

## **FINAL REPORT**

Afghanistan New Market Development Project (ANMDP)- Additional Financing

# Environmental and Social Management Framework

Ministry of Commerce and Industries (MoCI)

Masoom Hamdard - Independent Consultant - Environment & Water  
**2/27/2017**



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## ACRONYMS

AF	Additional Financing
ANDMA	Afghanistan National Disaster Management Authority
ANDS	Afghanistan National Development Strategy
ANSA	Afghanistan National Standards Authority
AREU	Afghanistan Research & Evaluation Unit
BA	Business Association
BDS	Business Development Service
CFNMD	Catalyst Fund for New Market Development
CoC	Certificate of Compliance
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
ESF	Environmental Screening Form
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization
FPIC	Free, Prior & Informed Consent
GDP	Gross Domestic Product
GIZ-IS	GIZ- International Support
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanisms
HR	Human Resource
ICR	Implementation Completion Report
IP	Implementing Partner
ISO	International Standards Organization
IT	Information Technology
MAIL	Ministry of Agriculture, Irrigation and Livestock
MIS	Management Information System
MoCI	Ministry of Commerce and Industries
MoUD	Ministry of Urban Development
M&E	Monitoring and Evaluation
NEPA	National Environmental Protection Agency
NES	National Environmental Strategy
NMDP	New Market Development Project
ODS	Ozone Depleting Substances
OP/BP	Operation Policy/ Bank Policy
PAP	Project Affected People
PFAL	Pesticide Formulation Analysis Laboratory
PIC	Prior Informed Consent
PPE	Personal Protection Equipment
PPQD	Plant Protection and Quarantine Department
PQCL	Pesticides Quality Control Laboratory
PSR	Project Supervision Report
RIDA	Research Input and Development Association
SDF	Safeguards Declaration Form
SEA	Strategic Environmental Assessment
SME	Small and Medium Enterprises

TA	Technical Assistance
UNCRD	United Nation Centre for Regional Development
WB	World Bank
WHO	World Health Organization
WSS	Water Sector Strategy

## Executive Summary:

The Government of Afghanistan (GoA) has set a higher-level objective to transform major cities into strategic hubs of economic growth through increased investment and private sector development. In line with this the Ministry of Commerce and Industries and the World Bank designed a pilot project, known as the Afghanistan New Market Development Project, which focused on only four major cities, namely Kabul, Mazar-e-Sharif, Jalalabad and Herat. The overall project aim is to provide technical assistance to Small and Medium Enterprises (SMEs) to upgrade their businesses through improving product quality and processing technologies. It also helped SMEs to extend their access to domestic and international markets. Although the project was managed overall by the Directorate of the Private Sector in the Ministry of Commerce and Industries, technical support for implementation was provided by the GIZ-International Service.

The project was rated as 'moderately satisfactory' in terms of its overall performance against the set project objectives by an independent firm (Research Input and Development Association-RIDA) and is "*considered successful*" in their evaluation report. It provided support to 372 SMEs and 53 Business Associations (BA), surpassing the initial targets set at 375 and 30, respectively, resulted in the creation of 1516 new jobs, provided access to about 25 international markets and helped deliver 21 new/improved products to the market. However, the state of compliance with the environmental and social safeguards is excluded from evaluation for unknown reasons.

Making the evaluation report of RIDA a base for the project success, the World Bank has agreed to upscale the project under Additional Financing. The Additional Financing will include several new activities proposed in the project evaluation report (Please refer to the [Project Components](#)) and will be scaled-up to the following eight provinces: (i) Bamyán, (ii) Parwán, (iii) Kapisa, (iv) Kunduz, (v) Jawzjan, (vi) Badakhshan (vii) Kandahar & (viii) Paktia.

An Environmental and Social Management Framework (ESMF) was developed as part of the parent ANMDP. However, due to the changes proposed in the project components and its extension into new ecological zones, this ESMF has been updated accordingly. Overall the ANMDP-AF is not expected to have significant adverse environmental and/or social impacts and is therefore classified as a Category B project according to the World Bank's Operational Policies. This implies that activities supported by the ANMDP are not expected to entail significant environmental and social impacts, provided that they are designed and implemented with due consideration of environmental and social issues. Notwithstanding the positive impacts, site specific and localized environmental and social negative impacts in more sensitive environments may occur in relation to investment of small and medium scale enterprises. These impacts may include air pollution from dust and fumes, soil and water pollution and the generation of pharmaceutical, medical, electrical, electronic, and/or metallic wastes, byproducts or, pollutions as a result of the construction and installation, manufacture and operation of SMEs. The wastes produced by SMEs may pose a potential threat to human health and the environment if proper waste management measures are not implemented.

This ESMF is developed to (a) assess the previously developed ESMF for the parent project and identify implementation gaps; b) establish clear procedures and methodologies for environmental and social



assessment, review, approval and implementation with support of SMEs that will be supported under ANMD-AF; (c) provide baseline information on socio-economic conditions and ecological zones where the project will be implemented; d) provide a detailed description of the legal and regulatory framework e) identify potential impacts that might arise from ANMDP-AF activities and propose mitigation measures through an Environmental and Social Management Plan (ESMP); f) describe appropriate roles and responsibilities, and outline the necessary reporting procedures for managing and monitoring environmental and social concerns related to ANMDP activities; (g) determine the capacity building and technical assistance needed to successfully implement the provisions of the ESMF; and (h) provide practical informative resources, including formats (such as GRM forms etc.) and checklists for implementation of the ESMF.

The Project Management Unit at the ANMDP, within the MoCI, and particularly the Safeguards Specialist are responsible for the implementation of the ESMF. A [schematic](#) overview of the processes for mainstreaming the ESMF into the project cycle is provided and a stepwise procedure proposed to ensure that environmental and social issues get due credence in project decisions. Existing business associations established by the project will play an important role in the implementation of the ESMF. Clusters or Task Force of BAs will be created, based upon similarities in the types and levels of risk their constituent SMEs pose to the environment and society. In order for proper capacity need assessments, an output-oriented capacity building programs to be carried out, so that the knowledge gained and skills learned may be gauged, and the impact maybe observed in the SMEs.

A public information and communication campaign around the ANMDP is fundamental to raise awareness about social and environmental matters arising from SMEs among project beneficiaries. The use of various media outlets will therefore play a vital part, including: radio announcements, posters displayed on the walls of relevant public institutions (particularly at offices where SMEs obtain or renew their licenses), public television and so forth. The ESMF will also be translated into both Pashto and Dari languages, and made available on the MoCI and NMDP's websites, as well as on the World Bank's InfoShop. The overall budget estimated for the implementation of the ESMF is \$125,000.

## 1. Introduction:

The Afghanistan New Market Development Project- Additional Financing (ANMDP-AF) is an extension of the parent ANMD that was launched in 2011 as a pilot project and evaluated in 2016, where the overall project as well as the Environmental and Social Safeguards' compliance were rated as 'moderately satisfactory'. The overall objective of the project is to transform Afghanistan's major cities into strategic hubs of economic growth by supporting private sector development and attracting investments. More specific objectives of the project are '...to help in the revitalization of private sector activities in the four major urban cities of Kabul, Mazar-e-Sharif, Jalalabad and Herat through provision of business development technical assistance to support private firms' initiatives to gain market knowledge, improve product quality and processing technologies, and increase their presence in both domestic and export markets'. The overall project was managed by the Directorate of Private Sector at the MoCI with implementation support from the GIZ-IS.

The independent evaluation report called the pilot project a success, paving the way for its extension, and referred to its success as: *"For the pilot project, ANMDP can be considered 'successful'. The project was highly relevant. In terms of efficiency, the project was 'moderately efficient'. While it was 'efficient' in terms of financial returns, the project suffered in terms of time delays and extensions. Although it will be very early to assess impacts, there are indications that ANMDP can contribute to bring some improvements in national production, ultimately contributing to GDP and Balance of Payments if the project is expanded to cover wide range of SMEs and Business Associations. The production, sales, and profit increased for most of the ANMDP beneficiaries along with increase in employment opportunities they created for people. There were some clear multipliers: the ANMDP beneficiaries were expanding their business, investing to set up new business, and were contributing to their backward and forward link. The known employment generation through such multipliers was already 50 percent of the existing employment with the firms. The project outcomes are also fairly 'sustainable'."*

With the same objectives in mind the project is hereby proposed for extension from a pilot to full-scale project. The revised project components are described as below;

### 1.1 Project Components:

#### 1.1.1 Project Component 1: Catalytic Fund for New Market Development (CFNMD) (\$40 M)

This component of the NMD project will finance matching grants to catalyze funding in order to incentivize and crowd-in private investment. This will directly help address some of the firm-level constraints and will assist in enhancing firms' production capacity, encouraging innovation and creating more employment opportunities.

##### ***Sub component 1a: "Soft" matching grant support (USD 15.0 million)***

This sub-component of the NMD project will continue to provide matching grants for increased firm-level managerial capacity, skills, productivity and innovation. Target beneficiaries will remain firms (mostly SMEs though start-ups will not be fully excluded) and business associations. The core changes for this component vis-à-vis FNMD include:

### **Subcomponent 1b: “Hard” matching grant support through capital equipment grants (USD 13.5 M)**

This is proposed as a newly added sub-component for the AF to strengthen unbanked and under-banked SMEs through subsidized financial support. The sub-component will provide matching grants for financing the acquisition of capital equipment or machinery by SMEs to increase or improve production. Such support was not provided under ANMDP but is being introduced under the AF in the spirit of an “experimental pilot”.

### **Subcomponent 1c: Direct Technical Assistance (TA) to SMEs (USD 3.0 million)**

This subcomponent of the NMD project will provide technical support to Small and Medium Enterprises to raise their capacity for optimizing operations.

### **Subcomponent 1d: Service fees for CFNMD fund management and independent inspection (\$ 6.5 M)**

This subcomponent of the NMD project will support fund management of the Catalyst Fund for New Market Development as well as independent inspection.

### **Subcomponent 1e: Contingency (USD 2.0 million)**

Any cost for unforeseen activities will be covered under this component.

## **1.1.2 Project Component 2: Support to BDS Providers (USD 5.0 million)**

Component 2 of the New Market Development Project will be to provide support to strengthen the capacity of business development services (BDS) providers in Afghanistan. This component endorses the idea of “supply-side interventions” for matching grants. The rationale for this component is based on the experience of the parent Project, desk research, and a qualitative analysis of the Afghan BDS market.

## **1.1.3 Project Component 3: Technical Assistance to MoCI and Project Management (USD 5.0 million)**

This component of the NMD project will provide technical assistance to the MoCI and NMD Project Management Unit for smooth execution of project activities, it will also finance some new activities and others modified and scaled-up from ANMDP, as proposed during the project assessment that are listed in the table below.

### **Proposed project design alterations**

**Table 1: Proposed Project Design Alterations Based on Assessment**

<b>Feedback from Assessment of ANMDP</b>	<b>Proposed design changes in ANMDP-AF</b>
‘Matching grants’ to remain as core / largest component and to be scaled up in size	Incorporated under CFNMD
Increased exports focus needed	The AF will emphasize identified exporting sectors
Increased sectoral focus needed	The AF will emphasize identified exporting sectors
Increased women’s economic empowerment focus needed	The AF will provide extra support to women owned firms and women’s employment

Include financing for capital equipment	New capital equipment financing component added
Strengthen BDS Providers	New component 2 added
Geographic “scale up” to new geographies vs. within the same 4 cities	The AF will scale-up geographically to (i) Bamyan, (ii) Parwan, (iii) Kapisa, (iv) Kunduz, (v) Jawzjan, (vi) Badakhshan (vii) Kandahar & (viii) Paktya
Implementation Partner (Fund Manager) options to ensure sustainability	Start with international firm with plans to transition to a national institution (SME agency) in year 3
<b>Source:</b> Impact Evaluation of the Facility for New Market Development (FNMD), (MoCI 2016)	

## 1.2 Objectives:

The Environmental and Social Management Framework (ESMF) prescribes policies, guidelines, procedures, and codes of practice for the management of environmental and social issues that might arise due to project interventions and as such constitutes a set of measures for the development of subproject level (SME level in this case) Environmental and Social Management Plans (ESMP). The Environmental and Social Management Framework also aims to ensure compliance with the National and the World Bank's safeguard policies. It is a legally binding document, and stipulates procedures and formats that could be used in the identification and management of environmental as well as social issues that might arise from NMDP's interventions.

In March 2011, an ESMF was prepared for the pilot phase of New Market Development Project; however with changing project activities under Additional Financing, it is imperative to update the ESMF accordingly. The aim of developing an updated ESMF for the ANMDP-AF is to better mainstream environmental and social aspects in the decision making process through early identification of potential adverse social and environmental impacts and to provide guidance on avoiding, mitigating or compensating for impacts, where applicable. An aim of the ESMF will also be to layout guidance mechanisms for project beneficiaries so that the triggered operational policies are duly complied with in their respective businesses/SMEs.

In accordance with the relevant Afghanistan's legislations and the triggered World Bank's Operational Policies, the ESMF will ensure that the NMDP's intervention will;

- Avoid or minimize any harm to human health
- Prevent, mitigate or compensate any loss of livelihood
- Prevent, mitigate or compensate for any environmental degradation as a result of the interventions by either individual SMEs/subprojects or their cumulative effects
- Enhance positive environmental and social outcomes
- Ensure compliance with Afghanistan's legislations as well as with the World Bank's safeguard operational policies

More specific objectives of the ESMF are to:

- Make available tools and other guidelines for assessing potential environmental and social impacts that might arise from SMEs that are funded under this project
- Provide a set of measures that will help in avoiding or mitigating the identified negative impacts caused by project interventions
- Outline reporting procedures for managing and monitoring environmental and social impacts caused by project interventions, and specify appropriate roles and responsibilities
- Propose capacity building training and funding for the effective implementation of ESMF

### **1.3 Scope of the Study:**

Within the scope of this assignment the existing ESMF is thoroughly reviewed and updated in accordance with the modified project activities proposed under the World Bank's Additional Financing sector. The study also looks into the lessons learnt and best practices from the previous ESMFs' prepared for the pilot NMD project as well as for other similar projects such as the National Horticulture and Livestock Project (NHLP), Afghanistan Rural Enterprise Development Program (AREDP), etc. The legal and regulatory framework concerning ANMDP activities and environmental and social safeguard is also covered.

Furthermore, the study systematically assesses the social and environmental impacts that might arise from project interventions, and updates the procedural guidelines/tools and reporting mechanisms, including that for Occupation Health and Safety. Capacity constraints in the implementation of the previous ESMF are identified and suggestions for capacity building courses are provided within the required budget. An updated checklist and forms are also included to assist the project team in identifying and assessing the potential social and environmental impacts of particular subprojects/SMEs, and to mainstream the decision making process.

## 2. ANMDP - Situation Analysis:

The project evaluation reports prepared by the GIZ-IS and RIDA (Research Inputs and Development Action) indicates that the project supported a total of 430 firms with a grant value of USD 11.8 million, which included 376 SMEs and 54 business associations as demonstrated in the table below.

**Table 2: ANMDP Supported SMEs and Business Associations (2013-2016)**

Overview of the Business supported under ANMDP (2013-2016)			Target
01.	Total firms supported	430	
02.	Total grant value	11.8 million \$	
03.	SMEs supported	372	375
04.	Business Associations Supported	53	30

Source: Impact Evaluation of the Facility for New Market Development (FNMD), (MoCI 2016)

The project is rated as being 'effective' and 'moderately efficient' in the Impact Evaluation report prepared by RIDA, which quotes that *"for the pilot project, ANMDP can be considered successful. The project was highly relevant. In terms of efficiency, the project was moderately efficient. While it was efficient in terms of financial returns, the project suffered in terms of time delays and extensions. Although it will be very early to assess impacts, there are indications that ANMDP can contribute to bring some improvements in national production, ultimately contributing to GDP and Balance of Payments if the project is expanded to cover wide range of SMEs and Business Associations. The production, sales, and profit increased for most of the ANMDP beneficiaries along with increase in employment opportunities they created for people. There were some clear multipliers: the ANMDP beneficiaries were expanding their business, investing to set up new business, and were contributing to their backward and forward link. The known employment generation through such multipliers was already 50 percent of the existing employment with the firms. The project outcomes are also fairly sustainable"*.

### 2.1 ESMF Implementation:

The project evaluation report by RIDA, however, had limited or no explicit information on the compliance to environmental and social safeguards in the project, which reveals that environmental and social safeguard issues might have been missed or overlooked during the project evaluation. A review of project documents and interviews with several 'former' project employees revealed that Environmental and Social Safeguards were neither systematically followed by the project team during the selection of subprojects nor by the beneficiary firms. The reason for this, quoted during an interview with a former NMDP employee, was that *'Afghanistan's context differs from the rest of the World, and Environmental and Social Safeguards related issues cannot be properly addressed here and are thus not applicable here (Afghanistan)'*. It was also revealed during meetings that even though the criteria for the selection of projects were not sufficiently clear, detailed assessments in the form of diagnostic reports were developed but with limited credence to the environmental and social aspects of the project. The diagnostic report does in fact contain a section on safeguards but it is poorly designed for non-experts to fill-out as a formality. The environmental and social safeguards checklists provided in the previous ESMF are either not used or used without input from environmental and social safeguards specialists. Several tools were developed, such as a checklist for social and environmental impacts, code of conduct for SMEs, Grievance Redress Mechanism (GRM) forms and Workplace Health and Safety etc. However their dissemination and application in the project is found to be limited. This was also noted during the World Bank's mission in February 2015. There is not a single project for which an

environmental and social management plan is developed in the ANMDP and there are few firms, such as Afghanite Geo & Mining Engineering Services, who voluntarily obtained ISO 14001 certificates that sets out criteria for environmental management practices.

## **2.2 Environmental and Social Safeguards Capacity Building:**

The capacity building proposed in the previous ESMF was undertaken however it was neither systemic nor effective. Usually, training was conducted towards the end of a project allowing very little time for SMEs to adhere to practices proposed in the ESMF. Also, the benefits of capacity building could not be observed in the SMEs as the selection of participants who attended the training was not carefully done.

## **2.3 Project Modality:**

The modality of the previous ANMD project could be considered questionable, as it was implemented through GIZ-IS as an implementation partner, where roles and responsibility regarding ESMF implementation were not clear enough. There was no one in the project management unit at the Ministry of Commerce and Industries who would take responsibility for the integration of environmental and social aspects of the projects; except for an ESMF expert hired by GIZ whose limited role in the project was not entirely clear and who was no longer available to provide information on ESMF implementation.

## **2.4 Environmental and Social Safeguards Reporting/Documentation:**

Reporting and documentation on environmental and social management issues is rather poor. There is no or limited reporting on the progress made in the implementation of ESMF; the annual and quarterly progress reports contained no information on the status of ESMF implementation.

## **2.5 Lessons Learnt:**

Some of the ESMF related lessons learnt from the pilot ANMDP are listed below;

- The project management unit for ANMDP within the Private Sector Directorate requires an expert on environmental and social safeguards to play a leading role in the ESMF implementation
- Safeguards on environmental and social issues should be integrated into the project decision making process. Checklists on environmental and social safeguards to be filled-out and reviewed by a safeguards expert should be made part of the project file
- Credence should be given to environmental and social concerns in the decision making process, regarding project approvals, particularly for SMEs with significant environmental and social impacts.
- Firms should be encouraged to obtain ISO 14001, which maps out a case-specific effective environmental management framework
- A focal point should be assigned at each firm (with potential environmental and social impacts) that is supported by the project, so that he/she can assist in the implementation of ESMF and report on the progress made
- All ESMF related documents should be translated into local languages and provided to firms in a timely manner. Documents should be presented to firms in a way that is easily understood by workers
- In accordance with the Paris Agreement of Aid Effectiveness which demands "*Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthening their capacities*". The project management unit of the ANMD must work closely with the directorate of private sector development in MoCI and avoid implementation through another partner, such as GIZ-IS, becoming commonplace

- For smooth implementation of ESMF it is vital to have systematic and output-oriented capacity building programs both for the MoCI and focal points at SMEs/BAs. Capacity building should be consistent with the project activities. In the pilot project capacity building was often conducted towards the end of the project and seen only as a formality rather than adding-value to the project operations
- Reporting on environmental and social safeguards should be made part of the regular monitoring or project reports. Presently there is no mechanism for documenting and reporting on environmental and social matters related to the ANMDP supported SMEs





A considerable portion (about 2.7 million) of Afghan population is still residing in neighboring Pakistan and Iran. Other sources, such as World Bank, have estimated the population to be closer to 30.5 million and have observed a steady growth over the years. According to the Population Reference Bureau, the population is estimated to increase to 82 million by 2050. The urban population is growing exponentially due to a rural-urban influx; the capital city Kabul has a population of more than 4 million. Afghanistan is a multi-ethnic and multi-lingual society, reflecting its location on historic trade and invasion routes between Western, Central and Southern Asia. Pashto and Dari (Persian/Farsi) are both the official languages of the country, whilst Uzbeki and Turkmeni are both spoken in parts of the north. Smaller groups throughout the country also speak more than 30 other languages and numerous dialects. Islam is the religion of 99.7% of Afghanistan, with an estimated 80-89% of the population practices Sunni Islam and 10-19% Shi'a. The remaining 1% practices other religions such as Sikhism and Hinduism.

It is envisaged that the ANMD project will be geographically extended to 8 more provinces, in addition to the four previously selected provinces, namely Kabul, Herat, Balkh and Nangarhar. The demographic features of the targeted provinces are shown in the table below.

**Table 3: Demographic Features of the Selected Provinces**

S.No	Province	No. of Districts	Population Density (km <sup>2</sup> )	Area (km <sup>2</sup> )
01.	Kabul	14	967	4523.9
02.	Kapisa	6	231	1908
03.	Parwan	9	116	5715.1
04.	Nangarhar	21	199	7641.1
05.	Bamyan	6	25	18029.2
06.	Paktya	10	99	5583.2
07.	Badakhshan	27	21	44835.9
08.	Kunduz	6	125	8080.9
09.	Balkh	14	82	16186.3
10.	Kandahar	15	22	54844.5
11.	Jawzjan	10	48	11291.5
12.	Herat	15	34	55868.5

The large scale repatriation of Afghan migrants from neighboring countries is changing the demographics of major provinces. About 16 % have repatriated to Kabul, 12 % to Nangarhar, 14 % to Kunduz and 8% to Paktya province. ANMDP may allocate its resources accordingly to each targeted province and as per the province's potential, and can play a vital role in creating employment opportunities for repatriated Afghans which will pave the way for their reintegration into society.

### 3.3 Economy:

Afghanistan's economy is strongly agricultural based, with about 70% of the working population either directly or indirectly relying on natural resource for their livelihood. Manufacturing and production

remains a challenge as the country has yet to offer an environment that is conducive for investment. According to the World Bank's Doing Business rankings Afghanistan has slid down from 175<sup>th</sup> place in 2015 to 177 in 2016. Economic growth in Afghanistan remains the slowest in the region with the annual growth estimated to be only two percent in 2014. This was a decrease by 3.7 % compared to 2013. This decrease in growth is mainly attributed to political uncertainty and the poor security situation that has led to low confidence among investors and consumers. The AREU 2015 survey reveals five main obstacles for doing business in Afghanistan, i) lack of power/electricity, ii) lack of access to land, iii) corruption, iv) lack of access to finance/loans, v) absence or manipulation of competitive practices.

Having said this, revenue collection in Afghanistan has substantially improved; the total budget for the 2015-2016 financial year was 434.3 billion Afghanis<sup>2</sup>, of which 28.9 % was gained through revenue and the other 71.1 % through foreign aid<sup>3</sup>.

### 3.4 Trade:

Afghanistan is located at the cross-roads of Euro-Asian countries, South Asia and the Middle East (Iran), offering an excellent hub for regional trade. In the last 14 years there has been an exponential rise in the export of domestic products, particularly Afghan Rugs and Saffron (*Zafran*), which are ranked as some of the best on the international market. The total recorded value of exported goods was around US\$ 571 million during 2015-16, of which about 16 % was from the export of rugs/carpets. About 37% of the total exported goods were fresh and dried fruits, as shown in the figure below.

Figure 2: Composition of Main Exported Items in 2015-16

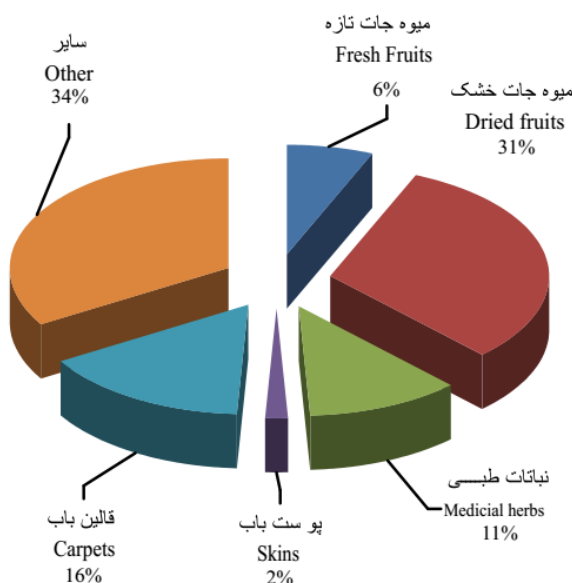
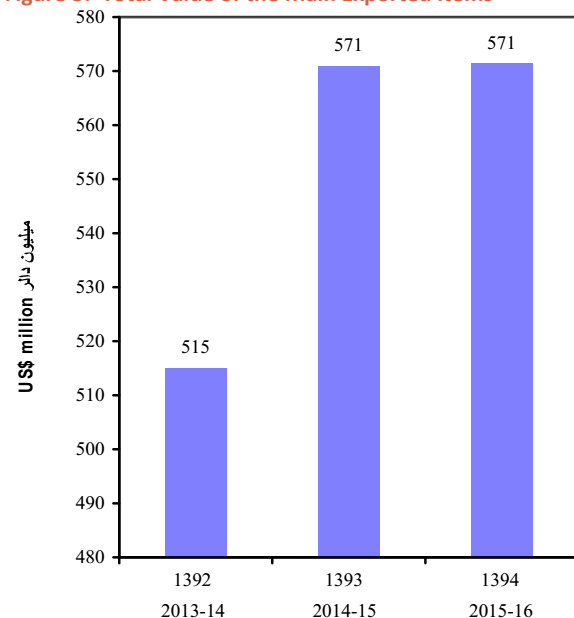


Figure 3: Total Value of the Main Exported Items

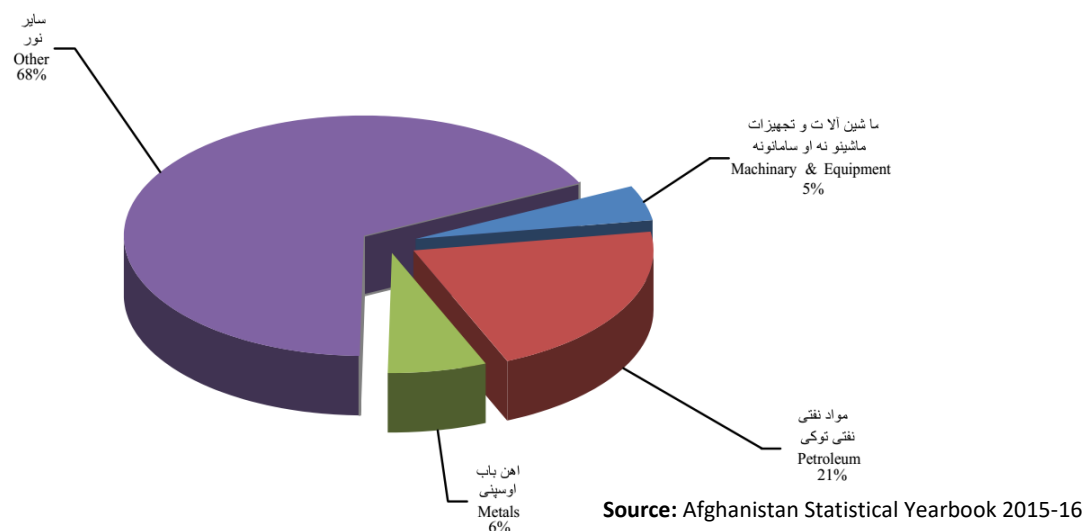


<sup>2</sup> Afghani is the Afghanistan's local currency often used in daily businesses across the country, however large business deals are often made in US dollars, and in some bordering provinces such as Nangarhar, Kandahar, Khost and Herat, daily business is conducted in Pakistani Rupees and Iranian Rial. 1USD = 76.6 AFNs (January, 2017)

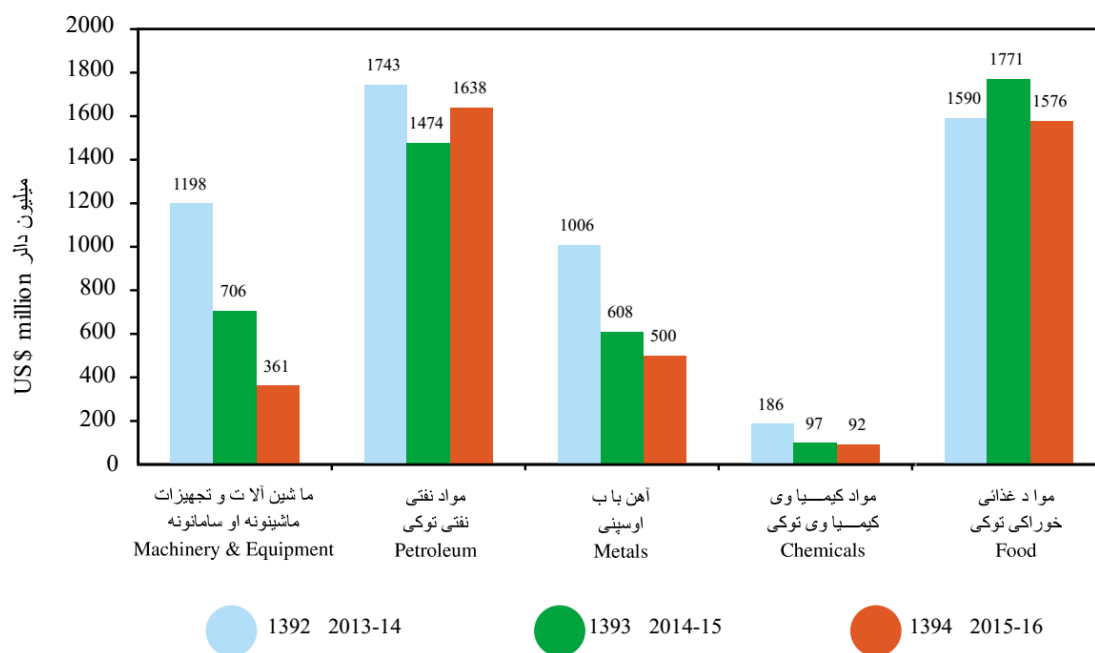
<sup>3</sup> Afghanistan Statistical Yearbook 2015-16 - Financial Development Chapter

The total imported goods to Afghanistan were worth US\$ 7723 million during 2015-2016, excluding smuggled and duty-free goods. With growing production of local products particularly due to an increase in small and medium enterprises, trends show a decrease in imports (0.08 % decrease in 2015-16 compared to 2014-15). Imports in 2015-2016 of spare parts for vehicles, machines, vehicles, metal products, wheat and flour has decreased by 8.5% compared to 2014-15. As shown in the Figure 4 (below) about 21% of the total legally imported items were petroleum related while about 12% were metals and machinery related. The figure below provides graphic information of the main items imported in year 2015-2016 and their net value.

**Figure 4: Composition of Main Imported Items in 2015-16**



**Figure 5: Total Value of the Main Imported Items in 2015-16**



### **3.5 Transportation and Communication:**

Transportation and communication play a vital role in the promotion of small and medium enterprises. Afghanistan uses only land and air for transportation and has no in-land water transportation service yet. For transportation of goods mainly trucks are used with the number of registered trucks having increased from 309540 to 311905 between 2015 -16.

Afghanistan has four international airports that are used by both national and international airlines and play an important role in transporting good from Afghanistan to other countries, particularly India.

Significant progress has been made in the field of communication in the past 14 years. There are about 463 post offices in the country and connection through fixed telephone and wireless services is provided by a number of national and international service providers. Wireless internet is available throughout almost the entire country but is limited in a few provinces. Fiber Optics are under construction and are part of the CASA (Central Asia-South Asia) connectivity project.

### **3.6 Infrastructure:**

Limited power supply infrastructure, access to clean drinking water, inadequate health care facilities and clinics, broken access roads, a limited number of schools and the lack of other important infrastructure has impeded Afghan development. After 2002 infrastructure development started at great speed. Now, 39.4 % of rural and 70.9 % of urban households have access to safe drinking water, a 4-fold increase compared to 2002. In the energy sector about 38% of the population now has access to reliable power. Major hydropower dams such as Salma, Naghlu and Kajaki are now fully operational.

Major roads connecting provinces to the capital have been constructed and rehabilitated. Afghanistan's Ring Road, which connects the country's five major cities: Herat, Kabul, Kandahar City, Jalalabad, and Mazar-e-Sharif is in progress with more than 80 % of Afghans now living within 50 km of it (Ministry of Public Work, 2014). Other infrastructure projects, such hospitals, schools and universities are also growing in number. Higher education institutes are rapidly increasing considering the growing demand for higher education; there were 52,000 applications for higher education in 2006, 57,000 in 2007, 120,000 in 2012, and 123,000 in 2013. Girls now occupy 25 % of slots at public universities, which has also increased yearly. In addition to public universities and institutes, there are now 52 newly-established private universities across the country.

### **3.7 Climate & Ecology:**

Afghanistan has a continental climate, with big temperature differences between the day and night and from one season or region to the next, ranging from 20–45°C in summer in the lowlands to minus 20 – minus 40°C in winter in the highlands. Severe, long-lasting droughts, such as that in 1999–2001, have major impacts on the environment and society. In spring late frosts affects agriculture (mainly fruit production), while rising temperatures cause flooding and increase the vulnerability of crops to natural disasters.

The average annual rainfall of about 250 millimeters conceals the stark variation between different parts of the country, from 1000 millimeters in the higher altitudes of the northeast to only 60 millimeters in

the southwest. Annual evaporation varies from relatively low in the Hindu-Kush Mountains (900–1 200 mm) to high (1 400–1 800 mm) in the hot arid plains of the north and south. Due to its mountainous relief and the convergence of several climate systems, Afghanistan boasts an impressive diversity of ecosystems, land cover and water sources.

Many of the Small and Medium Enterprises in the target provinces are either in urban or peri-urban areas, it is therefore crucial to pay adequate attention to environmental issues. Human health in the urban environment is threatened by poor waste management, lack of sanitation and safe drinking water, and air pollution. 60 % of the population is exposed to elevated concentrations of particulate matter PM10 (fine anthropogenic dust), nitrous oxides (NOx) and sulphur dioxide (SO2). This causes an estimated excess in annual mortality of about 2,000 people. There are no proper landfills in many cities, and none of the dumpsites are designed to prevent ground water contamination or toxic air pollution from burning waste. High-density unplanned and informal settlements place huge demands on fragile basic urban services, such as the energy supply, while aggravating urban air pollution. For example, the present ground water resources feeding the Kabul water supply can only cope with an increase in demand until 2020, on the assumption that the per capita consumption is 40 liters per day. As no reliable alternative ground water resources have been identified, the focus should move to surface water as the new water supply resource not only for Kabul but other major cities as well.

### **3.8 Landuse:**

Afghanistan has a mountainous terrain with a total area of 652,000 km<sup>2</sup> (252,000 sq mi). The Hindu Kush Mountains, which forms a barrier between the north and south, spread out into several ranges with the Baba, Hesar, Safed Koh and Turkestan ranges to the north. The Hindu Kush and its subsidiary ranges divide Afghanistan into three distinct geographical areas: the Central Highlands, which contain the Hindu Kush and its ranges, the Northern Plains and the Southwest Plateau. The Northern Plain is part of the great Central Asian Plain and stretches from Iran to the foothills of the Pamirs. It comprises fertile plains and foothills, which slope gently to the Amu Darya (Oxus). The south-western Plateau, to the south of the Central Highlands is a high plateau with an average altitude of about 1,000 m, most of which is sandy desert and semi-desert. A quarter of the plateau is the Registan desert, which is crossed by the Helmand River and its tributary the Arghandab.

Agriculture remains one of the main productive landuse activities in the plains areas, a total of 3386610 km<sup>2</sup> of the land cover is agriculture, of which 85,310 km<sup>2</sup> is arable and 1,300 km<sup>2</sup> are permanent crops. Permanent meadows and pastures counts for 300,000 km<sup>2</sup> of total land cover. Due to an unprecedented rate of deforestation, the forest area has shrunked to only 8, 078 km<sup>2</sup>. In the central mountains below 2,000 m degraded forests cover an enormous area and although they are a valuable source of high quality pistachios they have been heavily exploited for firewood. Other types of landuse, such as industry, residential areas etc. covers about 257 542 km<sup>2</sup> of the total area. By far the greatest portion of the land surface of Afghanistan is extensive grazing land - desert, semi-desert or high or steep mountains, although only about 40% is said to be suitable for winter grazing. The Kuchi nomads, who practice vertical seasonal migrations between the dry plains and the summer pastures in the mountains, exploit much of the pasture on a season basis.

### 3.9 Health:

The condition of human health and health services remain a challenge in Afghanistan. According to the Human Development Index, Afghanistan is the 15th least developed country in the world. The average life expectancy is estimated to be around 60 years for both sexes. It has the ninth highest total fertility rate in the world with about 5.64 children born/woman, one of the highest maternal and infant mortality rates in the world. Reports from the Guardian (2017)<sup>4</sup> places Afghanistan among Somalia and Chad with 800-1200 maternal death for every 100,000 live birth, while in some provinces such as Ghor there are scary figures such as 1800 maternal deaths per year, the United National Population Fund reports.

Data from 2010 suggest that one in ten children die before reaching five years of age. The Ministry of Public Health plans to cut the infant mortality rate to 400 for every 100,000 live births by 2020. The majority of these health issues are related to water supply and sanitation facilities, according to World Health Organization (2014) report that indicates that about 40% of the population does not have access to improved (safe) drinking water and about 70% lack access to improved sanitation facilities. According to the WHO (2014), there is a massive deficit of health workers in Afghanistan with only 2.3 qualified doctors and 5 nurses available per 10,000 people.

There is no empirical evidence yet available to link the impacts of SMEs on workers or on general health condition of the population in Afghanistan. The Labor Law of Afghanistan, however, explicitly refers to the health and safety conditions at work places, and instructs for age limit and utmost safety (use of Personal Protection Equipments) at works that may include exposure of workers to hazardous materials.

### 3.10 Natural Disasters:

The mountainous terrain and seismic activity makes Afghanistan prone to natural disasters, such as flush flooding, landslides, avalanches and earthquakes, according to the Afghanistan National Disaster Management Agency (ANDMA, 2014). Since 1980 natural disasters have taken the lives of some 19,000 people and displaced 7.5 million. The low resilience of residential buildings to earthquakes and flooding were the main cause of the high number of casualties.

The Afghanistan National Standards Agency (ANSA) was established in 2004 by Presidential Decree 952 under the Ministry of Commerce and Industries and was the cornerstone for the establishment of National Standards. The Council of Ministers approved ANSA as an Independent entity in August 2007 - the first step towards a fully functioning standards body in the country. Recognizing the need for modern business and cross-border trade that is vital for the Afghan private sector, the Parliament of Afghanistan also ratified this decision in February 2008. Currently, ANSA works to produce national standards in the following 13 sectors; Food and Agricultural Products, Pharmaceuticals and Cosmetics, Construction Materials, Petroleum, Oil and Lubricants, Electro-technical, Textile, Metrology, Environment, Demining and Afghanistan building codes (Structural Codes, Architectural Codes, Urban Development Codes and Highway and Bridge Codes).

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<sup>4</sup> [https://www.theguardian.com/global-development/2017/jan/30/maternal-death-rates-in-afghanistan-may-be-worse-than-previously-thought?CMP=tw\\_t\\_gu](https://www.theguardian.com/global-development/2017/jan/30/maternal-death-rates-in-afghanistan-may-be-worse-than-previously-thought?CMP=tw_t_gu) (accessed in January, 2017)

Furthermore, the ANDMA with the assistance of the United Nations Center for Regional Development (UNCRD) has prepared countrywide hazard maps for all provinces, and guidelines, which are important to be considered for the longer safety of people and investment.

Afghanistan New Market Development may support small and medium enterprises in provinces that are more prone to natural disaster. It is therefore important for them to comply with the standards introduced by ANSA and the Ministry of Urban Development (MoUD) in their facilities to ensure workers' safety. It will also be advisable to train workers on disaster preparedness. The table below gives a brief overview of the types of natural disasters occurring and the damage it has caused in the target provinces of ANMDP.

**Table 4: Damage Caused by Natural Disasters in the NMDP Target Provinces**

S.No	Province	Type of Natural Disasters	Type of Damage Area (km <sup>2</sup> )				
			Agriculture land (jerib)	Trees	Livestock	Household	People killed
01.	Kabul	Flood	NA	NA	NA	40	2
02.	Kapisa	Flood	NA	NA	NA	136	2
03.	Parwan	Earthquake	NA	NA	33	24	3
04.	Nangarhar	Flood, Roof collapse	NA	NA	NA	16	12 injured
05.	Bamyan	Flood	NA	NA	10	38	1
06.	Paktya	Flood	NA	NA	N	258	1
07.	Badakhshan	Flood, Earthquake	156	80	30	408	67
08.	Kunduz	Flood	1100	NA	NA	160	NA
09.	Balkh	Flood	NA	NA	NA	3	NA
10.	Kandahar	Flood	NA	NA	NA	96	2
11.	Jawzjan	Flood	NA	NA	NA	1008	NA
12.	Herat	Flood	17	NA	324	16	10

**Source:** Statistical Yearbook of Afghanistan 2015-16



## 4. Legal and Regulatory Framework:

This chapter provides a detailed review of the relevant national legislation and the World Bank's environmental and social safeguard policies, procedures, standards and guidelines that provide a regulatory framework for the ANMDP.

### 4.1 Afghanistan's Environmental Law (912<sup>5</sup> of 2007):

This primary law underpins all environmental management practices relevant to activities under the Afghanistan New Market Development Project. The environmental Law of Afghanistan provides an overall framework for development activities, which requires, *inter alia*, planning for sustainable use, rehabilitation, and conservation of biodiversity, forests, rangeland, and other natural resources as well as for the prevention and control of pollution. The law requires that the proponent of any development project, plan, policy or activity apply for an environmental permit (locally referred to as a 'Certificate of Compliance' or CoC) before the implementation of any development project with potential negative environmental impacts. To acquire a CoC it is necessary to submit an initial environmental impact assessment to the National Environmental Protection Agency (NEPA) to determine the associated potential adverse effects and possible impacts.

The key articles from the Environmental Law relevant to the ANMDP activities are described below:

- All development projects, plans and policies must consider sustainability so as to meet both developmental and environmental needs for present and future generations"
- Persons who cause adverse impacts, especially pollution, must bear the social and environmental costs of measuring, avoiding, mitigation and compensating these impacts
- No one may undertake activities or implement a project, plan or policy that is likely to have a significant adverse impact on the environment before obtaining an environmental permit or certificate of compliance from National Environmental Protection Agency of Afghanistan
- Article 33 of the Environmental Law advocates for conducting an Environmental Impact Assessment for projects that may potentially pose threat to environment or human health
- Article 34 of the Environmental Law emphasizes the protection, use and management of water resources and discourages any development activities that might negatively impact aquatic ecosystems and biological diversity and may result in water quality degradation

#### 4.1.1 Environmental Impact Assessment Regulations:

The Environmental Impact Assessment regulation (2008) as outlined by NEPA categorizes projects based on the potential impacts on the environment of a specific project/intervention. The regulations recognize that Environmental Screening Forms or Environmental Checklists (See [Annex II](#)) must be filled out by an environmental and social safeguards expert prior to the undertaking of any project. This form would ideally allow the decision makers to decide on whether to proceed with the project with or without an Environmental and Social Management Plan (See Format in [Annex V](#)). Where necessary, an Environmental Impact Assessment will be carried out for SMEs with potential negative environmental

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<sup>5</sup> Official Gazette No. 912, dated 25 January 2007

impacts, and accordingly an Environmental Social Management Plan with an allocated budget will be prepared by the ANMDP's Safeguards team in close cooperation with the EIA board established within the NEPA.

#### 4.1.2 The National Environmental Strategy:

The National Environmental Strategy (NES), which is part of the Afghanistan National Development Strategy (ANDS), provides strategic direction towards policies addressing security, governance, economic growth and poverty reduction issues. Broadly, NES aims at integrating environmental concerns and policies into Afghanistan's development plans. The strategy highlights participatory and sustainable economic development without deleterious impacts on the natural environment. The NES also mainstreams environmental issues at a strategic level into sector policies, so that environmental considerations are incorporated into the design, implementation and monitoring of projects. The strategy also advocates for a proactive approach by addressing environmental issues within development projects in the early stages of the decision-making process so that negative environmental impacts can be avoided or mitigated, or environmental management plans developed to address highlighted environmental issues. For ANMDP it will be vital to mainstream safeguards of environmental and social issues in the decision making process, and not to see environmental and social safeguards as a stand-alone process. Mechanisms must be put in place for proper environmental and social screening to be carried out before an agreement can be reached with an SME.

Furthermore, NES stipulates that local communities should be involved in the decision-making processes regarding sustainable natural resource management (art. 23, Para 10), and that Project Affected People (PAP) must be given the opportunity to participate in each phase of the project (Art19, 1). ANMDP supported SMEs that rely on extraction of natural resources will have to ensure that local communities, particularly those that are affected by the activities of their enterprises, are properly engaged in the decision making process.

#### 4.1.3 Areas of Ecological Significance:

The updated list of protected areas in Afghanistan is listed in the Table 5 (below; the list is continuously being updated as new locations are added). SMEs with potential negative impacts on protected areas or on designated buffer zones are not permitted by law to carry out any development activities without first getting a permit from a pertinent authority. Therefore, it is crucial that the spatial dimensions of the SMEs supported under NMDP-AF are properly assessed while preparing the diagnosis report to avoid any potential damage to protected areas (areas of ecological significance) with ecological and/or cultural significance.

**Table 5: Protected Areas in Afghanistan**

S/No	Protected Areas	S/No	Protected Areas
1	Aab-i-Estada Nature Reserve	2	Ajar Valley Nature Reserve
3	Bamiyan National Heritage Park	4	Band-e-Amir National Park
5	Darqad (Takhar) Wildlife Managed Reserve	6	Dashte-Nawar Waterfowl Sanctuary
7	Hamun-i-Puzak Waterfowl Sanctuary	8	Imam Sahib (Kunduz) Wildlife Managed

S/No	Protected Areas	S/No	Protected Areas
			Reserve
9	Khulm Landmark Protected Area	10	Kole Hashmat Khan Waterfowl Sanctuary
11	Northwest Afghanistan Game Managed Reserve	12	Nuristan Nature Reserve
13	Pamir-i-Buzurg Wildlife Reserve	14	Registan Desert Wildlife Managed Reserve
15	Zadran National Reserve		

## 4.2 The Land Expropriation Law (2009):

The Law on Land Expropriation, which is still under government review, aims at protecting the rights of Project Affected People (PAP) who may need to be compensated for property taken for projects or other development activities. ANMDP in general would avoid any support that may include land acquisition; however, as with any case of land acquisition and compensations, SMEs would have to comply with the Land Expropriation Law (2009). A combination of civil, customary, and religious laws govern land rights in Afghanistan, while only one third of the land has been subject to *Cadaster*. Land ownership issues are dealt with in the Law for Managing Land Affairs which is mandated by the Afghan Independent Land Authority or *Arazi*. The Law, however, is silent on resettlement. It makes no special provision for a resettlement plan or any other arrangements for resettlement. Therefore, it is the responsibility of the project team to ensure that only those SMEs who have provided clear land ownership documents that have been verified by local land management authorities will benefit from the ANMDP.

## 4.3 Water Law and the Water Sector Strategy (WSS, 2012):

Both the Water Law and the Water Sector Strategy (WSS) advocate for the fair allocation of water between the sectors and promotes an integrated water resources management (IWRM) approach and protection of watersheds with a strong role for local stakeholder participation. SMEs that are supported under ANMDP and are engaged in water extraction, use or contamination should comply with the Water Law and Water Sector Strategy. The WSS has an explicit commitment to sustainability and stresses the need to build capacity among stakeholders and other impoverished water users in order to achieve sustainability goals.

The WSS urges simultaneous repair of physical infrastructure while ongoing discussions and training is held with water users, not only to improve water management practices but also, crucially, to determine viable options for alternative water uses. In particular, the WSS emphasizes end-user participation in decision making related to water resource management, operation and maintenance of water supply systems, and agreements regarding water use allocations.

For the last 15 years the government, international organizations and NGOs have failed to develop links with commercial water users. The WSS proposes broadening the roles of responsible entities to include mentoring of water extraction for commercial purposes and suggests opting for practices and techniques that lead to sustainable use of both surface and ground water.

Similarly, the Water Law encourages stakeholder involvement in overall water management planning, and recognizes the importance of participatory approaches in resolving water issues at an appropriate

level. The ANMDP also promotes a participatory approach and would encourage end-user engagement where required.

The Water Law recognizes the key role of different ministries in protecting and managing water resources. The Ministry of Energy and Water (MEW), MAIL, Ministry of Mines, and NEPA all have an overall responsibility for its implementation. However, recognizing the various water users involved, other ministries and independent authorizes may step in to ensure the implementation of the Water Law and water sector strategy. ANMDP will only support SMEs that fully comply with the Water Law and Water Sector Strategy of Afghanistan, implying that they would have to provide information on water use and treatment at their facilities, and ensure that effluent from their activities is not causing harm to humans and/or the environment.

#### **4.4 Law on Preservation of Afghanistan's Historical and Cultural Heritages:**

Legislation pertaining to the Protection of Historical and Cultural Properties was adopted in 2004. It was adopted pursuant to article 9 of the Afghanistan Constitution and defines historical and cultural properties as:

*“(1) any product of mankind, movable or immovable, which has an outstanding historical, scientific, artistic and cultural value and is at least one hundred years old”*

*“(2) the objects which are less than one hundred years old, but which because of their scientific, artistic and cultural value, should be recognized as worthy of being protected”*

According to this law, the people of Afghanistan are the owners of historical and cultural properties, while the State and the people are jointly responsible for preserving cultural and historical objects. In the instance of chance finds<sup>6</sup> of such objects during the implementation of development work the following guidelines are provided:

An Archeological Committee is responsible for maintenance, preservation and assessment of any site, object and property that is of historical and cultural value.

When a chance find of any historical and cultural objects occurs, it should be reported to the Archeological Committee. Where artifacts are endangered by project work, the project implementation should be suspended until necessary plans for the preservation of the threatened artifacts is in place.

When a chance find of any artifacts occurs, both local and provincial authorities must be informed within fourteen days. They will then notify the Archeological Committee.

Failure to report chance finds within the specified timeframe is punishable by law.

In the case of chance find, the implementing agencies (in this case the NMDP and Ministry of Commerce and Industries) are responsible for the protection of the artifact from theft and/or damage until the Archeological Committee assumes responsibility in writing.

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<sup>6</sup> A chance find is defined as physical cultural, historical or archeological heritage encountered unexpectedly during project implementation

The applicability of the Law on the Preservation of Afghanistan's Historical and Cultural Heritages in the NMDP is limited. However, for some sectors, such as mining, there is a higher probability and it must therefore be adequately practiced where required.

#### 4.5 The Pesticides Law:

The Pesticides Law of Afghanistan was newly approved by the Parliament and the President and enacted from 2016. It mainly addresses the production, handling, distribution, stockpiling and application of chemical pesticides, since their uncontrolled use has significant negative impacts on the environment and human health. The overall implementation of this law is by the Plant Protection and Quarantine Department (PPQD) within the Ministry of Agriculture, Irrigation and Livestock. The PPQD has yet to develop regulations and plans to assist in the implementation of the Pesticides Law.

There are an enormous amount and variety of banned chemical pesticides available in the market and sold freely without any check from the authorities. SMEs engaged in the sale, production, handling or stockpiling of banned pesticides will not be supported under ANMDP unless a clearance certificate is obtained from NEPA. The classification of prohibited pesticides in Afghanistan presently the WHO's list of prohibited pesticides that classifies pesticides into Class 1a-Extremely Hazardous, Class 1b-Highly Hazardous, Class II-Moderately Hazardous and Class III (Slightly Hazardous) as shown in the table below. The ANMDP would have to coordinate with the MAIL and PPQD to determine the list of banned pesticides

**Figure 6: Classification and Color Band of the Pesticides as per the WHO**

Class		LD50 for the rat (mg/kg body weight)*				
		Oral		Dermal		Color band
		Solid	Liquids	Solids	Liquids	
Ia	Extremely hazardous	5 or less	20 or less	10 or less	40 or less	Red
Ib	Highly hazardous	5 – 50	20 – 200	10 – 100	40 – 400	Red
II	Moderately hazardous	50 – 500	200 – 2000	100 – 1000	400 – 4000	Bright yellow
III	Slightly hazardous	over 500	Over 2000	over 1000	over 4000	Bright green

\*The terms "Solids" and "Liquids" refer to the physical state of the active ingredient being classified

The pesticides law demands the establishment of the Pesticides Formulation Analysis Laboratory (PFAL) and Pesticides Quality Control Laboratory (PQCL) where tests for pesticide registration and verification will be conducted under the supervision of experts. Utmost care and attention should be paid while labeling pesticide products, Category 1a and 1b shall contain a symbol of a skull and cross bones, and labeled with the word 'POISON' printed in red color. Category II shall bear the word 'POISON' and 'DANGER' printed in bright yellow color. Similarly for Category III, the word 'POISON' and the word

'DANGER' should be printed in bright green color. All pesticides products should be labeled with a warning to 'KEEP OUT OF THE REACH OF CHILDREN' in an appropriate place.

#### **4.6 Legislation on Ozone Layer Depleting Substances (2006):**

In August 2006, Afghanistan developed legislation for controlling materials that are destructive to the Ozone layer and acceded to the Vienna Convention for the Protection of the Ozone Layer in 2004. They later also acceded to the Montreal Protocol (22 September 1988) and the Montreal Protocol on Substances that deplete the Ozone Layer (1 January 1989), including the London (10 August 1992), Copenhagen (14 June 1994), Montreal (10 November 1999), and Beijing (25 February 2002) amendments. The overall objective of these ratifying international conventions is to develop legislation that protects the ozone layer by taking precautionary measures to equitably control the total emissions of substances that deplete it.

As per these regulations protecting the Ozone layer, the following ozone-depleting substances are prohibited for production in, import into, and export from Afghanistan: Hallons-1211-1301-2402, CFC in air-conditioners, CFC gas in the compressors of old fridges and air-conditioners, compressors containing CFCs gases, including controlled substances or mixtures in manufactured products, other than the containers used for the transportation or storage of that substances.

It is important for ANMDP to support only those SMEs who have obtained the Ozone Depleting Substances (ODS) permit (which is free of cost). If SMEs are engaged in the production, import or export of ODSs, the Ozone Unit within the National Environmental Protection Agency has the solo authority to issue the ODS permits.

#### **4.7 The Labor Law:**

The Labor law aims at regulating and clarifying the obligations, rights, privileges and social security of employees working in both public and private sectors in Afghanistan. The Law advocates against the forced labor and employment of young people (below the age of 15) in small and medium enterprises. It is prohibited to employ people under the age of 18 for work that can cause injury to one's health. The Law further emphasizes the right to equal wages for equal work and warns against any racial discrimination or favoritism.

The Afghanistan New Market Development Project will only support small and medium enterprises that are compliant with Afghanistan's Labor Law and can produce tangible evidence of a solely adult workforce (16+), labor safety, and promoting diversity.

#### **4.8 The Afghanistan National Standards Law (2007):**

The Afghanistan National Standards Law, sometimes also referred to as 'the Afghan National Standards Authority (ANSA) Law' or 'the Standards Law', aims at promoting standardization and improving quality of products, processes and services that lead to improving the quality of life, safety, health and protection of the environment. The mandate for implementing this law to foster quality, performance and technological innovation in Afghan goods and services through standards-related activities is given to the Afghanistan National Standards Authority (ANSA). ANSA is also responsible for *conducting*

research studies aimed at standardization, improvement of the quality of domestic products, and providing advisory services to enhance the production processes, productivity, innovation and industrial efficiency through standardization and allied activities'. It issues licenses and register certification marks and carries out testing, sampling and inspection of both domestic as well as imported products so as to enforce conformity to standards and prevent the export or import of low quality products. However, the facts oppose this as there are a variety of low quality products openly available in the market, particularly low cost products originating in China and Pakistan, making it challenging for domestic producers to compete with them.

Alongside the Afghan Standards Law is the international CODEX, jointly developed by the World Health Organization (WHO) and the Food and Agriculture Organization (FAO) with the particular aim to "*guide and promote the elaboration and establishment of definitions and requirements for foods, to assist in their harmonization and in doing so, to facilitate international trade*". Inherent in this aim are upgrading the quality of food products, protecting the health of consumers and creating an environment of fair trade of food-stuff.

ANMDP has in the past supported SMEs to upgrade the quality of their products to meet national and international standards and a couple of firms were supported to obtain ISO 14000 (Environmental Management Systems). ANMDP will continue to work with firms so that the quality standards are obtained in accordance with international standards, particularly for food and health related products.

#### **4.9 The World Bank's (Most Relevant) Operational Policies:**

The World Bank's safeguards are areas of intervention around which policies have been developed to ensure that the Bank's funded development initiatives do not adversely affect the social and environmental conditions of the people and landscapes where projects are implemented or supported. Relative to the World Bank Environmental Safeguards, under OP4.01 the Bank undertakes environmental screening with proposed projects being classified into one of four categories, depending on their type, location, sensitivity, the scale of the project and the nature and magnitude of its potential environmental impacts:

- **Category A** projects are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works.
- **Category B** projects may have potential adverse environmental impacts on human populations or environmentally important areas but that are less significant than those of Category A projects. These impacts are site specific; few, if any, are irreversible; and in most cases mitigation measures can be designed readily with standard methods.
- **Category C** projects are likely to have minimal or no adverse environmental impacts, and there are no further environmental requirements.
- **Category F** or FI projects involve investments of Bank funds through a financial intermediary, in subprojects that may result in adverse environmental impacts

The NMDP is placed in Category B based on the World Bank's environmental and social safeguards operational policies. In essence this classification is based on project impacts that can be mitigated, are geographically limited, and easily identified. Thus any potential adverse impacts on human populations



and environment are deemed to be reversible in nature, and can be mitigated if proper and timely measures are taken. Therefore the World Bank operational policy that is triggered by the NMDP is OP 4.01 (Environmental Assessment). Other relevant operational policies that might be triggered are OP 4.09 (Pest Management), and OP 4.12 (Involuntary Resettlement/Land Acquisition).

**Table 6 : The World Bank Environmental and Social Safeguards Policies Triggered in NMDP**

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

#### **4.9.1 Environmental Assessment OP/BP 4.01:**

Operational Policy 4.01 Environmental Assessment is triggered by the ANMDP, given that the project will support SMEs from various sectors across 12 provinces and different ecosystems. Potential environmental and social impacts of the ANMDP are expected to be modest and localized however the use of screening forms (see [Annex II](#)) and checklists (see [Annex III](#)) will be imperative before reaching a conclusion on the potential impacts of a particular SME. SMEs that are engaged in the mining, chemicals, pesticides/insecticides and pharmaceuticals industries etc. may pose significant harm to human health and environment if proper and timely remedial measures are not taken.

The World Bank's Environmental Assessment policy strongly advocates for the use of Environmental and Social Screening forms/Checklist for each SME to be supported by ANMDP. These forms are to be filled and reviewed by an environmental and social safeguards expert in the project management unit of the Private Sector Directorate at the MoCI. The safeguards expert will decide, on a case-by-case basis, whether an environmental management plan must be developed or not but since the project has been placed in Category B it is likely that for some subprojects an ESMP will have to be developed.



#### **4.9.2 Involuntary Resettlement OP/BP 4.12:**

This Operational Policy is not triggered by this project and it is very likely that there will be no land acquisition under the ANMDP, since the focus of the project is mainly on providing technical support and building capacity of SMEs. The SMEs that receive support from ANMDP will be required to provide land ownership documents, and for any case involving land acquisition the SME in question will have to describe the land tenure arrangements made, and any risks that could lead to involuntary resettlement and/or restrictions of access to resources and livelihoods.

#### **4.9.3 Pest Management OP/BP 4.09:**

This Operation Policy is also not triggered in this project. SMEs engaged in the production, distribution, stockpiling or application of banned pesticides will not benefit from the ANMDP. Those SMEs who deal with chemical pesticides that are not banned will be required to obtain a permit from the NEPA and ensure that proper measures are taken for the health and safety of workers working in the SMEs, and that necessary mitigation measure are taken to limit the impact on the environment and humans.

#### **4.9.4 The World Bank's Performance Standards:**

The World Bank has adopted eight Performance Standards that are applicable to members of the private sector supported (both financially and technically) by the Bank. Since the Afghanistan New Market Development Project is meant to support private sector SMEs, they will be encouraged to comply with the following performance standards:

- 1) Performance Standard 1, referred to as Assessment and Management of Environmental and Social Risk and Impacts, fundamentally accentuates the importance of managing environmental and social performance throughout the project's existence. This performance standard is complimentary to WB OP 4.01 on Environmental Assessment.
- 2) Performance Standard 2, referred to as Labor and Working Conditions has an overall emphasis on the fair treatment as well as health and safety of workers, and promotes compliance of SMEs with the national Labor Law.
- 3) Performance Standard 3, also known as Resource Efficiency and Pollution Prevention focuses on the sustainable use of resources and minimizing waste residues through recycling and in-house treatment.
- 4) Performance Standard 4, also known as Community Health, Safety and Security, lies at the core of the World Bank's Performance Standards. It emphasis the need for timely anticipation of any potential negative impacts on human well-being, environment or property, and promotes prompt actions to avoid or mitigate such impacts.
- 5) Performance Standard 5 is on Land Acquisition and Involuntary Resettlement, which is consistent with the WB OP 4.12 on Voluntary Resettlement, and has an overall focus on avoiding or minimizing any displacement, and taking adequate measures to restore and improve the living conditions of those affected by project interventions.
- 6) Performance Standard 6, also referred to as Biodiversity Conservation and Sustainable Management of Living Natural Resources, is also consistent with the World Bank's Operational Policy OP 4.04 on Natural Habitats protection. It emphasis the conservation of biodiversity and sustainable management of living natural resources.

- 7) Performance Standard 7, known as Indigenous Peoples, is aligned with the World Bank's operational policy on Indigenous People OP 4.10. It focuses on respect to human rights, dignity, culture, knowledge and practices, and advocates for culturally appropriate development through Free, Prior and Informed Consent (FPIC).
- 8) Performance Standard 8 is referred to as Cultural Heritage and is consistent with the World Bank's Operational Policy on preservation of Cultural Resources OP 4.11. It emphasizes the preservation of cultural heritage and promotion of equitable sharing of the benefits of cultural heritage.

The audible criteria for the most relevant performance standards are provided in [Annex VIII](#). More detailed information on Performance Standards may be obtained from [www.ifc.org/enviro](http://www.ifc.org/enviro).

#### **4.10 Grievance Redress Mechanism (GRM)**

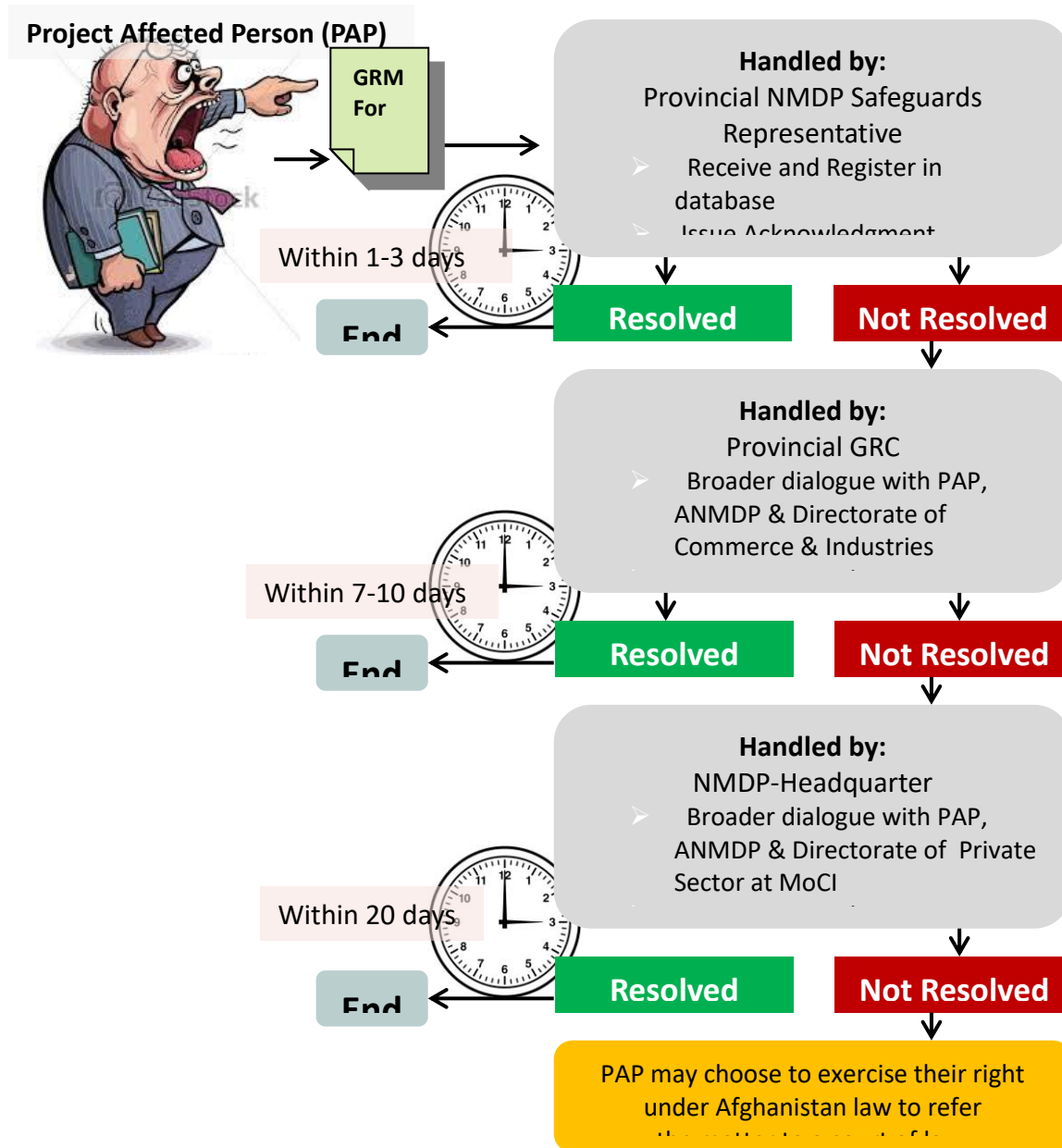
The Grievance Redress Mechanism is part of ANMDP's Environmental and Social Management Framework, as well as part of the World Bank's policy to identify, manage and resolve project-related grievances in a timely manner and at an appropriate level (SME/BA, Provincial, or Headquarter levels). At ANMDP, GRM committees are established (See ToR for the GRC in [Annex XIV](#)) in each target province to address grievances that are not resolved by local project representatives at the field level. Issues that cannot be resolved in the prescribed time at the GRM committee's level will be directed to NMDP headquarters in the MoCI. Should the grievance remain unresolved at HQ level then the complainant may consider taking legal action through the judicial court system.

GRM forms (See [Annex VI \(a\)](#)) will be made available at all provincial offices, and complaint boxes that are easily accessible to complainants will be put up on location. Complainants may submit their complaint(s) in a number of ways to the GRC i.e. in a written letter, phone call, sms message or email. The ANMDP must provide a telephone contact number and email address through which complainants may directly approach project representatives.

The GRC will address each complaint within 7-10 days from receipt of the complaint. If there is no decision within 10 days, the complainant may contact the representative at the Headquarter of ANMDP, who will then address the complaint within 20 days.

A GRM training manual will be developed by the Environmental and Social Safeguards officer and members of the grievances redress committees will be regularly trained using that manual, so that GRM procedures are duly followed in the project.

Figure 7 : Schematic overview of the GRM procedures within ANMDP



#### 4.10.1 Recording and Processing of Grievances:

All submitted complaints and grievances will be entered into a database/project file (logbook) by the environmental and social safeguards specialist. Each complaint and grievance should be ranked, analyzed and monitored according to type, accessibility and degree of priority. The status of grievances submitted and grievance redress will be reported by a provincial representative to the project management unit

through monthly reports but also recorded in a GRM logbook at provincial level and in electronic database in the Headquarters' level. After an analysis of the reported grievances is undertaken, it is recommended that a Frequently Asked Questions (FAQ) sheet be developed to be made available at each GRC and even (if possible) placed on the project or Ministry's website.

#### **4.10.2 World Bank Grievance Redress Services (GRS):**

Individuals and communities who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaints to the WB's independent Inspection Panel, which determines whether harm has occurred or could occur as a result of WB noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB's attention and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit [www.worldbank.org/grs](http://www.worldbank.org/grs). For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

## 5. Potential Social & Environmental Impacts

Large scale factories and businesses are often perceived as the “backbone” of national economies, whilst SMEs constitute the flesh and sinews. In many countries SMEs are the fastest-growing sector of the economy and account for a major share of exports and the bulk of new jobs created. While most SMEs are in the service sector the one-quarter or so engaged in manufacturing produce an important share of industrial waste. Environmental and social impacts arising from large factories easily grabs peoples’ attention, however, empirical evidence from many countries reveals that the cumulative negative impacts of SMEs are just as great, if not greater. Recently SMEs have also received considerable attention as they do far less (individually or as a group) than large businesses to address their negative environmental impacts. For example, in India 65% of industrial waste originates from SMEs. The reasons SMEs pay less attention to environmental and social issues are numerous and are, for the most part, quite understandable. A vast majority of SMEs are micro enterprises; many, especially in developing countries, suffer from a relative lack of training, know-how, technology and money so that environmental issues often seem less urgent and unnecessarily expensive. So for most SME managers, upgrading technology, management and marketing to meet stiff price competition has the highest priority. On the other hand, any knowledge of SME managers about corporate environmental and social responsibilities are most likely perceived as a burden, rather than an opportunity.

At this stage, the exact location and activities to support SMEs are not known in the Afghanistan New Market Development Project-Additional Financing, but since the ANMDP is classified as a Category B project, activities under the project should not entail significant environmental and social impacts, provided they are designed and implemented with due consideration of environmental and social issues. Notwithstanding the positive effects, site specific and less sensitive localized environmental and socially negative impacts may occur in relation to the investment of small and medium enterprises. These impacts may include air pollution due to dust and fumes, soil and water pollution and generation of pharmaceutical, medical, electrical, electronic, and/or metallic wastes, byproducts or, pollutions as a result of the construction and installation, manufacture and operation of SMEs.

These wastes pose a potential threat to human health and the environment if proper waste management measures are not undertaken. Also, the generation of particulate matter (dust) and emission gaseous products, including combustion exhaust fumes, into the atmosphere during the construction and operation of facilities will affect ambient air quality. SME owners should be responsible for managing their air, land and water pollution or any other type of pollution emerging from their enterprises. They might seek technical assistance from ANMDP, which will be provided after considering the resources available in the project.

Since the ANMDP will support a wide range of SMEs there is also the potential for adverse social impacts resulting from working conditions that are detrimental to human health or unsafe, which could cause adverse impacts on people and society at large. With regards to unsafe working conditions, health problems may result due to a lack of safe facility arrangements, as well as waste and noise pollution in the working area. Proper arrangements must therefore be made for a healthy, safe and secure environment for workers. SMEs should have a waste management plan and control noise pollution in the working area. When dealing with unsafe work place conditions, the owner should provide a clean and tidy workplace for workers, safeguards against fire and Safety/Warning signboards that are easily

readable by ordinary workers. The worker should not be engaged at work without adequate guidance and training.

Potential dangers likely to originate from technological or industrial accidents, dangerous procedures, infrastructure failures or certain human activities that could cause loss of life or injury, property damage, social and economic disruption or environmental degradation should also be considered during screening of SMEs. In order to cope with these potential adverse impacts, the environmental and social screening process (See [Annex II](#) & [Annex III](#)) proposed under the ESMF will be applied in such a way as to ensure that potential negative impacts are prevented and/or mitigated appropriately, and positive impacts are enhanced.

Some of the generic potential environmental and social impacts and mitigation measures of SMEs likely to be supported under ANMDP are provided in the table below.

**Table7: Potential Environmental & Social Impacts of Few Selected SMEs and Suggested Mitigation Measures**

SME	Potential Environmental And Social Impacts	Suggested Preventive and Mitigation Measures
Carpet and Weaving	Inhalation of dust during weaving & Cleaning	Ensure that workers are provided safety kits (Personal Protection Equipment) at the facility and that they are trained in using it
	Child Labor and Women with kids	Ensure that the Labor Law of Afghanistan is followed, and underage persons (under 15 for non-hazardous and light work) are not hired, and women with children are not kept for long working hours
	Waste Generation	If synthetic nylon or polyester materials are used in carpet industries, then the waste should be properly managed and disposed of at a proper disposal site
Pharmaceutical	Diseases/Injury and death from toxic materials in the facility	<ul style="list-style-type: none"> <li>- Ensure proper ventilation system in the facility</li> <li>- Ensure availability and proper use of safety kit for all workers in the facility</li> <li>- Ensure that all medical waste, including chemical residues, are properly disposed of at designated sites</li> </ul>
	Location of the facility	- Pharmaceutical manufacturing sites should not be located within 50 meters of main roads/schools/hospitals or community centers. If such locations cannot be avoided, then the area nearest the road should be allocated for less frequent activities, where possible, and barriers placed along the road adjacent to the site to reduce pollution and the chance of accidents
	Water contamination/Toxic Effluent	<ul style="list-style-type: none"> <li>- Prioritize leak detection and timely repair.</li> <li>- Chemical and bacteriological testing of water quality from adjacent comparable sources prior to installation of new sources</li> </ul>

		<ul style="list-style-type: none"> <li>- Install effluent treatment systems, before it contaminates ground water or surface water bodies</li> <li>- Prevent worker exposure to hazardous materials and dispose of it at proper disposal sites</li> </ul>
Manufacturing Unit	Lubricants spillage exposing workers to hazardous materials	<ul style="list-style-type: none"> <li>- Proper disposal of hazardous materials at a designated site. Burn non-reusable or readily recyclable waste materials (except those that contain heavy metals) in a controlled environment</li> <li>- Investigate and use less toxic alternative products</li> </ul>
	Ground or surface-water contamination during machinery repairs resulting in spills or dumping of hydraulic oil, motor oil or other harmful mechanical fluids	<ul style="list-style-type: none"> <li>- Prevent worker exposure to hazardous materials and dispose of it at proper disposal sites</li> <li>- All drainage water contaminated with construction related lubricants must be collected (preferably treated) and disposed of at an appropriate location ensuring no contamination of ground or surface water</li> <li>- The waste from fuel and spoil shall be disposed in such a manner that (i) waterways and drainage paths are not blocked, (ii) disposed material are not washed away by floods and (iii) it is not a nuisance to the public</li> </ul>
	Injury and death from fire	<ul style="list-style-type: none"> <li>- Incorporate fire safety into management plan, including means of warning and escape, internal fire spread, external fire spread, and access and facilities for the fire service</li> </ul>
Mining and Mineral Processing	Injury and death from toxic materials on site	<ul style="list-style-type: none"> <li>- Ensure proper ventilation in the facility, if required</li> <li>- Ensure availability of safety kit for all workers in the facility (goggles, gloves, respirators, dust masks, hard hats, steel-toed shanked boots, etc.)</li> <li>- Train workers on site safety</li> </ul>
	Injury and death at work site/ slope/ landslide	<ul style="list-style-type: none"> <li>- Proper signs should be place in appropriate locations around the mining site to warn workers, visitors and other traffic</li> <li>- All people within the vicinity of the construction site should use helmets</li> <li>- Ensure that workers are trained in first-aid measures and relevant occupational health and security topics</li> <li>- Landslide and erosion prone sites should be avoided. If not possible, natural vegetation should be maintained on landslide-vulnerable</li> </ul>

		slopes and throughout the site, the site should be terraced to limit runoff. A local landslide warning system should be established
	Transportation/Vehicle movement causing dust, injuries	<ul style="list-style-type: none"> <li>- Ensure that vehicles drive slowly (15km/hr) in residential areas. Earth roads should frequently be sprayed with water considering weather conditions and soil erodibility</li> </ul>
Flour Mills	Injuries and health issues of the worker, labor	<ul style="list-style-type: none"> <li>- Proper signage should be in place in appropriate locations around the site to warn workers, visitors and other traffic</li> <li>- All people within the vicinity of the factory site should use helmets and masks</li> <li>- Ensure that workers are trained in first-aid measures and relevant occupational health and security topics</li> <li>- Ensure that the Labor Law of Afghanistan is followed, and underaged children are not hired</li> </ul>
Poultry and Fish Farm	Medical waste from vaccination/ Avian Influenza viral outbreak	<ul style="list-style-type: none"> <li>- Ensure that the leftovers of a vaccination and other medical waste are properly disposed of at a designated site</li> <li>- Farms should have a policy to deal with emergency situations, such as the outbreak of Avian Influenza</li> </ul>
	Health and Safety of the workers	<ul style="list-style-type: none"> <li>- Ensure the availability of a safety kit for workers working in the poultry farm and that they are trained to use it</li> </ul>
	Farm Location	<ul style="list-style-type: none"> <li>- Ensure that the farm is not located in a densely populated (residential) area, and that proper measures are taken to avoid smell and noise pollution emerging from the farms</li> </ul>
Wood and Furniture	Injuries at work site	<ul style="list-style-type: none"> <li>- Proper signage should be in place in appropriate locations around the site to warn workers, visitors and other traffic</li> <li>- All people within the vicinity of the factory site should use helmets</li> <li>- Ensure that workers are trained in first-aid measures and relevant occupational health and security topics</li> </ul>
Agro-food Processing	Child Labor, Long working hours, exposure to hazardous materials	<ul style="list-style-type: none"> <li>- The firm must comply with the Afghan Labor Law in not hiring underage children, particularly for work that may expose them to hazardous materials</li> <li>- Avoid the use of chemicals that are internationally banned by the WHO</li> </ul>
	Health and Safety of the Workers	<ul style="list-style-type: none"> <li>- Provide and train workers on Personal Protection Equipment (PPE)</li> </ul>
	Pesticides or other indirect pollutants	<ul style="list-style-type: none"> <li>- Adopt Integrated Pest Management practices</li> <li>- Map out the supply chain</li> </ul>



	Waste generation	<ul style="list-style-type: none"> <li>- Regular checks on the equipment in use to ensure they are well maintained and in good working condition to prevent leaking oils and fuels</li> <li>- Minimize waste through treatment and recycling</li> </ul>
Textiles/ Silk	Noise and dust pollution and worker safety	Ensure that workers are provided with safety kits (Personal Protection Equipment) at the facility and are properly trained to use it
	Child Labor and Women with kids	Ensure that the Labor Law of Afghanistan is followed, and underage children are not hired, and women with children are not kept for long working hours
	Waste Generation	If synthetic nylon or polyester materials are used in textile industries the waste must be properly managed and disposed of at a proper disposal site
Light Engineering	Noise and dust pollution and worker safety	Ensure that workers are provided with safety kits (Personal Protection Equipment) at the facility and are properly trained to use it
	Waste Effluent	The waste from fuel and oil shall be disposed in such a manner that (i) waterways and drainage paths are not blocked, (ii) the disposed material will not be washed away by floods and (iii) will not be a nuisance to the public
Micro Hydel Power plants	Impacts on biota habitat (fish communities, aquatic fauna), Impacts on water quality & quantity, fish, landscape, valued ecosystem and vegetation.	<ul style="list-style-type: none"> <li>- Consider fish passage in the design</li> <li>- Schedule work during non-sensitive time periods (breeding, nesting, wintering, rearing, fledging, etc.)</li> <li>- Provide environmental awareness training to construction staff</li> <li>- Design (site selection) to minimize vegetation removal, to selectively clear certain areas for specific benefit (e.g. trimming, pruning, pollarding, etc.), or to retain particular types or zones of vegetation (threatened, riparian, wetland)</li> <li>- Protection of threatened vegetation and spaces (e.g. wetlands)</li> <li>- Design measures (site selection) for keeping contaminants away from watercourses (e.g. refueling sites, landfills, berms, sewage tile drains, etc.)</li> </ul>
	Sedimentation/dam siltation and erosion	Consider sand traps, silt fences, flushing programs, upstream reservoirs and cofferdams, intake design to enable sediment bypass, controlled dredging, physical bank stabilization, revegetation of erosive slopes
	Displacement	The NMDP will not support SMEs causing displacement. However, if it occurs, the SME must prepare a resettlement action plan

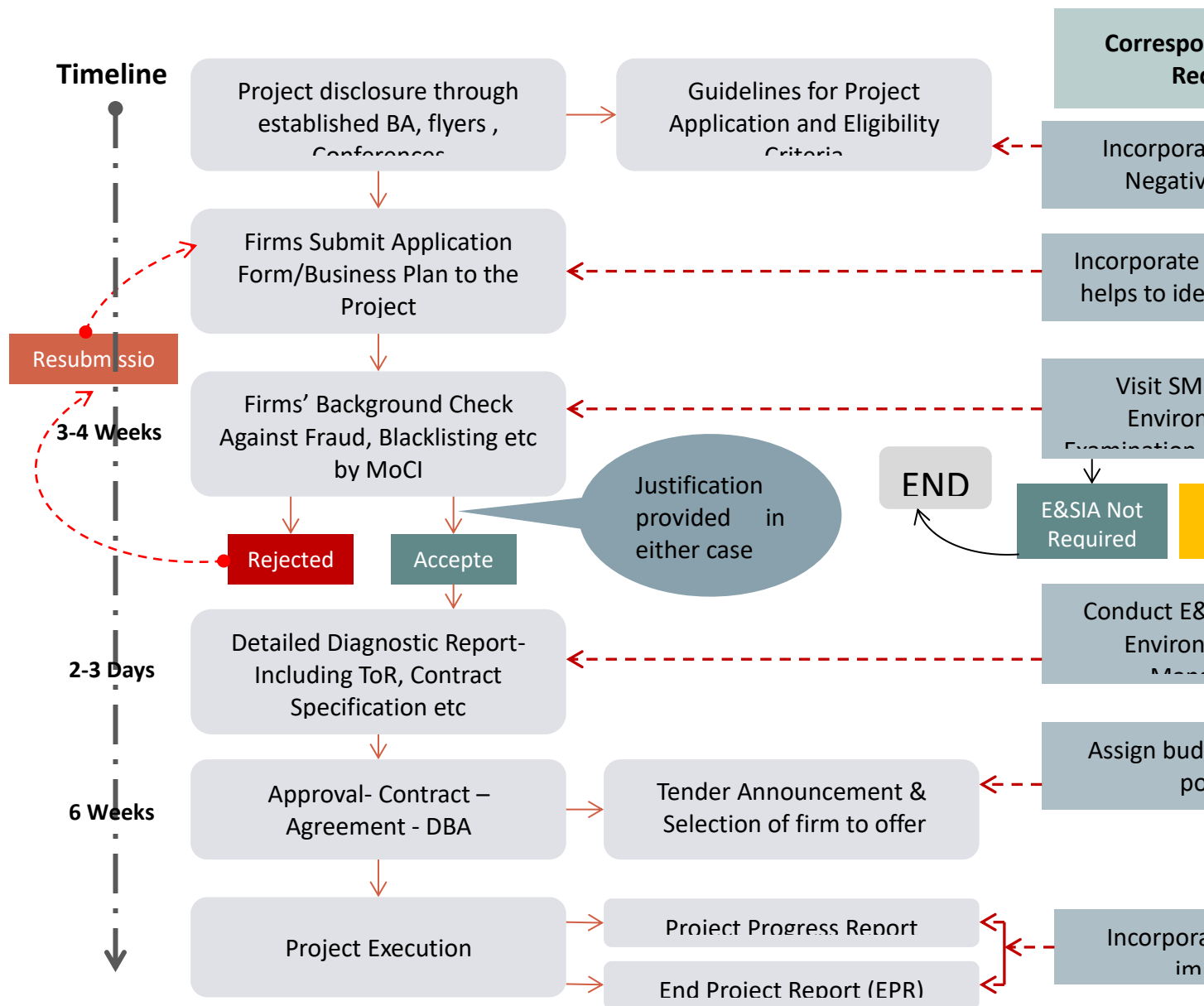
## 6. ESMF Implementation Arrangements:

The primary responsibility for the implementation of the Environmental and Social Management Framework lies with the ANMDP and MoCI, with close coordination with NEPA and other relevant organizations. The Environmental and Social Safeguards specialist to be hired by the ANMDP will play a leading role in ensuring that environmental and social issues are mainstreamed in the project cycle and are properly monitored in close coordination with the M&E team.

Since the project will be implemented in 12 provinces the proposal for the focal point for ESMF implementation is to either hire a safeguards officer in each province with a single safeguards specialist in the NMDP's headquarter or to assign someone within the M&E unit of each province with some knowledge in about safeguards to environmental and social issues.

The figure below provides a schematic overview of the procedures for mainstreaming the ESMF into the project cycle of the ANMDP.

**Figure 8 : Schematic overview of the Corresponding ESMF Requirements in the ANMD Project Cycle**



As shown in the Figure 1 above, the step wise approach that the ANMDP will have to follow is:

- Identify the SME and fill out relevant environmental and social screening forms (See [Annex II](#))
- Arrange a site visit to verify information provided in the screening form. It is not essential to visit all SMEs however those with potential environmental and social impacts should be visited by the Safeguards specialist together with the project monitoring team. A site visit will allow the team to get a good impression of the state of the SME, in particular housekeeping, worker health and safety, environmental and human resources management issues.
- After the screening process and determination of the extent of potential social and environmental impact are identified the suggested appropriate mitigation measures are to be implemented.

- Where needed, the Safeguards specialist will develop a specific Environmental and Social Management Plan for a particular SME, using the generic ESMP format provided in [Annex V](#).
- In rare cases, some SMEs may potentially cause adverse impacts to an ecologically sensitive area and, in which case a full EIA must be conducted. EIAs will be conducted by external consultants who will also prepare the ESMP, both of which would be subject to approval by the NMDP and the World Bank.
- Monitoring of the ESMF implementation comprises verification and assessment of the effectiveness, efficiency and efficacy of the implementation of the mitigation measures advocated in the ESMF. Monitoring is essential to ensure that predictions of the impacts are accurate; prevention, mitigation and compensation measures are relevant; and that the regulations and standards are met. The result of the monitoring may allow, if necessary, reorientation of the activities of the program. ESMF monitoring will be carried out as an integral part of monitoring of the NMDP activities, it is therefore suggested that the Safeguards specialist work closely with the M&E team.
- An environmental and social audit will be carried out at the mid-term of the project, to assess the compliance with ESMF and to suggest corrective measures.

To deal with the common mind that among businessmen that complying with certain environmental and social regulations will increase their production costs, it will be vital that the ANMDP adopts a positive approach and works closely with the already established Business Associations (BA) for the implementation of ESMFs. The ANMDP may therefore directly or indirectly encourage SMEs to incentivize compliance with the ESMF. The Safeguards specialist will have to make clusters of BAs based on the potential impacts that the SMEs in question pose to the environment and society, and identify focal points for safeguards regarding the environmental and social issues within each. He/ she should then work with them for the resources and capacity they would need for the effective implementation of the ESMF and also promote resource sharing and partnerships among SMEs and BAs for efficient use of facilities such as laboratories etc. Additionally, strengthening the role of BAs for information flow and active communication will be vital for the implementation of the ESMF.

## **6.1 Communication and Disclosure of ESMF:**

Effective information-sharing and communication plays a vital role in raising awareness on the importance of environmental and social issues among SME owners and society in general. The ANMDP will layout a communication strategy where it will be important to give adequate credence to ESMF disclosure. A public information and communication campaign around the NMDP is fundamental to inform potential beneficiaries about the project and the steps they need to take to access the activities of interest to them and implement ESMF in their SMEs. This information campaign can use various media outlets, including: radio announcements, posters displayed on the walls of relevant public institutions, public television and so forth. The ESMF will be translated into both Pashto and Dari made available on the MoCI and NMDP's websites. Additionally, the ANMDP in collaboration with the relevant ministries and NEPA will make copies of the ESMF available in selected public places as required by law for information and comments. Public notice in the media should be served for that purpose. Prior to the ANMDP appraisal the ESMF will be made available on the World Bank's InfoShop, in accordance with the

World Bank's policy procedure. Environmental and Social Safeguards related guidelines and other important health and safety related documents that are easily understandable by SMEs (preferably in pictorial format), will be made available to SMEs. Banners and other brochures with environmental and social safeguards related messages should be developed and distributed among SMEs and displayed at places such as SME licensing department etc.

In addition, it will be the responsibility of the safeguards expert to organize workshops and seminars on ESMF related topics to SMEs on a regular basis, and take initiatives to create awareness on ESMF among the stakeholders.

## **6.2 Need for Capacity Building:**

Capacity building of the relevant staff in the NMDP, MoCI and SME/BAs is crucial for the effective implementation of the ESMF. Considering the present capacity in the area of environmental and social safeguards, it will be difficult to find a candidate with an appropriate educational and professional background to lead the implementation of ESMF at the ANMDP. It is therefore important to build the capacity of the safeguards expert first at the ANMDP, if needed, so that she/he will be capable at playing a leading role in the implementation of the ESMF.

The Safeguards expert is then expected to arrange capacity building training for SMEs/BAs and other relevant stakeholders. It is also proposed that representatives from the Monitoring & Evaluation unit of the ANMDP are also trained on ESMF matters.

For the capacity building training it is essential that a proper capacity need assessment is carried out and that the capacity building training is output-oriented, that mechanisms are in place to gauge the knowledge gained or skills learned after attending the training, and that the impacts are observed in the SMEs.

Some of the training topics proposed are:

- Environmental and Social Impact Assessment of SMEs.
- Cumulative impacts from small and medium scale industries.
- Communicating the significance of integrating environmental and social issues into SMEs.
- Efficient application Grievance Redress Mechanism for Small & Medium Enterprises
- The World Bank Operational Policies and the Performance Standards.
- Relevance of the Afghanistan Labor Law (Legislative Framework for SMEs), and Work Place Safety at SMEs.
- The legislative framework for Environmental and Social Safeguards/ International Social & Environmental Standards/Certificates relevant to SMEs.

## **6.3 Proposed Budget for the Implementation of ESMF:**

Capacity improvement and training workshops will be organized for selected BAs, SMEs and individuals that are directly involved in the implementation of the ESMF. Additionally, an ESMF awareness campaign will be run throughout the project's timeframe. The detailed budget for the implementation of the

environmental and social management framework is estimated to be US\$ 125,000, earmarked in the project cost for ESMF-related capacity building training.

**Table 8: Proposed Budget for the ESMF Implementation**

<b>No.</b>	<b>Description of the Activity</b>	<b>Estimated Budget</b>
01.	Capacity building training for the Safeguards expert, BA, SMEs, throughout the project	\$50,000/-
02.	Grievances Redress Mechanism capacity building training and implementation, and development of GRM manual	\$25,000/-
03.	Information (Awareness) Campaign	\$30,000/-
04.	Environmental and Social Audit (mid-term of the project)	\$25,000/-
05.	ESMF Contingencies	\$10,000/-
<b>Total</b>		<b>\$140,000/-</b>

## 7. Annexes:

### Annex I (a): Negative List (Ineligible) of SMEs due to the Nature of Activities

The NMDP will not support small and medium enterprises with characteristics described below:

- Production or trade in any product or activity deemed illegal under Afghanistan's laws or regulations or international conventions and agreements that Afghanistan is signatory to, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, Polychlorinated Biphenyls (PCBs), wildlife or products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora);
- Investments(SMEs) that are significantly detrimental to the environment
- Investments (SMEs) destined to be used for poppy production or processing
- Production or trade in guns, mines, armaments or other military paraphernalia
- Production or trade in alcoholic beverages
- Production or trade in tobacco
- Any activity on land that is considered dangerous due to security hazards or the presence of unexploded ordnance (mines, bombs)
- Use of any land that has disputed ownership or tenure rights
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor
- Equipment or infrastructure (pumps, deep bore wells) designed to exploit any underground water sources with diesel engines for irrigation or mass processing (e.g. washing, produce transport in processing plant), including the construction of tube-wells
- Crop and soil biocides (pesticides, herbicides, fungicides) that are shown to have toxic or noxious effects on humans
- Activity that would significantly damage non-replicable cultural property
- Production or trade in radioactive materials
- Production or trade in or use of non-bonded asbestos fibers
- Production or trade in pharmaceuticals and pesticides/herbicides subject to international phase outs or bans
- Fishing with the use of electric shocks and explosive materials
- Production or trade in ozone depleting substances subject to international phase out
- Production or trade in wood or other forestry products other than from sustainably managed forests
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products
- Gambling, casinos and equivalent enterprises
- Activities involved with production, trade, transport and storage of ammonium nitrate fertilizer

## Annex I (b): Ineligible Activities Due to Violation of Afghanistan's Legislation

SMEs with any of the attributes listed below will be ineligible for funding under the Afghanistan New Market Development Project (ANMDP) due to violation of relevant Afghan Legislation.

World Bank Safeguard	Attributes of Ineligible Sub-Projects (activities)
<b>Preservation of Afghan cultural heritage</b>	<p>Any activities that significantly damage or destroy historical and cultural property including, but not limited to, activities affecting the following sites:</p> <p><b>Sites officially recognized and/or proposed for recognition</b></p> <ul style="list-style-type: none"> <li>➤ Herat Monuments (including the Friday Masjid, Ceramic Tile Workshop, Musallah Complex, Fifth Minaret, Gawhar Shah Mausoleum, Ali Sher Navai Mausoleum, Shah Zadeh Mausoleum Complex)</li> <li>➤ Bamiyan Valley Monuments (including Fuladi, Kakrak, Shar-i-Ghulghula, and Shar-i-Zuhak)</li> <li>➤ Kunduz, Ai Khanum Archaeological Site</li> <li>➤ Ghazni Site and Monuments</li> <li>➤ Ghor, Minaret of Jam</li> <li>➤ Balkh, Haji Piyada / Nu Gunbad Mausoleum</li> <li>➤ Kabul, Guldarra Stupa and Monastery</li> <li>➤ Helmand, Lashkar-i-Bazar (Bost) Site and Monuments</li> <li>➤ Baghlan, Surkh Kotal Archaeological Site</li> </ul> <p><b>Sites (unofficially) recognized for significant historical and cultural value</b></p> <ul style="list-style-type: none"> <li>➤ Samangan, Takht-i-Rustam Stupa and Monastery</li> <li>➤ Logar, Mes Aynak Archaeological Site</li> </ul>
<b>Involuntary Resettlement</b>	No land acquisition or involuntary resettlement will be funded by the project.
<b>Natural Habitats</b>	<p>Any activity that involves the conversion and/or degradation of critical natural habitats including, but not limited to:</p> <ul style="list-style-type: none"> <li>➤ Ab-i-Estada Waterfowl Sanctuary</li> <li>➤ Ajar Valley Wildlife Reserve (Proposed)</li> <li>➤ Dasht-i-Nawar Waterfowl Sanctuary</li> <li>➤ Pamir-Buzurg Wildlife Sanctuary (Proposed)</li> <li>➤ Band-i-Amir National Park</li> <li>➤ Kol-i-Hashmat Khan Waterfowl Sanctuary (Proposed)</li> </ul>
<b>Forests</b>	Any activities using unsustainably harvested timber or fuel wood
<b>Safety of Dams</b>	Any activities that affect or alter the quality and safety of existing dams
<b>Pest Management</b>	<p>Requires pesticides that fall in WHO classes IA, IB, or II.</p> <p>Activities involving the use of hazardous substances.</p>
<b>Int'l waterways</b>	Affects waters in riparian neighbors.
<b>Roads</b>	<p>New Roads.</p> <p>Widening of primary road.</p>
<b>Irrigation</b>	<p>New irrigation scheme or expansion of scheme requiring increased water intake</p> <p>New tube-well for irrigation</p>



## Annex II: Environmental and Social Safeguards Sector-Specific Checklists

### Carpet and Weaving SMEs

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Carpet and Weaving</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	

Potential Social & Environmental Issues	Details	YES /NO	Remarks
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
Location of SME	Are there/ Will there be (potential) direct or indirect impacts of the considered carpet and weaving SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, please provide details</i>
	Does/Will the selected SME somehow reduce peoples' access to pasture, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the SME (be) located near a residential area/ school/hospital or urban center?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Physical & Biological Environment	Is/Will the considered SME require materials (on a regular basis) that could adversely affect local physical and biological conditions?		<i>If <u>Yes</u>, provide details</i>
Solid wastes disposal	Does/Will the residual solid waste generated by the considered SME be segregated and properly disposed of, such as by handing over to municipal authorities?		<i>If <u>No</u>, provide details</i>
	Are/Will contaminated wastes (be) sent to		<i>If <u>No</u>, provide details</i>

	incineration facilities/ dumped at designated sites?		
	Does/Will the SME use chemicals for dyeing and washing carpet & rugs in a controlled manner?		<i>If <u>No</u>, provide details</i>
Liquid effluents discharge	Are/Will liquid effluents from the considered SME treated (be) properly before being discharged into the sewer system?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME take any protective measures to avoid chemical spills (if any) into wastewater or other water bodies?		<i>If <u>No</u>, provide details</i>
	Is/Will the liquid effluent emerging from the considered SME (be) discharged into a river, stream or any other water body?		<i>If <u>Yes</u>, provide details</i>
Dust pollution & Safety Kits	Are/Will suction pumps (be) installed at designated points for dust and wool collection?		<i>If <u>No</u>, provide details</i>
	Is/Will a proper ventilation system installed in the working area?		<i>If <u>No</u>, provide details</i>
	Are/Will dust protection masks and other Personal Protection Equipment (be) provided to workers and are they using it?		<i>If <u>No</u>, provide details</i>
Odor and bad smells	Are/Will chemicals (any) or any other hazardous materials (be) stored in closed containers?		<i>If <u>No</u>, provide details</i>
	Are/Will there (be) mechanisms in place to avoid smells in the working area?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide details</i>
Any Unforeseen Impacts & Feedback from the Community			

## Pharmaceutical SMEs

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Pharmaceutical Formulation and Packaging</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in an urban or residential area?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered pharmaceutical SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected areas (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Does/Will the selected SME somehow reduce peoples' access to pasture, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Volatile Organic Compound emissions	Does/Will the SME use dedicated vent condensers and return condensate to its source?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME control air emissions of bulk storage with airtight windows and doors?		<i>If <u>No</u>, provide details</i>
	Are/Will proper ventilation or air		<i>If <u>No</u>, provide details</i>

	circulation systems (be) installed in the work place?		
	Has/Will the SME ever measure(d) air quality at the facility or of the pollutants emitted from the SME?		<i>If <u>No</u>, provide details</i>
Waste Management	Are/Will measures (be) taken by the SME to reduce the generation of hazardous waste?		<i>If <u>Yes</u>, describe what measure</i>
	Is/Will there (be) a wastewater treatment system in the SME?		<i>If <u>No</u>, provide details on SME effluent</i>
	Is/Will the residual solid waste generated by the considered SME (be) segregated, labelled according to its hazardousness and properly disposed of /incinerated, such as by handing over to municipal authorities or disposed of at a designated site?		<i>If <u>No</u>, provide details on how waste is treated</i>
	Does/Will the SME use chemicals for the making of pharmaceutical products in a controlled manner?		<i>If <u>No</u>, provide details</i>
Odor and Bad Smell	Are/Will chemicals (if any) or any other hazardous materials (be) stored in closed containers?		<i>If <u>No</u>, provide details</i>
	Are/Will there (be) mechanisms in place to avoid smells and allow the flow of fresh air into the working area?		<i>If <u>No</u>, provide details</i>
	Are/Will proper measures of hygiene (be) available in the work place, such as sanitation facilities etc		<i>If <u>No</u>, provide details</i>
Gender and Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other unforeseen Impacts and Feedback from the community			

## SMEs that falls under Manufacturing Units

Name of the firm		Date of visit	
SME Reference No.			
Sector	<b>Manufacturing Units</b>	Officer visited the firm	
Location		Contact Person in the SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in an urban, and or residential area?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered Manufacturing SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of the considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Air pollution	Does/Will the Manufacturing Unit produce toxic gases or any other emissions that contribute towards air pollution?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the Manufacturing Unit comply with the National Air Quality Standards?		<i>If <u>No</u>, provide details</i>

Soil Pollution	Does/Will the Manufacturing Unit cause any soil pollution, soil erosion or add contaminants to the soil?		<i>If <u>Yes</u>, provide details</i>
Water pollution	Does/Will the Manufacturing Unit produce any wastewater? If so, is it treated within the manufacturing unit or discharged untreated?		<i>Provide details</i>
Health and Safety	Is/Will personal protection equipment (be) provided to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available in the manufacturing unit?		<i>If <u>Yes</u>, provide details</i>
	Are/Will proper measures of hygiene (be) available in the work place, such as sanitation facilities etc		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any Unforeseen Impacts and Feedback from the Communities			

## SMEs Working in the Mining and Mineral Processing Sector

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Mining and Mineral Processing</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in a residential area or productive agriculture land?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered Mining & Mineral Processing SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of the considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Impact on schools, hospitals, clinics etc.	Is/Will the SME (be) located within 500 m of any community, educational institution or health facility?		<i>If <u>Yes</u>, provide details</i>
Effluent	Is/Will there (be) a proper drainage system in place for liquid effluents from the SME?		<i>If <u>No</u>, provide details</i>
	Is/Will the residual sludge from the SME		<i>If <u>No</u>, provide details</i>

	(be) properly collected, stored and transported to a designated waste disposal site?		
	Is/Will there (be) a treatment plant at the facility to treat & recycle wastewater from the processing and washing of minerals?		<i>If <u>No</u>, provide details</i>
	Are/Will used oil and lubricants from vehicles and machinery (be) properly stored and disposed of?		<i>If <u>No</u>, provide details</i>
Air Pollution Dust Emissions	Are/Will there (be) dust containment enclosures at the cutting and crushing points of the SME?		<i>If <u>No</u>, provide details</i>
	Is/Will water (be) regularly sprinkled on the crusher's inlet and outlet points?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME comply with the National Air Quality Standards?		<i>If <u>No</u>, provide details</i>
Noise Pollution	Have/Will noise barriers been/be installed to reduce noise pollution?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME operate in the evening and late at night		<i>If <u>Yes</u>, provide details</i>
Health and Safety	Does/Will the SME have an occupational health and safety plan?		<i>If <u>No</u>, provide details</i>
	Is/Will Personal Protection Equipment (be) provided to workers and are they trained to use it properly?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the SME?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any Unforeseen Impacts and feedback from communities			



## SMEs related to Flour Mills

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Flour Mills</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the Flour Mill- SME (be) located in a residential area or near a hospital or school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be)(potential) direct or indirect impacts of the considered Flour Mill on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>No</u>, provide details</i>
Effluent	Is/Will the effluent discharged from flour mills (be) treated internally or properly managed?		<i>If <u>No</u>, provide details</i>
Chemical Contamination	Are/Will chemicals (be) stored as per the manufacturer's Instructions?		<i>If <u>No</u>, provide details</i>
	Are/Will approved chemicals (be) used by the Flour Mill for the preservation and fumigation of stored grain?		<i>If <u>No</u>, provide details</i>
Dust and Air Pollution	Are/Will there (be) dust containment		<i>If <u>No</u>, provide details</i>

	enclosures provided in the Flour Mill?		
	Does/Will the Flour Mill use high efficiency filters?		<i>If <u>No</u>, provide details</i>
	Is/Will a ventilation system (be) provided in the work area?		<i>If <u>No</u>, provide details</i>
Noise Pollution	Does/Will the Flour Mill comply with the criteria for noise levels in the workplace?		<i>If <u>No</u>, provide details</i>
	Does/Will the Flour Mill operate in the evening and late at night?		<i>If <u>Yes</u>, provide details</i>
Human health	Does/Will the Flour Mill use contaminated grain unfit for consumption and food use?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the Flour Mill provide Personal Protection Equipment to workers and are workers trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the Flour Mill?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other unforeseen Impacts and feedback from communities			

## Poultry and Fish Farms Related SMEs

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Poultry &amp; Fish Farms</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the Poultry or Fish Farm (be) located within 500 m of a residential area or near a hospital/ school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered Poultry or Fish on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Solid and medical wastes disposal	Is/Will the contaminated litter (particularly vaccination leftovers) (be) properly disposed of at a designated safe site?		<i>If <u>No</u>, provide details</i>
	Is/Will the excavated earth (be) properly disposed of at designated sites, and/or used for filling and/or surfacing of barren land?		<i>If <u>No</u>, provide details</i>
Effluent	Is/Will the waste from poultry farms		<i>If <u>No</u>, provide details</i>

	(be) stored in a covered area such that it is not exposed to rain or run-off?		
	Is/Will there (be) a trap constructed to collect organic waste from the fish/poultry farm?		<i>If <u>No</u>, provide details</i>
	Is/Will there (be) any aeration system in place for reduction of high biological oxygen demand?		<i>If <u>No</u>, provide details</i>
Bad smell and odor	Are/Will contaminated rice husks from poultry farms (be) frequently replaced?		<i>If <u>No</u>, provide details</i>
	Are/Will antifoulants (be) used to reduce bad odor from fish cages		<i>If <u>No</u>, provide details</i>
	Is/Will there (be) a proper ventilation system at the poultry farm?		<i>If <u>No</u>, provide details</i>
Biodiversity impacts	Is/Will biological filtration (be) used at the water discharge point from the fish farm?		<i>If <u>No</u>, provide details</i>
Health & Safety	Does/Will the Fish/Poultry form provide Personal Protection Equipment to workers and are workers to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the farm?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other unforeseen Impacts and feedback from communities			

## Wood and Furniture Products- SMEs

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Wood &amp; Furniture Products</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in a residential area or near a hospital/school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to the pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>No</u>, provide details</i>
Liquid Effluents	Are/Will chemicals used in the products (be) properly stored in labelled storage sites?		<i>If <u>No</u>, provide details</i>
Chemicals pollution	Are/Will solvents and coatings that are sprayed onto the wood's surface using a high velocity spray system (be) carried out in a controlled environment?		<i>If <u>No</u>, provide details</i>
Air and dust pollution	Are/Will waterborne coating materials		<i>If <u>No</u>, provide details</i>

	(be) used to reduce air emissions?		
	Is/Will wood cutting (be) done in an isolated area with proper curtains to control sawdust emissions?		<i>If <u>No</u>, provide details</i>
Noise pollution	Is/Will the saw machine installed in an isolated shed with noise barriers?		<i>If <u>No</u>, provide details</i>
	Are/Will late night operations (be) forbidden?		<i>If <u>No</u>, provide details</i>
Health & Safety	Does/Will the firm provide Personal Protection Equipment (Goggles, masks, gloves, hat etc) to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the farm?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other unforeseen Impacts and feedback from communities			

## Agro Food Processing SMEs

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Agro Food Processing</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in a residential area or near a hospital/school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be)(potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>No</u>, provide details</i>
Wastewater discharge	Are/Will the chemicals used in the factory (be) stored in sealed container and properly labelled?		<i>If <u>No</u>, provide details</i>
	Is/Will wastewater (be) treated before being discharging into the sewage system?		<i>If <u>No</u>, provide details</i>
	Are/Will actions (be) taken to minimize the discharge of wastewater from the factory?		<i>If <u>No</u>, provide details</i>

Solid wastes disposal	Are/Will solid wastes (be) generated in the factory segregated and disposed of in designated landfill sites?		<i>If <u>No</u>, provide details</i>
	Are/Will inorganic wastes such as plastic, paper and wires etc. (be) separated and recycled?		<i>If <u>No</u>, provide details</i>
	Is/Will hazardous waste (be) sent to an incineration facility?		<i>If <u>No</u>, provide details</i>
Air pollution	Are/Will air pollution control mechanisms (be) in place in the factory?		<i>If <u>No</u>, provide details</i>
Odor and bad smell	Is/Will a proper ventilation system (be) provided at the working site?		<i>If <u>No</u>, provide details</i>
	Is/Will regular fumigation and air refreshing (be) carried out?		<i>If <u>No</u>, provide details</i>
Health & Safety	Are/Will proper Safety Signs (be) in place in the factory?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME provide Personal Protection Equipment (Goggles, masks, gloves, hat etc) to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the SME?		<i>If <u>No</u>, provide details</i>
Gender and Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other Impacts unforeseen impact and feedback from communities			



## Textile/Silk Processing SME

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Textile/Silk Processing</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in a residential area or near a hospital/school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details on how &amp; to what extent</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>No</u>, provide details</i>
Effluent discharge	Is/Will the wastewater generated at the firm properly (be) properly treated before discharge into sewage/rivers/water bodies?		<i>If <u>No</u>, provide details</i>
	Are/Will water conservation practices (be) employed by the firm to reduce liquid effluents?		<i>If <u>No</u>, provide details</i>
Solid wastes disposal	Are/Will solid wastes generated in the firm (be) disposed of in a designated		<i>If <u>No</u>, provide details</i>

	landfill site?		
	Is/Will hazardous waste (be) sent to an incineration facility?		<i>If <u>No</u>, provide details</i>
	Does/Will the firm employ waste minimization practices?		<i>If <u>No</u>, provide details</i>
Air pollution	Are/Will chemicals used at the firm (be) stored in air tight vessels/tanks and properly labelled?		<i>If <u>No</u>, provide details</i>
	Are/Will there (be) any air pollution control facility installed in the firm?		<i>If <u>No</u>, provide details</i>
Noise and odor	Are/Will there (be) noise control barriers in the firm, particularly for loud machinery?		<i>If <u>No</u>, provide details</i>
	Is/Will there (be) a proper exhaust extraction and ventilation system available in the work place?		<i>If <u>No</u>, provide details</i>
Health & Safety	Does/Will the SME provide Personal Protection Equipment (Goggles, masks, gloves, hat etc) to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the SME?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other unforeseen impacts and feedback from communities			

## Light Engineering Workshop

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Light Engineering Workshop</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Site	Is/Will the considered SME (be) located in a residential area or near a hospital/school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of the considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>No</u>, provide details</i>
Air pollution	Are/Will welding metals (be) properly cleaned and dried before welding to reduce smoke and fumes?		<i>If <u>No</u>, provide details</i>
	Is/Will welding (be) carried out in a welding room?		<i>If <u>No</u>, provide details</i>
Noise pollution	Is/Will the mechanical and metal cutting work (be) done in a separate room with noise-barriers installed?		<i>If <u>No</u>, provide details</i>

Effluent	Does/Will the effluent discharge from the washing and repair terminals mix with municipal sewage?		<i>If <u>Yes</u>, provide details</i>
	Is/Will water contaminated with oil & fuel (be) separated from the common discharge of the workshop, and treated before being discharged into the sewage system?		<i>If <u>No</u>, provide details</i>
Solid waste disposal	Are/Will lubricants and degreasing solvents (be) stored in sealed containers and properly labeled?		<i>If <u>No</u>, provide details</i>
	Is/Will degreasing of metals (be) carried out in a designated area with concrete flooring?		<i>If <u>No</u>, provide details</i>
	Are/Will the wastes produced in the workshop (be) handed over to municipal authorities?		<i>If <u>No</u>, provide details</i>
Health & Safety	Does/Will the SME provide Personal Protection Equipment (Goggles, masks, gloves, hat etc) to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the SME?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any Other Unforeseen Impacts and feedback from communities			

### Micro-Hydel Power Stations

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector	<b>Micro-Hydel Power Stations</b>	Officer visited the firm	
Location (District/Province)		Contact Person in SME	
<b>Potential Social &amp; Environmental Issues</b>	<b>Details</b>	<b>YES/NO</b>	<b>Remarks</b>
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If <u>Yes</u>, provide details</i>
SME's Location	Is/Will the considered SME (be) located in or near a residential area or agriculture land or near a hospital or school etc?		<i>If <u>Yes</u>, provide details on how it will impact the life of people living in the neighbourhood</i>
	Are/Will there (be) (potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If <u>Yes</u>, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If <u>Yes</u>, Please provide spatial details</i>
	Do/Will the activities of considered SME somehow reduce peoples' access to pastures, water, public services or other resources that they depend on?		<i>If <u>Yes</u>, provide details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If <u>Yes</u>, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If <u>Not</u>, provide details</i>
Air and Dust Emissions	Is/Will water (be) regularly sprinkled on access tracks used by vehicles and the speed limit kept to minimum to reduce the amount of dust?		<i>If <u>No</u>, provide details</i>
	Is/Will proper tuning of vehicles (be) ensured?		<i>If <u>No</u>, provide details</i>
Noise pollution	Is/Will machinery and equipment (be)		<i>If <u>No</u>, provide details</i>

	properly lubricated and measures taken to minimize the sound made by construction?		
Solid waste disposal	Is/Will the solid waste generated on site disposed of in a designated landfill site, and or handed over to municipal authorities?		<i>If <u>No</u>, provide details</i>
	Are/Will the excavated and spoil materials (if any) (be) disposed of at designated safe sites?		<i>If <u>No</u>, provide details</i>
Health & Safety	Does/Will the SME provide Personal Protection Equipment (Goggles, masks, gloves, hat etc) to workers and are they trained to use it?		<i>If <u>No</u>, provide details</i>
	Are/Will First Aid boxes and emergency medical kits (be) available at the SME?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide more details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide more details</i>
Any other Unforeseen Impacts and feedback from communities			

## Generic Checklist

Name of the firm/SME		Date of visit	
SME Reference No.			
Sector		Officer visited the firm	
Location (District/Province)		Contact Person in SME	

Potential Social & Environmental Issues	Details	YES /NO	Remarks
Negative List	Does/Will the considered SME fall under the 'Negative List' described in <a href="#">Annex 1 (a)</a> & <a href="#">1(b)</a> ?		<i>If Yes, provide details</i>
Location of SME	Are there/ Will there be (potential) direct or indirect impacts of the considered SME on environmentally sensitive areas (forests, pastures, rivers and wetlands) or threatened species?		<i>If Yes, Please indicate the nature of impacts</i>
	Is/Will the considered SME (be) located within or adjacent to any government-designated protected area (national park, national reserve, world heritage site, etc.)?		<i>If Yes, please provide details</i>
	Does/Will the selected SME somehow reduce peoples' access to pasture, water, public services or other resources that they depend on?		<i>If Yes, Please provide spatial details</i>
	Does/Will the considered SME alter any historical, archaeological or cultural heritage site or require excavation near such a site?		<i>If Yes, provide details</i>
	Is/Will the SME (be) located near a residential area/ school/hospital or urban center?		<i>If Yes, provide details</i>
	Is/Will the land used by SME (be) free from any dispute?		<i>If Not, provide details</i>
Physical & Biological Environment	Is/Will the considered SME require materials (on a regular basis) that could adversely affect local physical and biological conditions?		<i>If Yes, provide details</i>
Solid wastes disposal	Does/Will the residual solid waste generated by the considered SME be segregated and properly disposed of, such as by handing over to municipal authorities?		<i>If No, provide details</i>
	Are/Will contaminated wastes (if any) (be) sent to incineration facilities/ dumped at designated sites?		<i>If No, provide details</i>
	Does/Will the SME use chemicals or other		<i>If No, provide details</i>

	hazardous materials in a controlled manner?		
Liquid effluents discharge	Are/Will liquid effluents from the considered SME treated (be) properly before being discharged into the sewer system?		<i>If <u>No</u>, provide details</i>
	Does/Will the SME take any protective measures to avoid chemical spills (if any) into wastewater or other water bodies?		<i>If <u>No</u>, provide details</i>
	Is/Will the liquid effluent emerging from the considered SME (be) discharged into a river, stream or any other water body?		<i>If <u>Yes</u>, provide details</i>
Dust pollution & Safety Kits	Are/Will suction pumps (be) installed at designated points for dust collection?		<i>If <u>No</u>, provide details</i>
	Is/Will a proper ventilation system installed in the working area?		<i>If <u>No</u>, provide details</i>
	Are/Will dust protection masks and other Personal Protection Equipment (be) provided to workers and are they using it?		<i>If <u>No</u>, provide details</i>
Odor and bad smells	Are/Will chemicals (any) or any other hazardous materials (be) stored in closed containers?		<i>If <u>No</u>, provide details</i>
	Are/Will there (be) mechanisms in place to avoid smells in the working area?		<i>If <u>No</u>, provide details</i>
Gender & Labor	Are/Will female workers (be) provided with separate sanitation facilities and private dressing rooms?		<i>If <u>No</u>, provide details</i>
	Is/Will salary discrimination (be) made based on a person's gender or ethnicity?		<i>If <u>Yes</u>, provide details</i>
	Are/Will children under the age of 16 (be) working in the SME and/or are women with children working long working hours?		<i>If <u>Yes</u>, provide details</i>
Any Unforeseen Impacts and feedback from communities			



### Annex III: Format for the Review of Environmental and Social Checklists

1. Expert's Environmental & Social assessment comments based on site visit and review of screening forms:

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2. Determination of environmental category based on field assessment and findings of the screening:

Category A ☐

Category B ☐

Category C ☐

3. Further Action Required, check an appropriate box;

Ineligible for financing under ANMDP ☐

Requires Partial (Initial) Environmental Impact Assessment/More E&S information ☐

Requires full Environmental Impact Assessment ☐

Does not require further environmental or social due diligence ☐

4. Any additional comments or suggestions by Environmental and Social Safeguards Expert

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**Reviewed by:** Environmental & Social Safeguards Expert

**Approved by:** Director of ANMDP

Signature:.....

Signature:.....

## Annex IV: Terms of Reference for Conducting an Environmental and Social Impact Assessment of an SME

Once it has been decided upon that an environmental and social impact assessment study is to be carried out for an SME, the following steps must be carried out:

- Clearly state the objectives of the ESIA for a particular SME, summarize the scope of the ESIA and its timing relative to project preparation, design, and approval. Within the scope of the study outline the time, space and jurisdictional boundaries of the study. Furthermore, identify the tasks and studies to be carried out, information deficiencies to be addressed, methodologies etc.
- Provide details on target SME and its function, and provide information on the relevant parts of the SME that are causing environmental and social impacts, use pictures and maps (at appropriate scale) where deemed necessary.
- Identify the relevant regulations and guidelines governing the conduct of the ESIA and/or specify the content of the report. Provide information on the pertinent regulations and standards governing social and environmental quality, health and safety, protection of sensitive areas, protection of endangered species, land use control, etc.
- Describe the situation by presenting baseline data on the relevant environmental characteristics of the study area. Include information on any changes anticipated by the ANMDP funds to the SME
- Determine the potential impacts of the proposed project: distinguish between significant positive and negative impacts, direct and indirect impacts, and immediate and long-term impacts. Identify impacts that are unavoidable or irreversible. Wherever possible, describe impacts quantitatively, in terms of environmental costs and benefits.
- Analyze and describe alternatives which would achieve the same objective(s), exploring technological, economical and other appropriate criteria.
- Review and analyze the social dimension of the project, particularly the i) review of the land ownership documentation where land is required for project, ii) ensure that allocated land for project is free of squatters and any disputes, iii) ensure application of Grievance Redress Mechanism and proper recording of grievances, and provide inputs in the development of ESMP.
- Develop a pragmatic management plan to avoid and mitigate negative impacts: recommend feasible and cost-effective measures to prevent or reduce significant negative impacts to acceptable levels and describe the actions necessary to implement them.
- Identify the institutional needs to implement environmental & social assessment recommendations by reviewing the authority and capability of institutions at SME, provincial/regional, and national levels. Recommend steps to strengthen or expand them so that management and monitoring plans in environmental assessment may be implemented.
- Design a detailed Environmental & Social Management Plan, propose budget for its implementation, layout institutional arrangements. Develop monitoring plan for the implementation of mitigation measures, and set indicators to track the progress against the desired objective of the Environmental and Social impact study.
- Consult stakeholders and describe the arrangements for obtaining the views of local NGOs and

affected groups and for keeping records of meetings and other activities, communications, and comments at their deposition.

- Prepare a professional ESIA report, keeping it concise and limited to significant environmental issues, with the focus on key findings, conclusions and recommended actions.

## Annex V: (Proposed) Format for Environmental Social Management Plan

### A) Avoidance and Mitigation Plan

ANMDP funded Activities	Potential Environmental and Social Impacts	Proposed Mitigation /Avoidance Measures	Responsibilities	Estimated Cost	Remarks
Activity 1					
Activity 2					
Activity 3					

### B) Monitoring Plan

Proposed Avoidance/Mitigation Measure	Parameters/Indicators to be monitored	Location	Measurements (incl. methods & equipment)	Frequency of measurement	Responsibilities (Incl. review and reporting)	Cost (equipment & individuals)
Measure 1						
Measure 2						
Measure 3						
Total Cost						

## Annex VI (a): Format for Registration of Grievances Concerning ANMDP

Complaint Reference No. \_\_\_\_\_

Name of the complainant \_\_\_\_\_

Date of complaint \_\_\_\_\_

Address of the complainant (Province & District): \_\_\_\_\_

Phone No \_\_\_\_\_ Email Address (If any) \_\_\_\_\_

Name of SME (if applicable) \_\_\_\_\_

Statements made by complainant:

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Summary of the complaints:

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Complainant's signature

Verified by Safeguards Expert

### **For official use only:**

Decision taken by (Provincial) Grievance Redress Committee:

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## Annex VI (b): Format for Grievances Reporting Database

Province	Category of Complaint	Reference Number	Outcome of the Complaint						Remarks
			Rejected - Provide Reason for Rejection	Resolved on spot	Resolved by Provincial GRC	Resolved at NMDP's Headquarter	Pending	Referred to the Court	
Kabul	Waste disposal/Land Acquisition/Air pollution/Noise/Social etc	20/01/17/KBL	Rejected, since NMDP is directly or indirectly not engaged in the problem caused to PAP	Yes/No	Yes/No	Yes/Ne	Yes/No	Yes/No	Provide description/clarification where needed

## Annex VII: Terms of Reference for Environmental and Social Safeguards Expert

The main role of the Environmental and Social Safeguards Specialist is to provide technical support on environmental and social management and mitigation planning to ensure that the ESMF is fully implemented in the ANMDP. The Environmental and Social Safeguards Expert will report directly to the project director of the ANMDP. The Environmental Specialist should hold a degree in environmental science, environmental engineering and/or related discipline and have a minimum of 5 years experience working with similar projects involving infrastructure development and SMEs. He/she should be highly familiar with GoA environmental laws and regulations, and the World Bank Operational Policies, particularly on Environmental Assessment, involuntary resettlement and performance standards. Substantial experience in community mobilization and analysis of resettlement issues is an advantage.

Key tasks are, but not limited to:

- Liaise with National Environmental Protection Agency on regular basis
- Ensure EIAs/EMPs are properly carried out to meet the Government of Afghanistan and the World Bank's requirements
- Commission an independent consulting firm to carry out an environmental performance audit of the ANMDP on an annual basis /mid-term of the project
- Provide technical advice to SMEs on all technical issues related to natural resources and environmental management. These issues will relate to impacts on surface water, groundwater, agricultural resources and vegetation, the sourcing of materials used in construction, human health, ecology, protected areas and land and soil degradation
- Provide specific technical advice on mitigation measures to SMEs and Business Association
- Monitor the implementation of safeguard management plans (EIAs/EMPs) using indicators provided in the ESMF and prepare quarterly monitoring reports; contribute to the regular progress report of the project
- Be responsible for handling entitlements, implementation arrangements and budget for discussion and awareness raising/capacity building
- Handle project related grievances and relevant documentation
- Create clusters of Business Associations based on their scale of business and impact on the environment and society
- Conduct training/capacity need assessments, and participating in capacity building programs for SMEs and Business Associations
- Run effective and systematic communication campaigns for the ESMF implementation throughout the project's existence

## Annex VIII: Auditable Criteria for the World Bank Performance Standard for SMEs

<b>Performance Standard 1 :Assessment and Management of Environmental and Social Risks and Impacts</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
Environmental and Social Assessment	<ol style="list-style-type: none"> <li>1. Does the SME have a process to assess the environmental and social impacts and risks caused by the SME?</li> <li>2. Does the process address the significance of the adverse impacts, applicable local laws and regulations of the jurisdiction?</li> <li>3. Have disadvantaged or vulnerable groups been identified? If so, do any adverse impacts fall disproportionately on them?</li> </ol>
Management Program	<ol style="list-style-type: none"> <li>1. Does the SME have (a) program(s) of mitigation and performance measures that addresses identified environmental and social impacts and risks? <ul style="list-style-type: none"> <li>- Can the program be tracked over definite time periods?</li> <li>- Is the program supported adequately by the SME</li> </ul> </li> <li>2. Has/will an appropriate Action Plan document(s) been/be prepared and disclosed?</li> </ol>
Organization	Are responsibilities and authorities for implementation of the management program defined and communicated appropriately by the SME?
Training	Has the SME identified the training needs for those persons with responsibility for implementing the management program?
Monitoring	Has the SME established procedures to monitor and measure on a regular basis the key characteristics and performance of the management program, including the use of external experts where appropriate?
Reporting	Is appropriate environmental and social performance information periodically reported internally to senior management and to the ANMDP/MoCI?
Community Engagement	<p>Has the SME established a community engagement process for affected communities?</p> <ol style="list-style-type: none"> <li>a) Has/will appropriate disclosure of assessment information to, and consultation with, affected communities been/be conducted in a timely and culturally appropriate manner?</li> <li>b) Has the process ensured, or will it ensure free, prior and informed consultation of the affected community, if applicable?</li> <li>c) Is there a procedure for receiving and facilitating the resolution of affected-communities' concerns and grievances regarding environmental and social performance?</li> </ol>
<b>Performance Standard 2 : Labor and Working Conditions</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
Human Resources Policy and	<ol style="list-style-type: none"> <li>1. Does the SME have an appropriate human resources policy that addresses all requirements of the performance standards that includes:</li> </ol>



Management	<ul style="list-style-type: none"> <li>a) Being readily accessible by employees?</li> <li>b) Being clear and understandable?</li> <li>c) Providing information on rights under national labor?</li> </ul> <ul style="list-style-type: none"> <li>2. Has the SMEs documented and communicated working conditions and terms of employment to all workers directly contracted?</li> <li>3. Are the terms and conditions in accordance with:               <ul style="list-style-type: none"> <li>a) Any collective agreement(s)?</li> <li>b) National Labor Law?</li> </ul> </li> <li>4. Has the SMEs implemented a grievance mechanism to review and address employee complaints?               <ul style="list-style-type: none"> <li>a) Are all workers aware of the existence of a grievance mechanism?</li> <li>b) Is there a responsible person to review complaints and follow up on them in a timely and transparent manner?</li> </ul> </li> </ul>
Worker's Organization	Does the SME provide a means for workers to express their grievances and protect their rights without retaliation or discrimination?
Non-Discrimination and Equal Opportunity	Does the SME have documented transparent procedures, including recruitment, discipline, performance and grievance procedures, to ensure that employment decisions are made objectively?
Retrenchment	<p>If the SME anticipates retrenchment of a significant number of employees, have they:</p> <ul style="list-style-type: none"> <li>a) Developed a plan to implement the retrenchment and selected those who will be dismissed, based on non-discriminatory principles?</li> <li>b) Developed a plan to mitigate adverse impacts; and</li> <li>c) Have they consulted workers appropriately?</li> </ul>
<b>Performance Standard 3 :Resource Efficiency and Pollution Prevention</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
Pollution Prevention, Resource Conservation and Energy Efficiency	<ul style="list-style-type: none"> <li>1. Does the SME apply pollution prevention and control and waste management techniques that are consistent with good national industry practice?               <ul style="list-style-type: none"> <li>a) If less stringent levels or control measures are to be applied, has the SME provided justification for the deviation and have they demonstrated that the approach is consistent with the overall requirements of this Performance Standard (i.e. to minimize or reduce adverse impacts on human health and the environment)?</li> </ul> </li> <li>2. If the SME activity has the potential for significant impacts to environmental conditions, have environmental considerations been taken into account and appropriate strategies to minimize impacts promoted?</li> <li>3. Has the SME's operations incorporated resource conservation and energy efficiency measures?</li> </ul>

Wastes	Has a hierarchical approach of avoidance, minimization, recovery, reuse, and environmentally sound disposal been applied to the management of hazardous and non-hazardous wastes?
Hazardous Materials	Does the SME manage hazardous materials so as to avoid uncontrolled releases to the environment?
Emergency Preparedness and Response	Does the SME have emergency preparedness and response plans that are commensurate with the level of project risk?
Green House Emissions	Where Green House Gas emissions (direct plus indirect from purchased electricity) exceed 25,000 tons CO <sub>2</sub> annually, does the SME conduct annual monitoring, and evaluate options for emissions reductions or offsetting?
Pesticide Use and Management	If pesticides are used, is their selection and management consistent with national pesticide law of Afghanistan and part of an integrated pest management and/or vector management strategy?
<b>Performance Standard 4 : Community Health, Safety and Security</b>	
<b>Theme</b>	<b>Auditable Criteria</b>
Community Health and Safety	Has the SME evaluated the potential for community impacts associated with the project during design, construction, operations, decommissioning and closure, considering: <ul style="list-style-type: none"> <li>a) Infrastructure and equipment safety?</li> <li>b) Hazardous material(s) and safety?</li> <li>c) Natural resource issues?</li> <li>d) Exposure to disease?</li> </ul>
Emergency Preparedness and Response	In the event that emergency preparedness and response requires participation of the community, has the SME: <ul style="list-style-type: none"> <li>a) Collaborated with government agencies and the community and assisted these entities to establish and maintain preparedness for emergencies?</li> <li>b) Gauged government capacity shortcomings to adequately aid the community in emergency response?</li> <li>c) Compensated for government capacity shortcomings to ensure adequate emergency response?</li> </ul>
Security Personnel Requirements	If the SME retains security services, has the SME: <ul style="list-style-type: none"> <li>a) Performed due diligence of the proposed security services provider?</li> <li>b) Incorporated specific requirements into contract specifications for the security services provider?</li> <li>c) Established a grievance mechanism allowing affected communities to present and obtain a robust SME response to issues expressed by these communities regarding security arrangements?</li> <li>d) Investigated allegations of unlawful and/or abusive acts by security providers?</li> </ul>

## Annex IX: Protection of Cultural Property

Physical culture includes monuments, structures, works of art, or sites of "outstanding universal value" from the historical, aesthetic, scientific, ethnological, or anthropological point of view, including unrecorded graveyards and burial sites. Within this broader definition, cultural property is defined as sites and structures having archaeological, paleontological, historical, architectural, or religious significance, and natural sites with cultural value.

The ANMDP is aimed at supporting small and medium enterprises in upgrading and expanding their business operations. Many of the SMEs that will be supported by ANMDP are already established and carry out activities that are not foreseen to pose a risk to cultural property. Furthermore, the negative list of attributes, which would make a subproject ineligible for support ([Annex I \(b\)](#)), includes any activity that would significantly damage non-replicable cultural property. Nevertheless, the following procedures for identification, protection from theft, and treatment of chance finds should be followed and included in standard bid documents.

### Chance Find Procedures

The procedures to follow regarding chance finds are defined in the Law on the Preservation of Afghanistan's Historical and Cultural Heritages and Artifacts (Official Gazette, April 16, 2004), which specifies the authorities and responsibilities of cultural heritage agencies if sites or materials are discovered in the course of project implementation. This law establishes that all moveable and immovable historical and cultural artifacts are state property, and further:

- The Archaeology Institute and the Historical Artifacts Preservation and Repair Department are both responsible for the determination, recording, surveying and evaluation of all cultural and historical sites and to collect and organize all historical documents related to each specific site. No one may build or undergo construction on any recorded historical and/or cultural site unless permission is granted or an agreement issued from the Archaeology Institute.(Art. 7)
- All moveable and Immoveable historical and cultural artifacts and heritage items that are discovered or remain buried and not discovered/excavated in Afghanistan are the property of the Islamic Republic of Afghanistan and any kind of trafficking of such items is considered theft and is illegal.(Art. 8)
- Whenever municipalities, construction, irrigation or other companies (whether they are governmental or private) find or discover valuable historical and cultural artifacts during the conduct of their projects, they are responsible to stop any further activity and report these findings to the Archaeology Institute.(Art. 10)
- Any finder or discoverer of historical and cultural sites is obligated to report the find or discovery to the Archeology Institute in no later than one week (if it is in the city) or 2 weeks (if it is outside of a city). All discovered artifacts are considered public property and the Government of Afghanistan will pay for all lands and sites which are considered to be of historical or cultural value.(Art. 19, 1)

- Whenever there is an immovable historical and cultural site discovered that includes movable historical and cultural artifacts, all such movable artifacts are considered public property and the owner of that property will be rewarded according to Article thirteen (13) of this Decree.(Art. 19, 2)
- A person who finds or discovers a movable historical and cultural artifact is obligated to report the discovery to the Archaeology Department within no more than seven (7) days if he/she lives in the capital city of Kabul. If he/she lives in the provinces they should report the discovery to the Historical and Cultural Artifacts Preservation Department or Information and Culture Department or to the nearest governmental Department within no more than fourteen (14) days.
- Mentioned Departments in this article are responsible to report the issue to the Archaeology Department as soon as possible and the discoverer of the artifact will be rewarded according to Article 13 of this Decree. (Art. 26)
- Whenever individuals who discover historical and cultural artifacts do not report such discoveries to the related Departments within the specified period according to Articles 19 and 26 of this Decree, they will be incarcerated for a minimum of one (1) month but not more than a maximum of three (3) months.(Art. 75)

The above procedures must be referred to as standard provisions in construction contracts, when applicable. During project supervision, the Site Engineer shall monitor that the above regulations relating to the treatment of any chance find encountered are observed.

Relevant findings will be recorded in the World Bank Project Supervision Reports (PSRs), and Implementation Completion Reports (ICRs) to assess the overall effectiveness of the project's cultural resources mitigation, management, and capacity building activities, as appropriate.

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## Annex XI: Stakeholders Consultation Workshop

AFGHANISTAN NEW MARKET DEVELOPMENT PROJECT (ANMDP)- ADDITIONAL FINANCING

# Environmental and Social Management Framework

Ministry of Commerce and Industries (MoCI)

MHA



## 1. Introduction

The Afghanistan New Market Development Project- Additional Financing (ANMD-AF) is an extension of the parent ANMDP that was launched as a pilot project in 2011 with the overall objective of transforming Afghanistan's major cities into strategic hubs of economic growth by supporting private sector development and attracting investments. The more specific objectives of the project are '...to help in the revitalization of private sector activities in the four major urban cities of Kabul, Mazar-e-Sharif, Jalalabad and Herat through provision of business development technical assistance to support private firms' initiatives to gain market knowledge, improve product quality and processing technologies, and increase their presence in both domestic and export markets'. The project was evaluated in 2016 with both the overall project and compliance with Environmental and Social Safeguards being rated as 'moderately satisfactory'. The project was managed overall by the MoCI with implementational support from GIZ-IS. With the same objectives in mind the pilot project has now become a full scale project and been extended to 8 additional provinces that are (i) Bamyan, (ii) Parwan, (iii) Kapisa, (iv) Kunduz, (v) Jawzjan, (vi) Badakhshan (vii) Kandahar & (viii) Paktya. Since the project has been slightly modified and extended to new provinces with different socio-economic and climatic conditions, it is important that the Environmental and Social Management Framework is updated accordingly.

### 1.1 Objectives:

The overall objective of this consultation workshop was to make the process more participatory, disseminate project activities to key stakeholders and get their inputs on better mainstreaming of Environmental and Social Management Framework (ESMF) into the ANMDP-AF, while considering the shortcomings that caused inapplicability of relevant mitigation measures during the first/pilot phase of the project.

## 2. Location and Period:

The workshop was organized by the Ministry of Commerce and Industries (MoCI) at a conference hall on 5th Floor of the Speenzar Hotel, located at a convenient location in Kabul; easily accessible to all stakeholders. The workshop was conducted on 14 January, 2017 from 09 am till 15:30 pm.

## 3. Attendance:

Participants representing the private SME sector, Business Associations, relevant government authorities, International NGOs, national NGOs and Academia who are directly or indirectly engaged in SMEs and/or the environmental and social aspects of the projects were invited to the workshop.

In total, about 65 participants were invited through official letters and electronic media and logistical arrangements were made accordingly. However due to snowy weather and prevailing security concerns only 25 participants attended the workshop. The list of participants is available below.

## 4. Summary of the Proceedings:

The workshop started with a detailed background on project achievements, components, duration, and challenges. While acknowledging that the project was one of successful initiatives undertaken by the

MoCI, achieving all revised targets set for the project there are, however, still certain issues particularly in relation to managing environmental and social concerns that were discussed during the workshop. The participants provided very useful inputs during the discussion session of the consultation meeting, which is provided below:

- A representative of the Ministry of Agriculture, Irrigation and Livestock (MAIL) raised the point that Integrated Pest Management should be the approach to control negative impacts while providing support to agriculture processing and/or production, with particular reference to SMEs involved in the trade in production of participates. Mr. Hamdard responded by saying that the Pesticides Law is now approved both by President and the Parliament ,and the Plant Protection and Quarantine Department at the Ministry of Agriculture, Irrigation and Livestock is working on the regulations and implementation plans.
- Head of Business Association -Jalalabad, commented that to improve the quality of production (produced by small and medium businesses) national standards for production should be closely considered. Standards should made available to Small and medium businesses. Centralized laboratories should be established to monitor and test the quality of products. Often low quality products are imported from China, making it difficult for local SME to compete with them. In response, a representative from NEPA clarified that there are standards available, which may be obtained from NEPA at any time.
- The representative of NEPA mentioned all businesses should assess the environmental impacts of their activities. The production/processing activities that have significant impact on the environment must coordinate with NEPA. All entities are responsible to get NEPA approval before initiating new activities.
- One of the members from private sector (shoe production) mentioned that their production facility does not have a significant impact on the environment; however, safeguard measures are very important for their labor to consider during the production process. They have taken precautionary measures such as providing masks and gloves to their workers but the culture of using these safety kits has not yet developed in Afghanistan.
- Most of the participants from the private sector mentioned capacity building as one of the core needs for their staff in relation with safeguards to the measures and implementation of an Environmental Management Plan.
- Guidelines on the procedures to integrate environmental and social concerns and its compliance are also recommended by the meeting participants, and requested it could be translated into local languages.
- Signs and Signals that could be easily understood by labor on movements control and precautions to have better control on the production processing are considered vital by the participants.
- Safeguard team should be considered for effective implementation of ESMF. The environmental and social safeguard team should work in close collaboration with small and medium businesses. Additionally, the safeguard team should cooperate continuously with businesses in developing Environmental Management Plan. Monitoring, planning, organizing capacity building sessions,



and reporting should be main responsibilities of safeguard team of the project, the participants noted.

- The participants recognized capacity building process for small and medium businesses a vital activity and recommended that a capacity building officer or safeguards officer should be recruited for the full duration of the project who will be responsible to organize trainings, develop training material, and deliver trainings in the targeted provinces to enable businesses in complying with environmental and social morals. One of the producer mentioned that "waste water treatment in industrial areas is the responsibility of government by installing treatment plants with high capacity of treatment".
- The support to businesses should be prioritized in accordance with the development priorities of government for having coherence between project and national development frameworks, one business association member suggested.
- The project personnel should be hired encouraging the staff who has worked earlier in NMD project to ensure gradual transfer of information, data/information. The participant from private sector suggested at least one personnel in the province should be from previous NMD project.
- All ESMF related activities should be implemented through business associations to ensure effective implementation and involving associations in controlling negative impacts of activities.
- One business owner mentioned that considering environmental measures in production/processing activities need additional expenses increasing the input cost therefore making SMEs more hesitant in considering environmental and social measures. And suggested and measures that fits in the Afghanistan's context should be put in the ESMF.
- The participants recommended that NMD project should work in close collaboration with line ministries, NGOS, and partners providing support to small and medium businesses have an effective outcome achievement, identify synergies, and avoid duplication of activities.
- All relevant laws, regulations, policies should be considered while developing the ESMF including regulation of controlling Ozone Depleting Substances (ODS). Additionally, national obligations in relation with international conventions, protocols, and laws should be considered in ESMF. A brief description on relevant international conventions/protocols should be provided in ESMF.

## 5. Synthesis and Concluding Remarks:

Overall the workshop was very productive and the participants actively participated in the discussion, providing input where needed. All the valid comments and suggestions will be incorporated into the updated ESMF. The number of participants who attended the workshop was low, as initially expected, but considering the snowy weather and prevailing security situation in Kabul, one would expect low numbers of participants at such events.



## List of participants at the ESMF Consultation Workshop

S/N	Name	Organization	Telephone Number	Email ID
1	Moh. Asif Jami	Shoes- Business Association	+93 788220155	<a href="#">NA</a>
2	Syed Amanullah Ziaee	Shoes- Business Association	+93 787180013	<a href="#">NA</a>
3	Moh. Mahd Mehdi	Shoes- Business Association	+93787597120	<a href="#">NA</a>
4	Moh. Zareef Yaadgari	Carpet- Business Association	+93 0799348773	<a href="mailto:afcarpetguilt@yahoo.com">afcarpetguilt@yahoo.com</a>
5	Mostafa Ansari	MoCI	+93 796337573	<a href="#">NA</a>
6	Edress	NEPA	+937996515131	<a href="mailto:Edress.aricy@gmail.com">Edress.aricy@gmail.com</a>
8	Eng. Tufan Jebran	NEPA	+97 700292281	<a href="mailto:Toofan.gabrn@yahoo.com">Toofan.gabrn@yahoo.com</a>
9	Eng. Qaseem Yousifi	Business Association- Nangarhar	+93780140140	<a href="mailto:Qasim_yousufi@yahoo.com">Qasim_yousufi@yahoo.com</a>
10	Abdul Jameel Zahid	MAIL	+93 799117275	<a href="mailto:Galilzahid3@gmail.com">Galilzahid3@gmail.com</a>
11	Moh. Kareem Azimi	AIA	+93776920893	<a href="mailto:Ceo.aia@gmail.com">Ceo.aia@gmail.com</a>
12	Assad. Noori	ANMDP	NA	<a href="mailto:Asad_noori@gmail.com">Asad_noori@gmail.com</a>
13	Assadullah Nawid	ANMDP	+93799202973	<a href="mailto:Asad_nawid@hotmail.com">Asad_nawid@hotmail.com</a>
14	Shaima Halemi	MoCI	NA	<a href="#">NA</a>
15	Fazila Azezi	MOCI-SMED	+93752130737	<a href="mailto:Azizi.smes@gmail.com">Azizi.smes@gmail.com</a>
16	Abud Ahad Ahadi	MOCI	+93792338679	<a href="mailto:Abdulahad1390@gmail.com">Abdulahad1390@gmail.com</a>
17	Mohammad Ilyas Yadgari	MoCI	+937002669360	<a href="mailto:444.moci@gmail.com">444.moci@gmail.com</a>
18	Abdul Rahman	MoCI	+93786146162	<a href="mailto:Arsaeedi9@yahoo.com">Arsaeedi9@yahoo.com</a>
19	M Iqbal	MoCI	+93788602015	<a href="mailto:Iqbal.barez@gmail.com">Iqbal.barez@gmail.com</a>
20	Nazefa Mirzad	CEA	+93787553592	<a href="mailto:c.e.a@outlook.com">c.e.a@outlook.com</a>
21	Sorab Qadiri	PR	+93 788504453	<a href="mailto:Shoaib.qadiri123@gmail.com">Shoaib.qadiri123@gmail.com</a>
22	Mostafa Amini	PR -MoCI	+93796337873	<a href="#">NA</a>
23	Shujaudin Serat	ANMDP- MoCI	+93 775211004	<a href="mailto:Sirat.shahjaheins@gmail.com">Sirat.shahjaheins@gmail.com</a>
24	Haroon Haleemzia	Swiss Development Cooperation	+93 729880802	<a href="mailto:haleemzai1@gmail.com">haleemzai1@gmail.com</a>
25	Habib ur Rehman Ghilzay	MAIL	+93781426633	<a href="mailto:habib_ghilzai@yahoo.com">habib_ghilzai@yahoo.com</a>

## ESMF Consultation Workshop Agenda:



ISLAMIC REPUBLIC OF AFGHANISAN  
 MINISTRY OF COMMERCE AND INDUSTRIES  
 AFGHANISTAN NEW MARKET DEVELOPMENT PROJECT  
**CONSULTATION WORKSHOP ON UPDATING ENVIRONMENTAL AND SOCIAL SAFEGUARDS  
 FRAMEWORK (ESMF)**  
**AGENDA OF THE WORKSHOP**

DATEتاریخ	TIMEوقت	TOPICSموضوعات	Presenters
14 – 01 – 2017	9:00AM	Opening/Welcome	
	09:15AM	Opening Speech	H.E Minister of MOCI
	09:50AM	Introduction to Project (NMDP)	Mr. Saeedi
	10:00AM	Presentation on Environmental and Social Impacts of SMEs	Mr. Masoom Hamdard
	10:30AM	Tea breakوقفه چای	
	11:00AM – 12:30PM	Discussion/Inputs from participants	Mr. Masoom Hamdard
	12:30PM	Lunch Break	
	01:30PM	Group Work	Q&A moderated by M. HAMDARD
	2:30PM – 3:30PM	Wrap up	Mr. Masoom Hamdard

## Annex XII: Activities Plan

**Legends:** Progress



Deliverables



S/No	Activities	23 December, 2016 to 29 January, 2017					
		Wk-1	Wk-2	Wk-3	Wk-4	Wk-5	Wk-6
1.	Signing of the contract						
2.	Introductory meetings with MoCI & NMDP team						
3.	Mapping out all important & Influential stakeholders						
4.	Collecting project related documents						
5.	Literature review						
6.	Inception Report						
7.	Meeting the WB Social & Environmental Team, GIZ-IS						
8.	Meeting with Business Association and visiting field						
9.	Submitting Inception Report						
10.	Data Analysis						
11.	First Draft ESMF Report						
12.	Consultation Workshop with key stakeholders and workshop report						
13.	Preparing Final Draft Report						
14.	After incorporating comments, presenting final report						
15.	Final Report						

### **Annex XIII: Methodology:**

The methodology employed in this study is based on the principle of objectivity and reducing bias to a minimum. Factors such as the allocated timeframe for this assignment, available resources as well as the security situation during field visits are also considered. The goal is to collect maximum reliable data at minimum security risk.

#### **Data collection:**

Secondary data acquisition is mostly done through desktop review of project reports (Quarterly monitoring reports, database of sub-projects), pertinent environmental and social safeguards legislations, and guidelines on sub-projects developed by the ANMDP and GIZ-IS. A literature review of peer-reviewed scientific articles and review of other similar case studies were also undertaken for this study.

Primary data is collected through the purposive sampling method<sup>7</sup> using face-to-face interviews with key informants from MoCI, GIZ-IS, the World Bank and beneficiaries of the sub-projects. Semi-structured interviews using questionnaires will be prepared for structured meetings with key informants. Field visits to Kabul and Herat may be conducted to inspect sub-projects and interview staff of regional offices and sub-project beneficiaries. Observations during the field visits and group discussions with members of Business Association established under ANMDP also constitute a primary means of data collection used in this study.

During data collection the principle of neutrality was followed, and projects with potential significant environmental and social impacts were selected for review. Conflict-affected and high-risk areas with on-going armed conflict or the risk of any harm were avoided. For the sake of transparency and better cooperation, the NMDP team will be regularly updated about the plans for site visits, progress, and findings of the study.

#### **Key Informants:**

The key informants will be identified using the snowball technique and then classified based on their influence and importance with respect to the project. They will be from MoCI/NMDP, GIZ-IS, NEPA, the World Bank, regional offices, field, and people who are directly or indirectly stakeholders in the project.

#### **Consultation Workshop:**

A consultation workshop will be organized to share the draft ESMF report and receive input from key stakeholders.

#### **Privacy and Confidentiality:**

The Registry of evidence and information is kept confidential and can only be disclosed upon specific request. This is done to protect staff and informants. The Chatham House Rule is used for interviews

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<sup>7</sup> The purposive sampling method is popular for qualitative research and it is done by keeping a purpose in mind to reach a targeted sample quickly, where proportionality is not a primary concern (Trochim, 2006; Patton, 2009)

with key informants, which entails that no statement can be attributed to a specific organization or individual. This rule gives interviewees' confidence to speak freely and share project related information without the risk of straining any relationships with other office colleagues or with the implementation partners.

### **Selection of Sub-projects for review and Site Visit:**

Sub-projects will be selected according to the nature/type of the project, project scale, location, type and scale of impacts and access to the project site.

### **Data Analysis and Reporting:**

Mainly descriptive but also quantitative analyses are employed to the data collected in the field using the triangulation<sup>8</sup> technique. Sub-project implementation procedures will be reviewed against the legislative framework and implementation constraints will be evaluated to corrective recommendation will be provided. Subprojects with significant environmental and social impacts will be divided into clusters and then tailored screening and management procedures designed so that focal points can be made and effectively used by Safeguard officers during project selection and approval. Findings will be presented in descriptive text, numbers, tables, figures and pictures.

The report will provide proper guidelines on the role and responsibilities, identification and management of environmental impacts through simple forms, such as check list, screening forms etc, and provide annexes on occupational health and safety issues, GRM forms and all those that are listed in the ToR for this assignment. In addition to the information on ESMF disclosure, training needs and budgeting for proper ESMF implementation will also be furnished in the report.

### **Data Source**

No.	Description	Source
01.	General Support on ANMDP previous activities	Mr. Saeedi (MoCI/ANMDP)
02.	ANMDP ESMF related files	Mr. Hassib Ahmad Amir (ANMDP)
03.	Project files	Mr. Sirat (ANMDP)
04.	Overall ESMF approach	Mr. Aref Rasuli (WB)
05.	Baseline data sources	Mr. Yassin Noori (ANMDP)
06.	Environmental Standard for SMEs	Mr. Edress/Mr Jebran (NEPA)
07.	SME- BA Food processing	Mr. Yousifi - BA-Nangarhar
08.	SME-Carpet	Mr. Yaadgari - BA -Kabul
09.	SME- Women Association	Ms. Nazefa -Garments
10	SME-Shoe production	Mr. Jami - Kabul Shoes factory

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<sup>8</sup> Triangulation is referred to as “the use of two or more independent sources of data or data collection methods within a study to assure that the data tell you what you think they (respondents) are telling you”(Lewis et al., 2009)

## Annex XIV: Terms of Reference for the Grievances Redress Committee

Within the scope of ANMDP-Additional Finance Grievances Redress Committee will be formed at target province. Member of Committee should be representing community, SME representatives, and representative from Business Association, Ministry of Commerce and Industries and member from local government. Where applicable, women will have representation in the GRC. Members of the committee are expected to be familiar with the World Bank's GRM procedures, Labor Law of Afghanistan and other pertinent national regulations.

Some the tasks expected from the grievances redress committees are listed below;

- Reviews the admissibility of each complaint against the national and World Bank's policies and regulatory obligations, and decides which procedures to follow.
- In the context of the handling of admissible complaint, and in accordance with the Grievances Redress Mechanism, the committee
  - a) Acknowledges the receipt of complaints lodged with the GRC;
  - b) Gathers and reviews existing information on the subject under complaint;
  - c) Conducts appropriate inquiries with a view to assessing whether the World Bank's GRM policies and procedures have been followed;
  - d) Coordinates different services involved in order to obtain all possible internal information and opinions on the complaint;
  - e) Ensures appropriate stakeholder engagement through fact-finding, mediation, conciliation and dialogue facilitation whenever appropriate;
  - f) Coordinates with other organizations and stakeholders whenever appropriate;
  - g) Reports on findings, makes recommendations regarding corrective actions (addressing the complaint) and/or possible improvements of existing procedures and issues the conclusion report.
  - h) Drafts appropriate replies to the complainants or refer it to higher level (headquarter level) in the allocated time
  - i) Ensures that imposed and/or agreed delays and notices are respected;
  - j) Fosters the adherence to the World Bank's and national policies, in particular those regarding SMEs.
- The GRC will regularly reports on its activities by issuing quarterly reports on the status of complaints and issues an annual activity report.
- In addition to the handling of complaints, the Committee contributes to the establishment, implementation and communication of strategies, policies, procedures relating to the handling of complaints.
- The GRC assists the ANMDP, for the common sake of good administration, by contributing to the identification of possible improvements to the implementation of its activities.
- In order to raise the awareness of possible future complaints, the GRC reviews internal documents and follows the activities of external stakeholders which are active with regard to the operations of the ANMDP.
- Whilst maintaining its operational independency in terms of opinion and expression, for issues pertaining to civil society and external communication the GRC closely co-operates with the team of ANMDP in the Headquarter.

- The ANMDP endeavours to foster the awareness of all the staff of the GRC and a GRM manual will be developed and training to the GRC members will be given, so that to enable them on the procedures to be followed and provide them with information on the life cycle of a complaint.