please enclose a copy.) Does it or any other HR management procedures available to staff contain sections on:		
a)	Entitlement to and payment of salaries?	(Y/N)
b)	Entitlement to leave for holidays, vacation, illness, injury and maternity and other reasons?	(Y/N)
c)	Entitlement to benefits?	(Y/N)
d)	The employees' right to form and join employee organizations of their choosing without any interference or employment consequences and to bargain collectively with the company?	(Y/N)
e)	Disciplinary and termination procedures and rights?	(Y/N)
f)	Promotional requirements and procedures?	(Y/N)
Does the company have occupational health and safety and emergency preparedness plans (life and fire safety)?		(Y/N)
Name of person responsible for human resource matters:		[Enter name and title here]
Do all employees have written contracts? How many employees have written contracts?		(Y/N)  [Enter number of employees with written contracts here]

<sup>3</sup> Source: IFC

Do non-employee workers (contractors) have the same rights and benefits as employees?	(Y/N)  [If not, please explain the nature of the work performed by contractors]
Is the HR Policy readily accessible to employees and are they familiar with the terms of the human resource policy? Is the policy posted in a visible place? Where?	(Y/N)  [Enter the place where the HR Policy is posted here]

3. Non-Discrimination and Equal Opportunity	
What is the normal length of service with the company?	
What is the average age of employees?	
What is the mandatory retirement age for men and women? Is this based on national law or company policy?	[Enter age for men and for women separately]
Is there any age limit for recruitment?	
What is your normal process for hiring new members of staff?	
Have you received any internal complaints over issues of sexual or other harassment?	(Y/N)
Do you have a policy to deal with sexual harassment?	(Y/N)
What is your policy with regard to leave for women who are pregnant?	
Do you ever require women to undergo pregnancy testing? If so, why? How is this information used? What happens if the employee refuses to be tested?	
Do new employees have to undergo medical testing as part of the confirmation process?	

5. Grievance Mechanism	
Is there a grievance mechanism which enables employees to register and raise concerns?	(Y/N)
What are the most common grievances received?	
How many times has it been used in the last three years?	

Please provide a copy of the grievance procedure or describe the grievance procedure (how can concerns be raised with management, who deals with the concern, who takes action and provides feedback to the employee)	Describe or attach document.
---	------------------------------

6. Labor Fines and Court Cases	
Has the labor authority issued fines to the company related to labor issues?	(Y/N)
Have labor cases been filed against the company in the national/international legal system?	(Y/N)

7. Overall Labor Statistics				
		Men	Women	Total or Average
Number of Employees	Management			
	Non-management			
	Contractors			
	Handicapped			
	Total			
	Board Composition			
Average Salary	Management			
	Non-management			
Age Breakdown	18 – 25			
	26 – 35			
	36 – 45			
	46 – 55			
	> 56			

\_\_\_\_\_  
Signed - Human Resources Director (or equivalent)  
[Name and Designation]

\_\_\_\_\_  
Date

## Annex 8: Annual E&S Monitoring Report Format (for submission by PFIs to TMRC)

Name of the PFI	
Reporting period (month/year–month/year)	
Report completed by (name and designation)	
Contact e-mail address and phone number	
Date of the Report	

### 1. ESMS Implementation and E&S Capacity

Policies & Processes		Description
Have there been any updates to the E&S Policy and ESMS adopted by your organization?	Yes/No	If yes, please provide a copy of the updated policy including date when it was issued and reasons for the same.
Has senior management signed off on the updated policy/procedure?	Yes/No	If yes, please provide the date and internal communication indicating the same.
Please describe any activities for the last FY for staff training related to the ESMS or its implementation and other internal communication		
Give details of any transactions rejected on environmental, health, safety or social grounds		
State any difficulties and/or constraints related to the ESMS implementation		
Did you conduct site visits to SMEs facilities and PFIs? - No of site visits for due diligence - No. of site visits for supervision	Yes/No	If yes, please provide % of Projects (PFIs and SMEs) that are covered
- Number of transactions considered during the reporting period - Number of transactions approved - Number of transactions with reported non-compliances - Number of transactions rejected because of E&S issues		
<b>Capacity</b>		



Please provide current staffing of the core E&S people as well as list other people in the organization involved with the ESMS implementation		
Has the E&S team undergone any training during the reporting period?	Yes/No	If yes, please provide details
Do you need more guidance on ESMS implementation? Please describe	Yes/No	

## II: Portfolio information for SME investments

### 1. SME exposure by product

Product line	Description	Total exposure outstanding for most recent FY year end (in US\$)
Factoring		
Longer term loan		
Working Capital		

### 2. Exposure by Industry Sub-sectors

Please provide an indicative % of portfolio that these sectors represent of the total SME portfolio (under the Project).

Industrial Sector	% of total SME exposure
Livestock	
Agro-processing	
Construction	
Fisheries	
Garment	
Information & communication technologies (ICT)/fintech	
Leather	
Manufacturing	
Minerals	
Tourism and transport	

### 3. Longer tenor SME lending

Please provide information for the MSME loans with tenor more than 12 months

[illegible]

Note: Please attach copies of 2 ESDD reports with ESAPs for new SME investments made over the reporting period and 2 E&S monitoring reports

Please provide the following information for the SME portfolio

Issue	Yes	No	Details (please include no. of SMEs and percentage of SMEs from the portfolio)
Non-compliance with national legislation and regulations			
Non-compliance with TMRC's E&S standards			
Non-compliance with covenants in the Finance Agreement signed between the PFI and SMEs			
Non-compliance with ESAP			
Complaints from regulatory agencies, interest groups, or local communities			
Fatalities or serious injury			
Strikes (with or without violence) or other labor disputes			
Legal action			
Fines, penalties or increased permit charges			
Negative attention on the part of the media or NGOs (non-governmental organizations)			
Material E&S financial risks			

#### 4. Compliance with the Exclusion List and Restricted Activities

Activities on Exclusion List	
If any, please indicate the dollar percentage of loans or investments (under the Project) out of your total outstanding exposure provided to clients who are substantially involved in excluded activities.	%
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	

## Annex 9: E&S Application

(To be submitted with the funding application by SMEs to the PFI)

### I. Background information

Where are your operations located? Industrial site, residential area? Share coordinates, if available	
Year of establishment	
Type of business and industry sector	
Provide a description of your business activities and production process (if relevant)	
Description of the core business and activities for which funding is sought (expansion, refurbishment, green field development, etc.)	
Number of current employees? <ul style="list-style-type: none"> <li>• Permanent</li> <li>• Temporary</li> </ul> Will the number increase to what levels with financing?	
Describe the surroundings of your unit including immediately surrounding properties	
Is there any village/ community or sensitive receptors within 500 meters of the site?  (e.g. local human settlements, local ecologically sensitive areas and protection and conservation of biodiversity, sites of cultural importance)	

## II. E&S assessment related questions

E&S Questions	Yes	No	Provide details, if the answer is yes.	Describe mitigation measures
Are the operations in areas other than industrial area?				
Will the operations require process water? If yes, please mention the source and the quantity				
Will the operations require electricity and other fuels? If yes, mention the source and quantity.				
Do the operations require raw material such as wood, biomass, agri produce, waste, etc.? If yes, provide details on source of each.				
Is any construction and civil works envisaged? If yes, please mention the source of construction material				
Do the operations generate air emissions?				
Do the operations generate noise?				
Do the operations generate waste? <ul style="list-style-type: none"> <li>• Solid waste</li> <li>• Hazardous waste</li> <li>• Industrial waste</li> <li>• Biomedical waste</li> <li>• Any other type of waste</li> </ul>				
Do the operations require handling of hazardous material and chemicals?				
Do operations involve working at height?				
Do operations expose workers and employees to hazardous working conditions?				

Have you undertaken an assessment of occupational hazards?				
Does the work involve use of noisy machines?				
Does the work involve processes that generate heat and smoke?				
Do the operations cause fire hazards?				
Are you required to obtain environmental approvals and clearances? Please provide copies of all environmental permits and approvals.				
Do you monitor E&S performance of your operations? If yes, provide copies of last 2 monitoring reports.				
How do you avoid child labor in your operations?				
Are there communities living in the vicinity of activities? Provide details, if the answer is yes. Who is responsible for community relations?				
Have you received complaints related to your operations from the surrounding community? If yes, provide details. How did you address these complaints?				
Are you acquiring and/ or leasing additional land? If yes, provide details.				
Are there any known environmental risks at the facility, such as soil or groundwater contamination, or the presence of hazardous materials like asbestos, lead-based paint, or PCB-containing equipment?				
What assessments or measures have been conducted to identify,				

manage, or mitigate contamination and hazardous material risks, including asbestos, radon, or lead-based paint?				
---	--	--	--	--

Please ensure that all relevant Environmental and Social (E&S) documentation, including permits, ESHS (Environmental, Social, Health, and Safety) plans, and monitoring reports, are attached with the submission. This will support the comprehensive review of ongoing compliance with E&S requirements.

## Annex 10: E&S Screening Form (to be used by PFIs for screening SMEs)

During the initial screening of a transaction, a PFI typically have limited information. The screening should use the transaction application, credit type, sector, and geographic characteristics, alongside publicly available information. The objective of preliminary review is to ensure the transaction aligns with its E&S policies and exclusion criteria. This early assessment helps detect any significant issues that could prevent the transaction from advancing due to prohibited activities or E&S risks beyond the PFI's tolerance, thereby saving time and guiding subsequent stages of the transaction process.

Environmental and Social Aspects Screening Checklist	
<b>Borrower Name:</b>	<b>Location:</b>
<b>Loan Amount (US\$) and Purpose:</b>	
<b>Industry Sector:</b>	<b>Brief Description of the Project/ SME activities (including stage of Project lifecycle- design, construction, expansion, purchase of machinery, etc.):</b>
<b>Type of financing sought:</b>	<b>Tenor:</b>
<b>Completed by:</b>	<b>Reviewed by:</b>
<b>Date:</b>	<b>Date:</b>
<b>Compliance with the Applicable Requirements — Check all that apply:</b>	
<p>Exclusion List Activities Yes <input type="checkbox"/> No <input type="checkbox"/> (if there are exclusion list activities identified do not proceed)</p> <p>National regulatory requirements Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p><input type="checkbox"/> Environmental, health and safety permits granted:</p> <p>( _____ )</p>	



In the last 2 years, have there been (using web search, the application form, discuss with credit officers)

☐ Any injuries and fatalities in the last 2 years:

(how and when: \_\_\_\_\_  
)

☐ Labor-related fines:

(when and why: \_\_\_\_\_)

☐ Environmental incidents and fines:

(when and why: \_\_\_\_\_)

**Site(s)—Check all that apply:**

☐ Non-urban/undeveloped land

☐ Proximity to river/stream/pond/lake

☐ Proximity to protected area (e.g. forest/endangered species)/ecologically sensitive area (e.g., river/protected areas)

☐ Proximity to culturally sensitive/indigenous area

**Environmental Issues – Check all that apply (use sector knowledge and Project description to answer these):**

*Air emissions*

☐ Boilers

☐ Generators

☐ Vehicles and equipment

☐ Furnaces and incinerators

☐ Welding and soldering

☐ On-site burning

☐ Use of solvents

☐ Use of fumigation

☐ Use of exhaust ventilation

*Wastewater*

☐ Wastewater discharged to:

☐ Oil separators

☐ Cleaning operations

☐ Cleaning operations

☐ Spraying operations

☐ Separation tanks or filters

☐ Foul sewers and septic tanks

☐ De-watering/water pump out

☐ Water treatment units

<p><i>Solid waste</i></p> <p><input type="checkbox"/> Waste generated</p> <p><input type="checkbox"/> Types of waste: _____</p> <hr/> <p><input type="checkbox"/> Hazardous waste (e.g., waste oils, pesticide washings, solvents, clinical waste, asbestos) Waste disposed to _____</p> <hr/>	<p><i>Hazardous chemicals, fuels, and pesticides</i></p> <p><input type="checkbox"/> On-site chemicals or fuels storage</p> <p><input type="checkbox"/> Protective measures against leaks/spills</p> <p><input type="checkbox"/> Signs of leaks/spills</p> <p><input type="checkbox"/> Protective measures against rain</p> <p><input type="checkbox"/> Signs of corrosion on tanks/containers</p> <p><input type="checkbox"/> Secured storage areas against theft</p> <p><input type="checkbox"/> On-site spill clean- up equipment</p> <p><input type="checkbox"/> Training on proper handling of chemicals and fuels</p> <p><input type="checkbox"/> Pesticide use and management</p>
<p><i>Resource use</i></p> <p><input type="checkbox"/> Main Materials used: _____</p> <hr/> <p><input type="checkbox"/> Use of renewable natural resources</p> <p><input type="checkbox"/> Use of tools and equipment</p> <p><input type="checkbox"/> Water source: _____</p> <p><input type="checkbox"/> Energy source: _____</p>	<p><i>Nuisance</i></p> <p><input type="checkbox"/> Dust</p> <p><input type="checkbox"/> Noise</p> <p><input type="checkbox"/> Odours</p> <p><input type="checkbox"/> Fumes</p> <p><input type="checkbox"/> Vibration</p> <p><input type="checkbox"/> Traffic congestion</p>
<p>Material Existing E&amp;S Financial Risks</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Previous soil contamination</li> <li><input type="checkbox"/> Previous groundwater contamination,</li> <li><input type="checkbox"/> Presence of hazardous materials like asbestos, lead-based paint, or PCB-containing equipment on the site</li> </ul>

<p><b><i>Social issues – Check all that apply (use sector knowledge and scope of SME activities):</i></b></p>
<p><input type="checkbox"/> Land acquisition required (do not proceed)</p> <p><input type="checkbox"/> Displacement/resettlement of local settlements (do not proceed)</p> <p><input type="checkbox"/> Impact on local settlements/livelihood (do not proceed)</p> <p><input type="checkbox"/> Impact on indigenous peoples (do not proceed)</p> <p><input type="checkbox"/> Complaints from neighbours/communities</p> <p><input type="checkbox"/> On or adjacent to site of cultural/archaeological importance (do not proceed)</p>

**Summary of initial Screening:**

Key issue		Yes	No
1	Exclusion list compliance		
2	E&S red flags (mention, if applicable)		
3	Reputational risk (negative media reports, NGO attention, community complaints, etc.)		
4	Past non-conformance (regulatory fines, non-compliance with regulatory requirements, etc.)		
<b>Provisional E&amp;S Category</b> (low, moderate, substantial, high)			
<b>Recommendation</b>			
Recommended for further ESDD (mention the key E&S issues that need to be assessed during the ESDD)			
Rejected (if response to one of the above key issues is 'yes')			
Scope of E&S Assessment and/or Management Plan			
Recommended for site visit			
<b>Reported prepared by:</b>			
<b>Date of the report:</b>			

## Annex 11: Terms of Reference for ESDD

While this ESDD format provides a comprehensive structure, it may exceed the level of detail required for low or moderate-risk projects. Please adjust the scope of the report in alignment with the project's specific risk level, ensuring that the due diligence effort is proportional to the E&S risks identified. A simplified format may suffice for lower-risk projects, focusing on key E&S risks and mitigation measures without delving into the granular details outlined in this template.

### **PROJECT/ DESCRIPTION OF SME**

[Please provide a description of the project here]

### **OBJECTIVES**

The main objectives of the environmental and social due-diligence (ESDD) are:

1. Assess the scope and adequacy of the Company's/Project's implementation of, corporate and project-specific environmental, social, safety and human resources management systems, policies and resources to meet the national ESHS legal requirements and World Bank ESF and in particular the applicable FI ESMS.
2. Summarize the relevant characteristics of the Project/SME operations related to environmental, social, health, and safety ("ESHS") aspects based upon a review of existing information and a site reconnaissance visit. Relevant characteristics include: project description; institutional and legal framework; environmental and social conditions; environmental, social and health and safety impacts and issues; environmental and social mitigation and monitoring measures; health and safety procedures; contingency/emergency procedures; management review/oversight; management of contractors and management of change.
3. Evaluate the adequacy of the proposed Project/SME operations' environmental, social, health, and safety assessment, plans and procedures and present conclusions and recommendations associated with identified deficiencies or issues. These are to include, but not be limited to, impacts not identified or properly evaluated, impacts not properly mitigated, insufficient monitoring programs, potential environmental risks and liabilities, etc.
4. Determine which of World Bank E&S Standards and WBG EHS Guideline provisions are applicable to the Project and recommend, as appropriate, additional actions necessary to ensure compliance.

5. In relation to risks and impacts linked to Emissions and discharges, land acquisition and involuntary resettlement, natural or critical habitat, indigenous people and cultural heritage, also assess: (a) technical feasibility of mitigation measures that will enable compliance with the relevant World Bank ESS; (b) cost of implementation of such mitigation measures; and (c) availability of willing and competent partners for implementation of the required mitigation measures.
6. Evaluate any potential E&S financial risks that could affect the project's long-term financial stability. This includes identifying issues such as soil and groundwater contamination, presence of hazardous materials (asbestos, PCB-containing equipment, etc.), and any other E&S liabilities that may impair asset value or result in unanticipated financial liabilities.
7. Develop a comprehensive Action Plan to address any identified non-compliance, unmitigated ESHS impacts, or material E&S financial risks. The Action Plan should outline corrective measures, responsible parties, timelines for implementation, and resources required to bring the project into compliance with both national legislation and World Bank E&S standards.

## I. TASKS

The Consultant will complete the following tasks:

- 1) **Information Review.** This should include a review of all relevant environmental, social, health, and safety documents and information including environmental and social impact assessments, environmental and social management system manuals and documentation, environmental licenses and associated studies and applications, environmental management plans, health and safety plans, contingency/emergency plans, concession and construction contracts, Contractor Management Plans, communication from regulatory authorities, media and press reports, ongoing litigation and any other additional environmental, social, health, and safety studies, and, subsequent to the site reconnaissance, review of any additional information obtained or collected.
- 2) **Site Visits.** A site investigation will be performed consisting of visual observation of relevant areas directly and indirectly affected by the Project, meetings with relevant individuals/entities associated with the Project to discuss the environmental and social issues and obtain any additional information required. The Consultant should assume each site reconnaissance will include two to four technical specialists (with the skills and experience necessary to address the environmental, social, health and safety and labor aspects of the Project).
- 3) **Report Preparation.** Two final products will be required associated with the ESDD:

- 1) Preliminary Summary of Principal Findings, and
- 2) E&S Due-Diligence Report, including an Environmental and Social Action Plan (ESAP).

## **II. REPORTS**

The following products are required as a result of the Environmental and Social Due-Diligence:

### **Preliminary Summary of Principal Findings**

The Preliminary Summary of Principal Findings should be a 3 to 5 page summary of the Consultant's preliminary principal findings including, major issues, conclusions, recommendations, documents obtained, data information gaps, etc., based upon the initial information review and site reconnaissance.

### **Draft Environmental and Social Due-Diligence Report (Draft ESDR)**

The Draft Environmental and Social Due-Diligence Report (ESDR) should consist of a detailed summary of the environmental, social, health, and safety aspects of the Project and the Consultant's expert evaluation of these aspects. Benchmarking of the Project against the requirements contained in the applicable ESMS requirements should be presented in a detailed tabular format.

The Report's Conclusions and Recommendations will be based upon the Consultant's expert opinions and the review and evaluation of the environmental, social, health and safety aspects of the Project and should state any major deficiencies or issues related to the content and quality of Project related documents or Project specific ESHS aspects. These might include impacts not identified or adequately evaluated, impacts not properly mitigated, insufficient monitoring programs, potential environmental risks and financial liabilities, non-compliance problems, issues with environmental and social components of the contract, etc. The recommendations should include the Consultant's recommendations/proposals associated with any major deficiencies/issues identified in the Project and discussed in the sub-section Conclusions including an evaluation of: (a) technical feasibility of mitigation measures; (b) cost of implementation of such mitigation measures; and (c) availability of willing and competent partners for implementation of the required mitigation measures.

The recommendation's section should include an Environmental and Social Action Plan (ESAP) containing recommended actions identified during the due diligence in a tabular format for completion by the Company, including action description, time-frame, responsible department/persons, and estimated budgets.

The Consultant shall review the Company's/Project's existing stakeholder engagement policies and activities. Depending on their adequacy, the Consultant shall prepare a corporate Stakeholder Engagement Plan (SEP).

#### **IV. SCHEDULE**

The Consultant shall complete the Environmental and Social Due Diligence within approximately [3] months. The following is a proposed schedule based upon notice-to-proceed (a final schedule will be agreed upon with the Company/Project and XXX).

- Review of environmental and social reports, ESHS Management plans and all other environmental and social information (two weeks)
- Site reconnaissance (three weeks)
- Submittal of preliminary summary of principal findings (within two weeks of the completion of site visits)
- Preparation of draft environmental and social due diligence report (two weeks)
- Submittal of final environmental and social due diligence report (within two weeks of receiving comments on the draft report).

## Annex 12: Representation Form for E&S Compliance

(to be submitted by SMEs at the time of appraisal and subsequently every year to PFIs)

<b>Name of the borrower:</b>	<b>Financing product:</b>
<b>Date of the representation</b>	

1. We hereby confirm that all our activities and operations, to the best of our knowledge, comply with the following Applicable Environmental and Social Requirements set out in funding agreements (e).

- ☐ environmental and social laws, rules and regulations set by the government authorities of Tanzania.
- ☐ Exclusion list
- ☐ PFI's ESMS

If there is non-compliance with any of the above, please provide detail plan on how these non-compliances are being addressed.

xx

2. We hereby represent and warrant that, to the best of our knowledge and belief, there are no existing material E&S financial risks that may affect our ability to meet our financial obligations under the financing agreement. This includes, but is not limited to, risks arising from soil or groundwater contamination, the presence of hazardous materials (such as asbestos, PCB-containing equipment, lead-based paint), or any other environmental liabilities that could adversely impact the company's financial standing or asset value.
3. We confirm that adequate documentation supporting compliance with Environmental and Social (E&S) requirements is available for review by the Participating Financial Institution (PFI), its representatives, lenders, or shareholders. This documentation includes, but is not limited to, permits, licenses, environmental impact assessments, environmental management plans, monitoring reports, and any other relevant E&S compliance records.
4. We employ the following manpower (fulltime and temporary) in our operations:

Overall Labor Statistics				
		Men	Women	Total
<b>Number of Employees</b>				
<b>Age Breakdown</b>	18 - 25			
	26 - 35			
	36 - 45			



	46 - 55			
	> 56			

(provide data on persons with disability and other vulnerable groups separately)

1. We have a formal Human Resources policy that incorporates the following elements in the context of World Bank ESS 2 and in line with national labor regulations (please attach a copy of the policy):
  - Entitlement to and payment of salaries.
  - Overtime payments, hours of work and any legal maximums.
  - Entitlement to leave for holidays, vacation, illness, injury and maternity and other reasons.
  - The employees' right to form and join employees' organizations of their choosing without any interference or employment consequences and to bargain collectively with the employer.
  - Disciplinary and termination procedures and rights.
  - Grievance mechanism
  - non-discrimination and equal opportunity
  - Protection of workforce

**(if there is no formal policy then provide details on how the above aspects are incorporated in employment of workers and attach this with the compliance statement)**

2. We have a formal occupational health and safety and emergency preparedness procedure (life and fire safety) (provide a copy. If formal OHS policy is not there, then provide details of how OHS risks are managed).
3. There is a responsible person / team for human resource matters. [\[enter name of the person or team leader here\]](#)
4. All employees are familiar with the terms of the Human Resource policy.
5. All employees have written contracts. Number of contracts: [\[enter number here\]](#)
6. The HR Policy is readily accessible to employees. A copy of the policy is posted on a visible place: [\[enter place where the policy is posted \(e.g. cafeteria, bulletin board\)\]](#)
7. The company does not make any employment decisions based on personal characteristics unrelated to job requirements and does not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation, working conditions and terms of employment, access to training, promotion, termination of employment or retirement and disciplinary action.
8. The company has not received fines related to labor issues.
9. There are no labor cases been filed against the company in the national/international legal system.

Sincerely

.....

Signature

[Insert name]

Add representations on SEA/harassment, forced and child labor.

## Annex 13: Annual E&S Performance Monitoring Report Format (from SMEs to PFIs)

Please note that the level of detail required in this Annual Environmental and Social (E&S) Monitoring Report may vary depending on the specific risk profile of the SME and the type of financial instrument used. While this format provides comprehensive guidance for high, substantial and some medium risk projects, it may not be necessary for all SMEs or for all types of financial instruments provided by the PFI. For SMEs engaged in low or moderate-risk activities, a simplified report with less detail may be sufficient.

*Please provide responses to the questions below. Please include additional sheets or attachments as required to provide details on questions that have been answered Yes.*

<b>SME name:</b>			
<b>Name and gender of owner:</b>			
<b>Location:</b>			
<b>Completed by (name):</b>			
<b>Position and contact details:</b>		<b>Date:</b>	

<b>Report Covering Period:</b>	
<b>From:</b>	<b>To:</b>

### Section A: Compliance with E&S requirements

E&S issues at approval	Current E&S status/any changes since last report
Have the ES conditions precedent been met?	
Please provide the status of ESAP implementation along with supporting documents.	
Is the SME in compliance with the regulatory requirements along with evidence?	

### Section B: E&S issues

E&S complaints and issues	Yes/No	If yes, explain and indicate actions being taken
Non-compliance with national legislation and regulations		
Complaints from regulatory agencies, interest groups, or local communities		
Non-compliance with E&S requirements in the finance agreement		
Existing material E&S financial risks		

Work-related fatalities or serious work-related injuries		
Any legal action		
Fines, penalties or increased permit charges		
Negative attention on the part of the media or NGOs (non-governmental organizations)		
Other material environmental and social issues affecting your operations during the reporting period		
Cost savings through process efficiency, waste minimization or other schemes, energy savings, ISO certification		
Reduction of polluting emissions into the environment		
Increased diversity/gender balance in workforce and management		
Positive media or NGO attention		

### Section C: Environmental and Social Monitoring Data (only if relevant)

#### 1. Ambient Air Quality

Monitoring frequency	Monitoring location	Monitored parameters	Annual average achieved	Compliance with National requirements
		SPM		
		Sox		
		NOx		
		Any other specified under consent to operate		

#### 2. Single Point Air Quality Monitoring:

Monitoring frequency	Monitoring location	Monitored parameters	Regulatory limit as per consent to operate (in mg/ Nm3)	Annual average achieved (in mg/ Nm3)
		SPM		
		Sox		
		NOx		
		Any other specified under consent to operate		

### 3. Ambient Noise:

Monitoring frequency	Monitoring location	Monitored parameters	Regulatory limit [in dB(A)]	Annual average achieved [in dB(A)]

### 4. Liquid Effluent Discharges

Monitoring frequency	Monitoring location	Monitored parameters (Please mention at least those which are mandatory)	Regulatory limit as per	Annual average achieved
		pH		
		Biochemical oxygen demand (BOD <sub>5</sub> )		
		Chemical oxygen demand (COD)		
		Oil and grease		
		Total suspended solids (TSS)		
		Total coliform bacteria, Most Probable Number (MPN) or plate count (PC)		
		Ambient temperature of receiving waters at edge of zone where mixing with effluent takes place (if not defined, 100 meters from discharge point).		
		Heavy Metals, Total		
		(list other parameters)		

- ☐ Please mention total volume of effluent treated and discharged
- ☐ Please describe the water course(s) which the effluent is discharged into (e.g. river, municipal system, sea).
- ☐ If the effluent is treated prior to discharge from the site please describe the level/ type of treatment provided.
- ☐ If the effluent is discharged into a municipal system please confirm the level of treatment provided and where the municipal system discharges to.

### 5. Waste Management

#### Types and quantities of waste generated

Type of waste	Quantity generated	Disposal method
---------------	--------------------	-----------------

Solid Waste		
Biomedical waste		
Construction waste		

## 6. Employee Workplace Monitoring and Working Conditions

Sample Collection and Analysis Frequency	Required Workplace Monitoring Parameter	Country Regulatory Limits and Units	Annual average
	Particulate (Inert or Nuisance Dust)		
	(Other Parameters)		
	Workplace Noise		
	(Other Parameters)		

## 7. Employee grievances

Provide information separately on:

- (i) Employee and labor grievances received, resolved and pending during the reporting period.
- (ii) Changes in hiring practices and HR policies and procedures.
- (iii) Any instances of child and forced labor during the reporting period.

## 8. Fire Safety Monitoring

Fire Safety Verification Activities	Mandatory Frequency	Date(s) Performed	Observed Deficiencies <sup>4</sup>	Corrective Actions and Schedule for Implementation <sup>5</sup>
1.Fire Drills				
2.Inspection and certification of fire detection and suppression electrical and mechanical systems.				
3.Portable fire extinguisher inspection, refilling/recharging				

<sup>4</sup> Attach additional sheets as needed to fully describe observed deficiencies.

<sup>5</sup> Attach additional sheets as needed to fully describe corrective actions and implementation.

## **9. Social monitoring**

- (i) Provide information on complaints from community and other stakeholders regarding your operations? How were these addressed?

## Annex 14: Annual E&S Performance Monitoring Report Format (to be submitted by TMRC to the FSDD)

Reporting period (month/year–month/year)	
Report completed by (name and designation)	
Contact e-mail address and phone number	
Date of the Report	

### Part A – ESMS Implementation and E&S Capacity

Policies & Processes		Description
Have there been any updates to the E&S Policy and ESMS adopted by your organization?	Yes/No	If yes, please provide a copy of the updated policy including date when it was issued and reasons for the same.
Has senior management signed off on the updated policy/procedure?	Yes/No	If yes, please provide the date and internal communication indicating the same.
Please describe any activities for the last FY for staff training and other internal communication		
Give details of any transactions rejected on environmental, health, safety or social grounds		
State any difficulties and/or constraints related to the ESMS implementation		
Did you conduct site visits to SME facilities and PFIs?	Yes/No	If yes, please provide % of Projects (PFIs and MSMEs) that are covered
Are there instances of PFIs and SMEs non-compliance with E&S requirements?	Yes/No	Please include details
How were identified non-compliances addressed and what actions were taken?		Please provide details
What ESMS improvements been made to pre-empt the identified non-compliances by PFIs and MSMEs?		Please provide details
<b>Capacity</b>		
Please provide current staffing of the core E&S people as well as list other people in the organization involved with the ESMS implementation		

Has the E&S team undergone any training during the reporting period?	Yes/No	If yes, please provide details
Do you need more guidance on ESMS implementation? Please describe	Yes/No	



## Part B: Information on PFIs

Please provide the following data for PFIs who are involved in the Project

Name of the PFI and country	Type of facility (trade finance, guarantee, MSME line of credit, etc)	E&S Category	Does the PFI have an ESMS compliant with the E&S requirements (Y/N)	Does the PFI have E&S staff	Date of last supervision by TMRC	Key E&S issues identified during supervision	Actions taken to address the E&S issues.	Current E&S compliance status

Please describe how non-compliances (with ESAP, E&S requirements, etc.) by PFIs are addressed?

Please provide the following information for the PFI and SME portfolio

Issue	Yes	No	Development
Non-compliance with national legislation and regulations			
Non-compliance with TMRC's standards			
Non-compliance with ILO and/or UN Conventions			
Non-compliance with covenants in the Facility Agreements			
Non-compliance with ESAP			
Complaints from regulatory agencies, interest groups, or local communities			
Fatalities or serious injury			
Strikes (with or without violence) or other labor disputes			
Legal action			
Fines, penalties or increased permit charges			
Negative attention on the part of the media or NGOs (non-governmental organizations)			
Any complaints, media reports related to exclusions under the FAST Project			

#### I. Complaints Handling Mechanism/ External Communication Mechanism

Please provide details regarding the use of complaints handling mechanism/ external communication mechanism during the reporting period

Types of inquiries and complaints	No. received	No. addressed/ closed	No. pending	Reasons for pending inquiries & complaints	Average no. of days for closing complaints/ inquiries
Inquiries about Project					
Inquiries about E&S eligibility					
Complaints about PFIs' E&S risk management					
Complaints about SMEs					

management of E&S issues					
Complaints related to exclusion from the Project					

## Annex 15: Major E&S Incident Reporting Format

This format should be used for reporting any ESG incident, accident or issues that has material impact. Examples of serious and major E&S incidents include:

- Fire, explosions.
- Work-related injuries and fatalities (including deaths of employees, contract workers and, members of the public)
- Chemical spill
- Significant pollution discharges above limits of normal operation
- Incidents significantly affecting the health of employees, contractors, or members of the public.
- Strikes or employee unrest.
- Incidents leading to closure or stoppage of operations; and
- Significant community unrest.

<b>Name of the SME and Gender of owner (M/F)</b>	
<b>Name of the PFI</b>	
<b>Date of report</b>	
<b>Date of incident/ accident</b>	
<b>Name of the person filling this form (include contact details)</b>	
<b>Detailed description of the incident/ accident/ issue</b>	
<b>Provide details of injury and fatalities (if applicable)</b>	
<b>Where the local authorities informed about the incident/ accident</b>	
<b>Have the local authorities penalised? If yes, provide details</b>	
<b>What immediate actions were taken?</b>	
<b>What remedial and preventive actions are recommended to avoid similar incidents in future.</b>	

## Annex 16: Sectoral E&S Risks

This annex outlines common environmental and social (E&S) risks typically associated with SMEs operating in the sectors supported by the project. These risks are general in nature, and their significance will vary based on the size and specific context of each SME. The primary goal of this annex is to assist the staff of implementing agencies in identifying these potential risks. However, depending on the specific circumstances of the SME, there may be additional risks that are unique to the business and activities of the SME.

This annex outlines the potential E&S impacts associated with SME operations and activities, primarily relevant to Subcomponent 1.1, which provides financing to SMEs through PFIs. However, since the Project aims to improve SME access, this annex is intended to enhance the E&S understanding of all stakeholders involved. By increasing awareness of these issues, all project subcomponents can better integrate E&S considerations, helping to prevent the occurrence of such impacts.

Sector	Environment risks	Social risks
Agro-processing	<ul style="list-style-type: none"> <li>Agro-processing industries, such as food processing, often consume large quantities of water and discharge wastewater, which can lead to water contamination if not treated properly. This can impact surrounding communities and ecosystems.</li> <li>Processing agricultural products can generate significant amounts of solid waste (e.g., organic by-products, packaging waste). Poor waste disposal practices can result in land degradation and pollution.</li> <li>Many agro-processing operations rely heavily on energy (both electricity and fuel). Inefficient use of energy can lead to high greenhouse gas (GHG) emissions, contributing to climate change.</li> <li>Expansion of processing facilities may lead to land clearing, which can cause soil degradation, deforestation, and loss of biodiversity.</li> <li>The use of chemicals (e.g., pesticides, preservatives) in agro-processing can pose health risks to workers and the environment, especially if proper handling and disposal protocols are not in place.</li> </ul>	<ul style="list-style-type: none"> <li>Agro-processing SMEs may face challenges related to labor rights, including poor working conditions, wages lower than the minimum wages, lack of health and safety standards, and child labor. Workers are often exposed to health risks due to inadequate protection from machinery, chemicals, and poor ventilation.</li> <li>Processing plants located near communities can affect local populations due to noise pollution, odours, and emissions. Additionally, conflicts over resource usage (such as water) between SMEs and local communities can arise.</li> <li>Workers in agro-processing industries can face occupational health and safety risks due to hazardous working environments, lack of protective gear, and insufficient safety measures.</li> <li>Agro-processing SMEs often rely on local smallholder farmers, who may face their own E&amp;S challenges. Disruptions in the supply chain, due to poor working conditions, child labor, or environmental degradation at</li> </ul>

		<p>the farm level, can pose risks for the processing companies.</p> <ul style="list-style-type: none"> <li>• In Tanzania, women often play a significant role in agriculture and agro-processing, but they may not have equal access to opportunities or decision-making roles due to socio-cultural factors. Social risks can include gender discrimination and exclusion of marginalized groups from economic benefits.</li> </ul>
Construction	<ul style="list-style-type: none"> <li>• SMEs involved in the supply of construction materials may engage in unsustainable extraction of resources (such as sand, gravel, or timber), leading to environmental degradation, loss of biodiversity, or depletion of natural resources.</li> <li>• SMEs often handle construction waste at smaller sites, and inadequate waste disposal can cause pollution of local water bodies, soil contamination, and air pollution.</li> <li>• The use of machinery, tools, and vehicles by SMEs can contribute to fuel consumption and greenhouse gas (GHG) emissions. Though smaller in scale, the cumulative impact across multiple SMEs can be significant, particularly in urban areas with high SME activity.</li> <li>• SME construction activities, especially those involving demolition, cutting, or excavation, can produce dust and noise. Without proper mitigation measures (such as dust suppression or sound barriers), these activities can degrade local air quality and contribute to noise pollution, affecting nearby communities and workers.</li> <li>• SMEs may contribute to water contamination through improper disposal of hazardous materials like paints, solvents, or lubricants. Also, construction activities often require water for processes such as concrete mixing, which can lead to excessive water usage, impacting local water availability.</li> </ul>	<ul style="list-style-type: none"> <li>• Workers in the construction sector often face poor working conditions, including lack of proper health and safety measures, wages lower than the minimum wages, long working hours, and insufficient job security. Child labor and forced labor may also be concerns.</li> <li>• Construction workers face significant OHS risks, such as falls from heights, accidents with heavy machinery, and exposure to hazardous materials like asbestos or chemicals. Inadequate safety protocols can increase accident rates.</li> <li>• Construction sites can pose risks to nearby communities, including accidents, dust pollution, noise pollution, and disruptions to local infrastructure (roads, water supply, etc.). Communities may also face safety risks due to unsecured construction sites.</li> <li>• Some construction projects require land acquisition, which may result in physical and economic displacement of local communities, leading to conflicts if not properly managed.</li> <li>• SMEs in construction often rely on subcontractors or suppliers, who may have their own E&amp;S risks, such as poor labor practices or environmental damage in material extraction.</li> </ul>
Fisheries	<ul style="list-style-type: none"> <li>• SMEs, particularly in small-scale fishing, can contribute to overfishing, especially in inland waters. Non-compliance with</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs in the fishery sector often employ informal labor, and working conditions may be poor, with low wages,</li> </ul>

	<p>regulations and fishing quotas or seasonal restrictions can lead to the depletion of fish stocks, threatening biodiversity and the long-term sustainability of the sector.</p> <ul style="list-style-type: none"> <li>• Unsustainable fishing practices, such as the use of illegal nets or fishing in protected areas, can damage aquatic ecosystems, including coral reefs and breeding grounds. This can negatively affect the long-term productivity of fisheries and disrupt the balance of marine ecosystems.</li> <li>• SMEs involved in fish processing (e.g., drying, smoking) often lack adequate waste management practices. This can lead to pollution of local water bodies and soil through the improper disposal of fish waste, as well as air pollution from the use of wood for smoking fish, contributing to deforestation and air quality issues.</li> <li>• In some cases, SMEs may use chemicals like formalin to preserve fish, posing health risks to consumers and contamination of the environment through improper disposal of these substances.</li> <li>• In aquaculture, SMEs may contribute to excessive water usage or pollution from uneaten feed, chemicals, or fish waste, affecting the water quality in ponds and surrounding areas. This can lead to eutrophication, harmful algal blooms, and degradation of natural water sources.</li> </ul>	<p>lack of contracts, and exposure to unsafe conditions (e.g., handling of hazardous chemicals, exposure to the sun, or poor equipment on fishing boats). There are also risks related to child labor, particularly in fishing communities.</p> <ul style="list-style-type: none"> <li>• Artisanal fishermen often lack proper safety equipment and are exposed to hazards at sea, including accidents, drowning, or injuries due to inadequate or unsafe fishing gear. Poor occupational health and safety measures in processing facilities also pose risks to workers.</li> <li>• In areas where fishing is the primary livelihood, competition for dwindling fish resources can lead to conflicts between local communities, particularly between artisanal fishers and larger commercial operators.</li> </ul>
Garment	<ul style="list-style-type: none"> <li>• Many SMEs engage in textile dyeing and finishing processes that discharge untreated wastewater containing dyes, chemicals, and heavy metals into local water bodies, causing water contamination.</li> <li>• Water-intensive processes such as dyeing, washing, and printing consume large amounts of water, contributing to water scarcity, especially in areas where water resources are already limited.</li> <li>• SMEs often use chemicals for bleaching, dyeing, and fabric treatment without proper disposal methods. This can lead to soil and groundwater contamination if toxic chemicals are improperly managed.</li> </ul>	<ul style="list-style-type: none"> <li>• Many SMEs operate informally, often failing to provide workers with formal contracts, or adequate wages.</li> <li>• Workers in SMEs often work in unsafe conditions, including poor ventilation, lack of protective gear, and exposure to harmful chemicals during fabric treatment and dyeing processes.</li> <li>• In some cases, SMEs may employ children in various stages of garment production, particularly in tailoring or handcrafting activities.</li> <li>• Many SMEs in the garment sector employ women, especially in sewing, tailoring, and finishing roles.</li> </ul>

	<ul style="list-style-type: none"> <li>• SMEs typically rely on energy-intensive machinery and processes that contribute to greenhouse gas emissions.</li> <li>• Garment production generates significant fabric scraps and packaging waste. Poor waste management practices, such as open burning or landfill disposal, contribute to environmental degradation.</li> </ul>	However, women are often underpaid, and may face gender-based discrimination.
Information & Communication Technology/ Fintech	<ul style="list-style-type: none"> <li>• The IT sector generates electronic waste (e-waste), which includes outdated or broken devices, batteries, and other electronic components. SMEs involved in the sale or repair of IT hardware may contribute to improper disposal of e-waste, leading to environmental contamination if not properly managed.</li> <li>• SMEs that operate data centers, servers, and other IT infrastructure may contribute to high energy consumption, particularly if they rely on non-renewable energy sources. The energy demand in the IT sector can increase carbon emissions if not managed with energy-efficient technologies.</li> <li>• SMEs involved in hardware production or assembly may use raw materials such as metals and plastics, contributing to resource depletion. The extraction of these materials can have environmental impacts if sourced unsustainably.</li> <li>• The improper disposal or burning of electronic components can lead to the release of harmful chemicals into the environment, such as lead, mercury, and cadmium, which can contaminate soil and water sources.</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs that provide digital services or handle customer data may face risks related to data privacy breaches and cybersecurity threats. Ensuring secure data management is critical to avoid financial losses and protect customer trust.</li> <li>• Many SMEs in the IT sector employ young professionals and contractors. Issues such as fair wages, job security, and safe working conditions are key concerns.</li> <li>• While SMEs in the IT sector aim to bridge the digital divide, there may be unintended consequences of exacerbating inequality if access to digital services remains limited to urban or wealthier populations. Rural and marginalized groups may not benefit equally from advancements in IT infrastructure.</li> <li>• The rapid expansion of the IT sector may disrupt traditional jobs or small businesses in non-digital industries.</li> </ul>
Leather	<ul style="list-style-type: none"> <li>• Tanning is one of the most environmentally damaging processes in leather production. SMEs involved in tanning often use chemicals like chromium, which, if not properly managed, can result in significant water pollution. Without adequate wastewater treatment facilities, these chemicals can contaminate local water bodies, harming aquatic life and affecting communities relying on these water sources.</li> <li>• The leather manufacturing process generates solid waste, including discarded hides, skins, and chemical by-products.</li> </ul>	<ul style="list-style-type: none"> <li>• SMEs in the leather sector, particularly in tanneries, may expose workers to hazardous chemicals without proper protective equipment (PPE). Workers handling toxic substances like chromium may face health risks, including respiratory problems and skin conditions. SMEs often lack adequate training on safety standards and may not provide sufficient workplace safety measures.</li> </ul>



	<p>Improper disposal can contribute to soil contamination and landfill overuse. Small tanneries may lack access to proper waste disposal systems, exacerbating the environmental impact.</p> <ul style="list-style-type: none"> <li>• The leather tanning process can release harmful gases such as ammonia, hydrogen sulphide, and volatile organic compounds (VOCs). SMEs that lack efficient air treatment and ventilation systems could contribute to local air quality degradation, impacting both workers and nearby communities.</li> <li>• The leather industry consumes large quantities of water, energy, and chemicals. SMEs with limited resources may use outdated, inefficient technologies that exacerbate environmental harm through excessive resource consumption.</li> </ul>	<ul style="list-style-type: none"> <li>• The leather industry, like many other sectors, is vulnerable to child labor, especially in smaller, informal SMEs. Children may be involved in the collection of hides or work in unsafe environments without proper safety measures, violating labor standards and exposing them to harm.</li> <li>• Many SMEs in Tanzania's leather sector operate informally and may not comply with labor laws regarding fair wages, working hours, and social benefits. Workers may face exploitation, job insecurity, and lack of access to benefits.</li> <li>• Poor waste management and environmental degradation caused by SMEs in the leather sector can affect local communities. Polluted water sources or air pollution may lead to health problems among nearby residents and reduce agricultural productivity, threatening local livelihoods.</li> </ul>
Livestock	<ul style="list-style-type: none"> <li>• Overgrazing by livestock, particularly in areas where land is limited or poorly managed, can lead to soil erosion and land degradation. This is a common risk for SMEs involved in large-scale livestock farming, which may not have sustainable grazing practices in place.</li> <li>• Livestock farming requires substantial amounts of water for animal consumption and cleaning. SMEs operating in regions with limited water resources can contribute to water scarcity, affecting local ecosystems and community water supplies.</li> <li>• Livestock operations generate significant amounts of waste, including manure and slurry, which can contaminate water sources if not properly managed. SMEs in the livestock sector may lack adequate systems for waste disposal, leading to environmental pollution.</li> <li>• Livestock farming is associated with methane emissions from enteric fermentation in ruminants. While individual SMEs may</li> </ul>	<ul style="list-style-type: none"> <li>• Workers in the livestock sector are exposed to various health risks, including zoonotic diseases (diseases that can spread from animals to humans), injuries from handling animals, and exposure to chemicals used in animal health treatments. SMEs may lack proper training and equipment to ensure worker safety.</li> <li>• SMEs in the livestock sector may employ informal labor, often without proper contracts, fair wages, or access to benefits like health insurance. This can lead to exploitation of workers, especially in rural areas where labor regulations may not be strictly enforced.</li> <li>• Livestock farming, particularly in pastoralist areas, can lead to conflicts over land and water resources. SMEs that expand their operations may encroach on communal land or compete for scarce resources, leading to disputes with local communities.</li> </ul>

	<p>contribute small amounts, cumulatively, this can have a significant impact on Tanzania's greenhouse gas emissions.</p> <ul style="list-style-type: none"> <li>• In some areas, SMEs involved in livestock farming may contribute to deforestation as land is cleared to create space for grazing, leading to loss of biodiversity and increased carbon emissions.</li> </ul>	<ul style="list-style-type: none"> <li>• In some regions, livestock farming is deeply embedded in traditional cultural practices. SMEs that engage in modern, commercial livestock farming may disrupt these practices, potentially leading to social tensions or resistance from local communities.</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>• SMEs involved in manufacturing, especially in sectors such as textiles, chemicals, and food processing, generate significant amounts of solid and liquid waste. Improper waste disposal can lead to soil and water contamination, affecting surrounding ecosystems and communities</li> <li>• Many manufacturing processes release pollutants into the air and water. SMEs may lack the necessary technology or infrastructure to manage emissions effectively, leading to increased air pollution from particulate matter and hazardous gases. Water pollution from untreated industrial wastewater can also harm local water bodies and aquatic life.</li> <li>• The manufacturing sector consumes large amounts of energy, and SMEs often rely on less efficient and more polluting energy sources, such as diesel generators or coal. This contributes to increased carbon emissions and environmental degradation.</li> <li>• SMEs in the manufacturing sector may contribute to the over-extraction of natural resources, particularly in industries that rely on raw materials such as timber, minerals, or agricultural products. Unsustainable extraction practices can lead to deforestation, soil degradation, and loss of biodiversity.</li> <li>• Some manufacturing SMEs handle hazardous chemicals and materials that, if not managed properly, can result in environmental contamination. Inadequate storage and disposal of chemicals pose risks to both the environment and public health</li> </ul>	<ul style="list-style-type: none"> <li>• Workers in the manufacturing sector often face unsafe working conditions. SMEs may lack comprehensive safety measures, exposing employees to risks such as accidents, injuries, and exposure to harmful substances. Inadequate protective equipment and safety training are common issues.</li> <li>• SMEs in the manufacturing sector may not always adhere to labor regulations, leading to issues such as unfair wages, long working hours, and lack of job security. In some cases, SMEs may employ informal labor, further exacerbating these challenges.</li> <li>• There is a risk of child labor and exploitation in SMEs, particularly in industries such as textiles and agriculture-related manufacturing. SMEs operating in informal or poorly regulated environments may not comply with national labor laws designed to protect vulnerable groups.</li> <li>• SMEs operating in manufacturing hubs or near communities may have negative social impacts, such as noise pollution, reduced access to clean water, and displacement due to industrial expansion. Tensions may arise between manufacturing enterprises and local communities if these issues are not managed properly.</li> <li>• Lack of Worker Benefits and Social Protections:</li> <li>• SMEs often do not provide adequate benefits such as health insurance, pension schemes, or maternity leave, leaving workers vulnerable to financial instability. This</li> </ul>

		lack of social protection is particularly prevalent in smaller enterprises where resources are limited.
Minerals	<ul style="list-style-type: none"> <li>• Many SMEs, particularly in artisanal mining, lack the resources to implement environmentally friendly practices. The use of harmful chemicals can result in significant contamination of soil and water bodies, negatively impacting ecosystems and communities reliant on these resources.</li> <li>• SMEs involved in mining often contribute to deforestation as land is cleared for mining activities. Unregulated mining can lead to severe land degradation, leaving large swathes of land unfit for agriculture or future use, causing long-term environmental damage.</li> <li>• Mining operations, especially in mineral-rich rural areas, often disrupt local wildlife habitats, leading to a decline in biodiversity. SMEs in the mineral sector may lack the resources and capacity to mitigate such impacts effectively.</li> <li>• Improper disposal of mining waste, such as tailings and rock debris, can lead to environmental hazards. Many SMEs do not have proper waste management systems in place, leading to pollution and health risks for nearby communities.</li> <li>• Mining operations generate dust and emissions from machinery, causing air pollution. The noise from continuous operations can also impact the quality of life for nearby residents. SMEs may struggle to implement sufficient pollution control measures due to financial or technical constraints.</li> </ul>	<ul style="list-style-type: none"> <li>• Workers in small-scale mining operations are often exposed to hazardous working conditions. Lack of proper equipment, inadequate safety training, and poor working environments increase the risk of accidents and health issues such as respiratory illnesses caused by dust and chemical exposure.</li> <li>• In some regions, particularly in small-scale mining, there are reports of child labor and exploitation. SMEs may not always adhere to labor laws, leading to issues such as low wages, unsafe working conditions, and exploitation of vulnerable groups.</li> <li>• Mining activities can result in the displacement of local communities, leading to loss of livelihoods and land. Conflicts may arise between mining SMEs and local communities over resource allocation, land rights, and environmental degradation, which can escalate if not properly managed.</li> <li>• Mining activities, especially those conducted by small-scale operators, can disrupt traditional livelihoods such as agriculture and fishing. Communities dependent on these activities may face reduced income and food security due to environmental damage caused by mining.</li> <li>• SMEs in the mining sector often operate in remote areas where access to essential services such as healthcare, education, and clean water is limited. The influx of workers and mining operations can strain these resources, further exacerbating the challenges faced by local populations.</li> </ul>

Tourism	<ul style="list-style-type: none"> <li>• Many SMEs operating near national parks or natural reserves may contribute to habitat degradation through the development of infrastructure (lodges, restaurants, etc.), leading to habitat loss, disturbance to wildlife, and biodiversity depletion.</li> <li>• Tourism activities often generate large amounts of waste, including plastic, food, and other non-biodegradable materials. Poor waste management by SMEs can lead to littering in natural areas, which harms ecosystems and wildlife.</li> <li>• SMEs such as lodges, restaurants, and guesthouses often consume significant amounts of water for daily operations. In tourist-heavy areas, this can lead to water shortages, especially in regions where water is already scarce.</li> <li>• SMEs often rely on non-renewable energy sources for power, contributing to greenhouse gas emissions. High energy use in transportation services (tour buses, shuttles) also adds to the carbon footprint of tourism-related activities.</li> <li>• SMEs providing transportation services for tourists (e.g., safaris, shuttle buses) contribute to air pollution, especially when vehicles are not properly maintained or are outdated, emitting higher levels of harmful gases.</li> </ul>	<ul style="list-style-type: none"> <li>• Many SMEs in the tourism sector employ informal labor with limited job security, low wages, and a lack of social protection benefits.</li> <li>• The expansion of tourism infrastructure by SMEs may lead to the displacement of local communities, especially in areas near national parks or beaches, without providing adequate compensation or alternative livelihoods for those affected.</li> <li>• SMEs offering cultural tourism services (e.g., visits to Maasai villages) may exploit indigenous communities by using their traditions and lifestyle as tourist attractions without providing fair financial returns or respecting their cultural integrity.</li> <li>• In some cases, SMEs in the tourism sector may employ children, especially in informal jobs such as handicraft production, guiding, or even working in hospitality. This can impact children's education and development.</li> <li>• Tourism can lead to changes in the social fabric of local communities, such as increased prices of goods and services, which may disproportionately affect low-income households. Additionally, tourism-driven inflation can cause economic disparities within communities.</li> </ul>
Transport	<ul style="list-style-type: none"> <li>• Many transport SMEs operate older vehicles that are poorly maintained, leading to higher emissions of carbon monoxide, sulphur dioxide, and particulate matter. This contributes to air pollution, especially in urban areas, exacerbating health issues such as respiratory illnesses.</li> <li>• SMEs operating in the transport sector rely heavily on fossil fuels, contributing to high levels of greenhouse gas emissions. The lack of fuel-efficient vehicles further increases their carbon footprint.</li> <li>• Frequent transport activities by SMEs, especially in congested urban areas, contribute to noise pollution, affecting both residents</li> </ul>	<ul style="list-style-type: none"> <li>• Drivers and workers in the transport sector are exposed to long hours, poor working conditions, and the risk of road accidents. SMEs often lack formal structures for ensuring worker safety, leading to higher accident rates and work-related injuries.</li> <li>• In many SMEs, especially those operating informal transport services, workers may not have formal contracts or access to social protections. This can lead to labor exploitation, poor wages, and lack of benefits such as health insurance.</li> </ul>

	<p>and businesses. This can degrade the quality of life, particularly in high-density areas.</p> <ul style="list-style-type: none"> <li>• Transport SMEs generate waste, including used oil, batteries, and vehicle parts, which may not be disposed of properly. Poor waste management practices can result in soil and water contamination.</li> <li>• The increasing number of small transport operators can contribute to road congestion, leading to higher fuel consumption, longer travel times, and increased pollution.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased transport activity in certain areas can disrupt local communities, contributing to noise, traffic, and potential displacement if road expansions are required. SMEs need to engage with communities to mitigate these social impacts.</li> <li>• Many transport SMEs operate without proper safety standards, contributing to higher accident rates. Poor vehicle maintenance and inadequate driver training further increase the risk of accidents, endangering passengers, pedestrians, and other road users.</li> </ul>
--	---	---

## Annex 17: FSDD's Grievance Mechanism

### 1. Grievance Mechanism

A Grievance Mechanism (GM) is a system that allows not only grievances, but also queries, suggestions, positive feedback, and concerns of project-affected parties related to the environmental and social performance of a project to be submitted and responded to in a timely manner.

#### 1.1 Objectives of the Grievance Mechanism

The objectives of the Project GM are to:

- Facilitate the receipt, documentation, analysis, and resolution of complaints and grievances that may arise during project implementation, while keeping complainants updated on the progress of grievance resolution.
- Foster transparency and accountability with stakeholders involved in project implementation, including project beneficiaries.
- Address any emerging environmental, social, health, and safety grievances within the project.
- Ensure equitable access to grievance redress for vulnerable groups and survivors of Sexual Exploitation and Abuse/ Sexual Harassment (SEA/SH), with a focus on survivor-centered responses to grievances related to SEA/SH.

The GM will be widely publicized among stakeholder groups such as the affected parties, e.g., governments, government agencies, SMEs, NGOs, women, youth, etc. The two PIUs will disclose the GM on their website and will require all agencies involved in the project implementation to develop and disclose their respective GMs.

#### 1.2 Description of Grievance Mechanism

##### Steps involved in GM

Step	Mainland Tanzania	Zanzibar	Timeframe
Reporting of grievances	Grievances can be submitted via the following channels <ul style="list-style-type: none"><li>• Toll-free telephone hotline: +255-26-2963109</li><li>• E-mail to: ps@hazina.go.tz</li><li>• Letter to: Permanent Secretary, P.O. BOX 2802, DODOMA.</li></ul>	Grievances can be submitted via the following channels <ul style="list-style-type: none"><li>• Toll-free telephone hotline: 1 Office Number 255 24 2230061</li><li>2 Phone Number +255776298161] operated by [Suleiman Ali Hamad.</li></ul>	

Step	Mainland Tanzania	Zanzibar	Timeframe
	<ul style="list-style-type: none"> <li>In-person at a physical facility: Treasury Square Building, Jakaya Kikwete Road, Dodoma.</li> <li>Social media: Instagram: urtmof; X: mofURT</li> <li>Online form on the following website: mof.go.tz</li> </ul> <p>Complains can be submitted anonymously.</p> <p>Refer Appendix 1 for grievance form</p>	<p>3 Phone number +255774383838 operated by Hakim Kimara.</p> <ul style="list-style-type: none"> <li>E-mail to [1 Office Email:info@zeeasmz.go.tz 2 suleiman.hamad@zeeasmz.go.tz]</li> <li>Letter to: Director General, Zanzibar Economic Empowerment Authority</li> <li>In-person at a physical facility: Mwanakwerekwe Zanzibar</li> <li>Grievance or suggestion boxes located: Zanzibar Economic Empowerment Agency 9 kificho street, P BOX 884, 70474 town west Zanzibar]</li> <li>Social media <a href="https://m.facebook.com/profile.php?id=100087611382845&amp;locale=hr_HR">https://m.facebook.com/profile.php?id=100087611382845&amp;locale=hr_HR</a></li> <li>Online form on the following website: [<a href="https://zeeasmz.go.tz/">https://zeeasmz.go.tz/</a>]</li> </ul> <p>Complains can be submitted anonymously.</p> <p>Refer Appendix 1 for grievance form</p>	
Acknowledgement and follow-up	Receipt of the grievance is acknowledged to the complainant by the E&S Safeguards coordinator of the PIU		Within 2 days of receipt
Verification, investigation, action	<p>The grievances will be assessed and allocated to respective departments and officials for resolution. After determining the validity of the grievance, it will be investigated, and a resolution will be proposed to the complainant.</p> <p>An anonymous complaint will be investigated and handled in a confidential manner.</p>		Within 10 working days of acknowledgment

Step	Mainland Tanzania	Zanzibar	Timeframe
	If there is no corrective action required and if the solution is acceptable to the complainant, then PIU will implement the solution(s) and settle the issue(s) and the complaint should be considered closed.		
Monitoring and evaluation	Should corrective actions be necessary to resolve the grievance, their implementation will be monitored and reported back to the complainant.		Corrective actions to be implemented within the agreed timeline

### 1.3 Grievance related Gender-Based Violence (GBV) issues

The GM adopts a survivor-centered approach for grievances related to Gender-based Violence (GBV). It is aimed at ensuring the safety and confidentiality of survivors, while fostering a supportive, protective, and empowering environment for their rights. Training will be provided to PIU staff involved in implementing the GM to effectively report, receive, and document cases of sexual and GBV.

GBV complaints will be thoroughly investigated in accordance with the laws of the respective countries and the requirements set forth by the World Bank. Addressing GBV issues during the project's implementation stage is paramount to prevent disruption and delays in the process, making it a top priority for the institution.

Recognizing the potential stigma, rejection, and reprisals faced by GBV survivors, the project will engage service providers to ensure adherence to proper GM procedures, protocols, and tools, prioritizing confidentiality, and a survivor-centered approach. The GM offers multiple channels for registering complaints in a safe and confidential manner, with strict confidentiality measures in place to protect the identity of complainants. Appendix 2 includes a format for reporting SEA/SH related complaints.

### Appendices

- Appendix 1: Grievance Form
- Appendix 4: SEA/SH Reporting Form



**Appendix 1: Complaints form**

<b>GRIEVANCE FORM</b>	
<b>Date of complaint:</b>	
<b>Name:</b>	
<b>Region:</b>	<b>District:</b>
<b>Phone no. and email id:</b>	
<b>Postal address:</b>	
<b>Details of grievance</b> (please give a summary of your complaint and attach all supporting documents [Note to indicate all the particulars of <i>what</i> happened, <i>where</i> it happened, <i>when</i> it happened and by <i>whom</i> ):	
<b>Name and designation of the person recording grievances (in case of verbal grievances):</b>	
<b>Signature of recording person (in case of verbal grievances)</b>	<b>Signature of complainant</b>

**Appendix 2: SEA/SH Reporting Form**

<b>SEA/SH Incident Reporting Form</b>	
Date of complaint:	
Name of the complainant:	
Name of victim/survivor (if different from complainant):	
Region:	District:
Age of the victim:	Sex of the victim:
Phone no. and email id of the complainant:	
Postal address of the complainant:	
Name (s) & address of parents/legal guardian, if under 18:	
Has survivor given consent for completion of this form? YES: NO:	
Details of incident including location (please give a summary of your complaint and attach all supporting documents [Note to indicate all the particulars of <i>what</i> happened, <i>where</i> it happened, <i>when</i> it happened and by <i>whom</i> ]:	
Physical and emotional state of the victim/survivor (Describe any cuts, bruises, lacerations, behaviour and mood, etc):	
Witness' Name & Contact Information:	
Briefly describe service provided to survivor:	

<b>SEA/SH Incident Reporting Form</b>	
<b>Date of complaint:</b>	
<b>Name of Accused Person (s) and their job title and the organization the Accused Person (s) Works for:</b>	
<b>Address of Accused Person:</b>	
<b>Age:</b> _____ <b>Sex:</b> _____	
<b>Physical Description of Accused Person:</b>	
<b>Name and designation of the person recording complaint (in case of verbal grievances):</b>	
<b>Signature of recording person (in case of verbal grievances)</b>	<b>Signature of complainant</b>