



# **GARGAARA COMPANY LIMITED**

**MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) FINANCING  
FACILITY**

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)**

**April 2025**

## Contents

|   |    |
|---|----|
| Acronyms.....   | 6  |
| Executive summary.....  | 8  |
| I Introduction.....   | 1  |
| I.1 Country context.....  | 1  |
| I.2 Gargaara Company Limited.....   | 2  |
| I.2.1 Overview.....   | 2  |
| I.2.2 Financing mechanisms.....   | 3  |
| I.2.3 Gargaara portfolio.....   | 3  |
| I.3 Environment and Social Management Framework.....  | 4  |
| I.3.1 Methodology.....  | 4  |
| I.3.2 Stakeholder consultation.....   | 5  |
| 2 Legal and Regulatory framework.....   | 6  |
| 2.1 Overview of National Regulatory and Policy Framework.....   | 6  |
| 2.2 International Safeguards.....   | 9  |
| 2.2.1 World Bank Environment and Social Framework.....  | 9  |
| 2.2.2 KfW Sustainability Guideline: Assessment and management of Environmental, Social, and Climate Aspects: Principles and Procedures..... | 10 |
| 2.2.3 ILO Core Conventions.....   | 11 |
| 2.2.4 Good Practice Notes (GPN) of the World Bank Group.....  | 11 |
| 2.2.5 General Environmental, Health, and Safety General Guidelines.....   | 11 |
| 2.2.6 Human rights guidelines of the BMZ.....   | 12 |
| 2.2.7 Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (VGGT).....                              | 12 |
| 2.2.8 UN Basic Principles and Guidelines on Development-based Evictions and Displacements.....  | 12 |
| 2.3 International Conventions Signed and Ratified by Somalia.....   | 12 |
| 2.4 Gap filling measures.....   | 13 |
| 3 Environment and Socio- Economic Baseline.....   | 14 |
| 3.1 Overview of the current environmental conditions.....   | 14 |
| 3.1.1 Location and geography.....   | 14 |
| 3.1.2 Climate.....  | 14 |
| 3.1.3 Biological environment.....   | 15 |
| 3.1.4 Water resources.....  | 15 |
| 3.1.5 Soil.....   | 15 |

|        |  |    |
|--------|--|----|
| 3.1.6  | Biodiversity .....   | 15 |
| 3.1.7  | Wetlands.....  | 16 |
| 3.2    | Socio-Economic profile .....   | 16 |
| 3.2.1  | The MSME sector .....  | 16 |
| 3.2.2  | Private sector engagement .....  | 17 |
| 3.2.3  | Economic status .....  | 17 |
| 3.2.4  | Finance.....   | 17 |
| 3.2.5  | Labour and employment.....   | 17 |
| 3.2.6  | Agriculture.....   | 18 |
| 3.2.7  | Land system.....   | 18 |
| 3.2.8  | Cultural Heritage .....  | 18 |
| 3.2.9  | Livelihood .....   | 19 |
| 3.2.10 | Population.....  | 19 |
| 3.2.11 | Security and conflict.....   | 19 |
| 3.2.12 | Gender considerations .....  | 20 |
| 3.2.13 | Gender Based Violence.....   | 20 |
| 3.2.14 | Education and literacy.....  | 20 |
| 3.2.15 | Food security and nutrition.....   | 21 |
| 3.2.16 | Health .....   | 21 |
| 3.2.17 | Electricity .....  | 21 |
| 3.2.18 | Water, sanitation and hygiene.....   | 21 |
| 3.2.19 | Transport.....   | 21 |
| 3.2.20 | Technology .....   | 22 |
| 3.2.21 | Telecommunications .....   | 22 |
| 4      | Potential risks and impacts .....  | 23 |
| 4.1    | Positive impacts.....  | 23 |
| 4.2    | Negative impacts.....  | 23 |
| 4.2.1  | Political interference .....   | 23 |
| 4.2.2  | Gender and social impacts or risks .....   | 24 |
| 4.2.3  | Risk of Gender Based Violence.....   | 24 |
| 4.2.4  | Risk to existing natural resources .....   | 25 |
| 4.2.5  | Activities may lead to/exacerbate climate change impacts and risks .....         | 25 |
| 4.2.6  | Activities that may result in disrupting cultural heritage sites .....           | 26 |
| 4.2.7  | Activities may result in increased community exposure to risks and impacts ..... | 27 |

|        |   |    |
|--------|---|----|
| 4.2.8  | Risk of pollution and resource efficiency issues .....              | 27 |
| 4.2.9  | Risks associated with livestock farming.....                        | 28 |
| 4.2.10 | Risks associated with the renewable energy sector.....              | 28 |
| 4.2.11 | Manufacturing related risks .....                                   | 29 |
| 4.2.12 | Agricultural related risks.....                                     | 30 |
| 5      | Environment and Social Risk Classification .....                    | 31 |
| 5.1    | Screening and categorisation of environment and social risk.....    | 31 |
| 5.2    | Risk classification.....  | 31 |
| 5.3    | Climate risk screening .....  | 34 |
| 5.4    | Exclusion Criteria .....  | 34 |
| 5.5    | Environment and Social Management procedures.....                   | 35 |
| 5.5.1  | E&S management at Gargaara level .....                              | 35 |
| 5.5.2  | E&S management at PFI level .....                                   | 36 |
| 5.6    | Environmental and Social Monitoring .....                           | 39 |
| 5.7    | Environment and Social Management screening criteria for PFIs ..... | 39 |
| 6      | Institutions, roles and responsibilities.....                       | 40 |
| 6.1    | Partner Management.....   | 40 |
| 6.2    | Gargaara Management.....  | 40 |
| 6.2.1  | Board of Directors.....   | 40 |
| 6.2.2  | Management Team .....   | 40 |
| 6.2.3  | Environment and Social Risk Management Specialist .....             | 40 |
| 7      | Capacity building.....  | 42 |
| 7.1    | Training plan.....  | 42 |
| 7.2    | Training of Gargaara, PFIs and National level stakeholders .....    | 43 |
| 7.3    | Training of beneficiaries .....                                     | 43 |
| 8      | Grievance Redress Mechanism .....                                   | 44 |
| 8.1    | Procedure for grievance at Gargaara.....                            | 44 |
| 8.1.1  | Step 1: Registering Complaints.....                                 | 46 |
| 8.1.2  | Step 2: Screening of the grievance.....                             | 46 |
| 8.1.3  | Step 3: Hearing/reviewing of the grievance .....                    | 46 |
| 8.1.4  | Step 4: Closure of the grievance.....                               | 47 |
| 8.1.5  | Grievance Records and Documentation.....                            | 47 |
| 8.2    | GRM at PFI level .....  | 47 |
| 8.3    | Disclosure of the GRM .....   | 48 |

|        |   |    |
|--------|---|----|
| 8.4    | Grievance Mechanism For Gargaara Staff.....   | 48 |
| 9      | References.....   | 50 |
| 10     | Annexes .....   | 51 |
| 10.1   | Environment and Social risk screening Templates.....  | 51 |
| 10.1.1 | Checklist to be used by PFIs for micro-loans screening .....  | 51 |
| 10.1.2 | Detailed E&S screening checklist for to be used by PFIs and Gargaara .....                                      | 52 |
| 10.2   | ESMP Content (sample) .....   | 55 |
| 10.3   | Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP)..... | 56 |
| 10.4   | Detailed Exclusion list.....  | 60 |
| 10.4.1 | Exclusion List of KfW Group .....   | 60 |
| 10.4.2 | IFC/WB Project Exclusion List .....   | 61 |
| 10.5   | Gargaara organisation roles and responsibilities.....   | 62 |
| 10.6   | WHO Recommended Classification of Pesticides by Hazard .....  | 63 |
| 10.6.1 | Extremely hazardous (Class IA) technical grade active ingredients in pesticides .....                           | 63 |
| 10.6.2 | <b>Highly hazardous (Class IB) technical grade active ingredients in pesticides</b><br>64                       |    |
| 10.7   | Gargaara Grievance form .....   | 66 |
| 10.8   | Grievance Log Template.....   | 68 |

## ACRONYMS

|           |  |
|-----------|--|
| CBS       | Central Bank of Somalia  |
| DFIs      | Development Finance Institutions   |
| E&S       | Environment and Social   |
| E&SRM     | Environment and Social Management Risk Management Specialist                                   |
| ESF       | Environmental and Social Framework   |
| ESIA      | Environmental and Social Impact Assessment   |
| ESMP      | Environmental and Social Management Plan   |
| ESS       | Environmental and Social Standard  |
| FGS       | Federal Government of Somalia  |
| FRC       | Financial Reporting Centre   |
| GBV       | Gender-based violence  |
| GCF       | Green Climate Fund   |
| GDP       | Gross Domestic Product   |
| GEF       | Global Environment Facility  |
| GRM       | Grievance Redress Mechanism  |
| ICT       | Information And Communications Technology  |
| IDA       | International Development Association  |
| IDPs      | Internally displaced persons   |
| IFC       | International Finance Corporation  |
| IPCC      | The Intergovernmental Panel on Climate Change  |
| IPF       | Investment Project Financing   |
| IPV       | Intimate partner violence  |
| IT        | Information Technology   |
| KfW       | KfW Development Bank   |
| MDAs      | Ministries, Departments and Agencies   |
| MoCI      | Ministry of Commerce and Industry  |
| MoIFAR    | Ministry of Interior, Federal Affairs and Reconciliation                                       |
| MPTT      | Ministry of Posts, Telecommunications and Technology   |
| MSMEs     | Micro, Small, and Medium Enterprises   |
| NCA       | National Communications Authority  |
| NPLs      | Non-performing loans   |
| OHS       | Occupational health and safety   |
| OSS       | one-stop-shop  |
| PAD       | Project Appraisal Document   |
| PDO       | Project Development Objective  |
| PFI       | Participating Financial Intermediaries   |
| PPE       | Personal Protective Equipment  |
| SCALED-UP | Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project |
| UNICEF    | The United Nations Children's Fund   |
| WB        | World Bank   |
| WHO       | World Health Organization  |

## List of tables and figures

|   |    |
|---|----|
| Figure 1: Risk as a product of the physical climate system, exposure and vulnerability (Source: IPCC,2012)..... | 26 |
| Figure 2: Procedure for management of Environment and Social issues.....  | 35 |
| Figure 3: Illustration of the grievance management process .....  | 45 |
| Table 1: MSMEs classifications .....  | 16 |
| Table 2: Risk categorisation .....  | 32 |
| Table 3: ESMP template for the PFIs.....  | 38 |

## EXECUTIVE SUMMARY

The Environmental and Social Management Framework (ESMF) for Gargaara Company Limited's MSME Financing Facility outlines a structured approach to managing environmental and social (E&S) risks associated with supporting micro, small, and medium enterprises (MSMEs) in Somalia. Operated by Gargaara, the facility provides financing through Participating Financial Intermediaries (PFIs) to foster financial inclusion, economic resilience, and sustainable development while ensuring alignment with international and national environmental and social requirements. Gargaara benefits MSMEs in various sectors, such as agriculture, renewable energy, education, tourism, hospitality, manufacturing, and health, while supporting institutions like the Central Bank of Somalia and the Ministry of Commerce and Industry. Indirectly, it contributes to community development by improving financial ecosystems and empowering women.

The Gargaara portfolio uses the ESMF as a practical tool to guide the identification and mitigation of potential environmental and social impacts of proposed activities. The ESMF aligns with the applicable safeguards and policies of organizations like the World Bank and KfW Development Bank. Key components of the ESMF include risk identification and management, categorizing projects by their environmental and social risks, and maintaining exclusion lists for ineligible activities. Gargaara's overall risk rating is Substantial. Capacity-building initiatives are central to the ESMF implementation, focusing on training PFIs and stakeholders in effective E&S management and compliance with applicable laws and standards. Additionally, it emphasizes transparency and accountability by establishing mechanisms for monitoring, reporting, and addressing grievances from stakeholders.

While the activities have significant positive impacts, such as increased access to finance, promotion of climate-smart agricultural practices, and enhanced productivity, they also carry risks. Potential challenges include natural resource depletion, gender discrimination, and climate-related issues. Other risks include those related to human rights and conflict, community health and safety, working conditions (including occupational health and safety), cultural heritage, and pollution. Mitigation measures include building institutional capacities, promoting sustainable resource use, and implementing robust grievance mechanisms. Overall, the ESMF aims to enhance sustainable development of the Gargaara portfolio through proper management of E&S issues.



# 1 INTRODUCTION

## 1.1 COUNTRY CONTEXT

Somalia's economy is at last beginning to recover following years of war, the COVID-19 epidemic, severe flooding, and a locust invasion. Therefore, one of the main assets of Somalia is its active private sector, which should be seized. This robust and thriving private sector has evolved during the harshest years of the civil war, displaying its ability to deliver crucial services critical to Somalia's socioeconomic and political recovery and progress. As a result, in order for the country to recover from all of these shocks, government hopes to form partnerships with development partners to strengthen institutions crucial for Somalia's ability to fund its own development agenda in the future.



Though much has been done recently to set the groundwork for stability and growth, Somalia remains a vulnerable nation. Somalia has had a consistent period of political, economic, and security related development since 2011. However, there are still significant obstacles to overcome, such as economic isolation, reconciliation, change in the security system, poverty, chronic drought, and widespread malnutrition. Considering a population of over 14 million, with almost three fourths of them in poverty and nearly 43 percent extremely poor, Somalia's economic development and progress still falls short in terms of lowering vulnerability. In addition,

1.1 million Somalis are regarded as internally displaced persons (IDPs) and almost 2.3 million live on the fringes of food insecurity.

World Bank data from 2019 shows that a large portion of Somalia's youth are unemployed. There are 74% of women and 61% of males unemployed in the youth demographic, which includes 70% of the population under the age of 30. Remittances and humanitarian help by themselves are insufficient in this environment to enable the creation of sustainable livelihoods required for the reduction of poverty

and the lessening of political, social, and financial vulnerabilities. Since becoming the eighth member of the East African Community in March 2024, Somalia has new chances to profit from regional trade integration, which is happening at a time of dynamic change in regional political relations. As a result, as the country recovers from its fragile state, it must gradually shift from depending on humanitarian aid to sustainable development initiatives. The private sector and small and medium-sized businesses (MSMEs) now more than ever has the opportunity to help rebuild economic governance institutions by providing and utilizing digital technologies, as well as investing in energy, transportation, education, and health sectors, thereby increasing resilience to shocks and supporting economic growth and job creation.

## 1.2 GARGAARA COMPANY LIMITED

### 1.2.1 Overview

Gargaara is a leading financial institution, regulated by the Ministry of Commerce and registered with the Central Bank of Somalia. It was founded as a dedicated and autonomous organization. As the leading financial institution facilitating MSMEs' access to finance, Gargaara was established to administer a revolving fund by providing a line of credit to Participating Financial Intermediaries (PFIs) on market conditions. Gargaara's special efforts are intended to help financial institutions and the market at large by attracting funds through potential partnerships with Development Finance Institutions (DFIs) and private investors. The institution combines forward-thinking development plans, market innovations, and professional financial services to assist businesses formalize and become well-structured for effective financial services. By fostering inclusivity, providing strategic advice, and providing targeted support, Gargaara seeks to unlock the potential of Somali MSMEs, empowering them to succeed and transforming the underfunded MSME sector into an important driver of economic growth and opportunity.

The primary goal of Gargaara is to mobilize financial and other resources from national or international private and public sectors for sustainable development. The institution is responsible for:

- a) Appraising, planning and monitoring the implementation of development projects and programs including but not limited to wholesale funding.
- b) Mobilizing financial and other resources from the private and public sectors, national or international.
- c) Facilitating the participation of the private sector and community organizations in development projects and programs.
- d) Providing technical assistance, particularly in respect of human resource development and training regarding the identification, preparation, evaluation, financing, implementation and management of development projects and programs.
- e) Funding or mobilizing funding including but not limited to wholesale funding, as determined in the MSME Subprojects Manual, for initiatives to minimize or mitigate the environmental impact of development projects or programs.

### 1.2.2 Financing mechanisms

Gargaara has three types of financing mechanisms. Gargaara operates two financing windows structured as a revolving line of credit providing loans to PFIs on a first-come-first-served basis.

| Mechanism                               |   |
|---|---|
| Large Loan Window                       | The large loans window facilitates access to finance for businesses, improve affordability, and maximize geographic coverage. Through this window, Gargaara targets formal enterprises that seek to expand existing successful or potentially successful businesses. This window has been set up to provide enterprise sub-loans in the range of USD 100,001 up to USD 250,000 through eligible PFIs to MSMEs |
| Micro and Small Loans Window            | This has been established to extend micro-loans mainly to micro enterprises, individuals, and household enterprises in the range of USD 500 to USD 10,000, and small loans to more formal businesses in the range of USD 10,001 to USD 100,000. Set up on similar lines to the large loan window, micro and small loans window consists of a \$9 million window for eligible PFIs.                            |
| Parallel (Third Party) Financing Window | The third-party window is a financial service synergy structure that allows for layered financing from several sources. It allows for additionality and complementarity while also maximizing financial service synergies.  |

### 1.2.3 Gargaara portfolio

#### 1.2.3.1 Target Beneficiaries and Participating Financial Institutions (PFIs)

Beneficiaries under the Gargaara portfolio are owners of micro, small, and medium scale enterprises that will benefit from improved access to basic financial and digital services. MSMEs from the following productive sectors renewable energy, agriculture, fisheries, agricultural processing, small-scale manufacturing, education, health, hospitality, travel and tourism will be considered. Banks and non-bank financial institutions participating under the portfolio will also directly benefit from the strengthened capacity to provide MSME banking and conduct E&S assessments. More broadly, a more robust and inclusive financial and digital ecosystem will benefit the entire Somali population including the economic empowerment of women. To date, Gargaara is currently refinancing 7 banks and 2 microfinance institutions to provide financing and business development

#### 1.2.3.2 Expected outcomes and benefits

Through this initiative, Gargaara hopes to promote gains in productivity and sustainable employment in MSMEs as access to finance should lead to creation and/or expansion of enterprises and products. Furthermore, it is also expected to have positive spillover effects, including creating additional business, and increasing productivity and competitiveness. This will help improve efficiency of the MSME credit market and expand the availability of funding to MSMEs. The benefits for PFIs include access to new clients, enhanced credit policies, and portfolio diversification. This could enhance profitable MSME banking to viable enterprises and reduce PFIs' nonperforming loans (NPLs).

## 1.3 ENVIRONMENT AND SOCIAL MANAGEMENT FRAMEWORK

The purpose of this Environmental and Social Management Framework (ESMF) is to establish a systematic approach for identifying, assessing, managing, and mitigating the environmental and social risks and impacts associated with activities financed by the PFIs through Gargaara. It serves as a guideline to ensure compliance with international standards (e.g., World Bank Environmental and Social Framework, IFC Performance Standards, KfW Sustainability Guidelines) and national regulations, while promoting sustainable development and minimizing harm.

The ESMF will provide guidance for:

### 1. Risk Identification and Management

- Enable PFIs to identify and categorize sub-projects based on environmental and social risks (e.g., low, medium, substantial).
- Provide a clear process for screening, scoping, and assessing risks under Gargaara's portfolio.

### 2. Capacity Building and Awareness

- Build the capacity of PFIs to manage environmental and social risks effectively.
- Provide training and tools to help PFIs understand their responsibilities and ensure proper implementation.

### 3. Compliance and Safeguard Alignment

- Ensure that activities financed by the PFIs under Gargaara's portfolio comply with the environmental and social safeguard policies of donors, such as the World Bank and KfW, as well as national laws.

### 4. Transparency and Accountability

- Establish clear guidelines for monitoring, reporting, and documenting environmental and social performance to stakeholders, including development partners and regulators (Environmental and Social Action Plan (ESAP)).

### 5. Grievance Redress Mechanisms

- Provide mechanisms for addressing stakeholder concerns related to environmental and social issues associated with financed projects.

#### 1.3.1 Methodology

##### 1.3.1.1 Literature review

Existing literature related to Gargaara operations, and its portfolio was reviewed. The Guidelines for Environment Impact Assessment in Somalia as well as other existing national and international (including World Bank and KfW) policies, guidelines, standards, and legislation were also referred to.

Therefore, literature review involved the review of existing literature such as: -

- The 2019 Environment and Social Management Framework - SCALED-UP
- The World Bank Environmental and Social Safeguards Policies
- The World Bank Environment and Social Framework, 2018
- KfW Development Bank Sustainability Guideline: Assessment and Management of Environmental, Social, and Climate Aspects: Principles and Procedures, 2024
- Literature on the experiences from past and recent development projects in Somalia
- Guiding relevant policy, legal and institutional framework of Somalia

- Guidelines for Environment Impact Assessment in Somalia and other existing legislation
- Project Appraisal Document (PAD)- SCALED-UP
- Gargaara Charter
- Gargaara Subproject Manual
- Gargaara Employee Handbook

### 1.3.2 Stakeholder consultation

In line with best practices, engagements have been done with the relevant stakeholders to gain their views. Stakeholders consulted include KfW and Gargaara relevant personnel. Stakeholder consultations' will be continuous in the operations of Gargaara.

## 2 LEGAL AND REGULATORY FRAMEWORK

This section of the ESMF describes the relevant policy, legal and governmental framework for Gargaara, covering national requirements as well as applicable international treaties and conventions. The existing policy, legislative and institutional framework will be necessary for consideration in the design, implementation, monitoring, and evaluation of activities under the Gargaara portfolio.

### 2.1 OVERVIEW OF NATIONAL REGULATORY AND POLICY FRAMEWORK

#### 1) Constitution of the Republic of Somalia.

The key legal instrument for management of environmental affairs in Somalia is the Constitution, especially Article 25 (“Environment”), Article 43 (“Land”), Article 44 (“Natural Resources”) and Article 45 (“Environment”). Article 25 of the Constitution states that “[every Somali] has the right to an environment that is not harmful to their health and well-being, and to be protected from pollution and harmful materials.” The article proceeds to declare that “[every Somali] has the right to have a share of the natural resources of the country, whilst being protected from excessive and damaging exploitation of these natural resources.” Article 45 (in Chapter 3 – “Land, Property and Environment”) exhorts “all people in Somalia” to “participate in the development, execution, management, conservation and protection of the natural resources and environment.” Article 43, on its part, provides guidelines on environmental and social safeguards that can be observed. However, there are no standing environmental and/or social safeguards in terms of legislated and or drafted regulations. The Article also affirms that the federal government shall give priority to the protection, conservation, and preservation of the environment against anything that may cause harm to natural biodiversity and the ecosystem.

#### 2) Somalia National Environment Policy.

The overall goal of the policy is to improve and enhance the health and quality of life of the Somali people and promote sustainable development through sound management of the country's natural resources. The National Environmental Policy provides the framework for making the fundamental changes needed to bring consideration of the environment into the mainstream of the decision-making processes in the country. It provides for the overall sectoral and cross-sectoral coordination of environmental management activities in various related government departments. The policy provides the framework for the formulation of plans, programs, and guidelines for achieving sustainable development.

#### 3) Environmental Assessment Bill, Somalia.

In November 2020, an environmental impact assessment bill was approved by the Somali cabinet and sent to the parliament for ratification. The Directorate is also the operational focal point for multilateral environmental agreements and funds, such as the Global Environment Facility (GEF), Green Climate Fund (GCF), etc. It is also tasked with conducting Sectoral Environmental Assessments, EIAs and EAs, although at present there are no enabling legislation or regulations in place, other than the above-mentioned impact assessment bill.

#### 4) Environmental and Social Impact Assessment regulation (Draft, 2021)

The regulation adopted by the cabinet aims to promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of the natural environment and its functions. Article 61, subject to the requirement of the assessment and approval from the DECC and "No proponent shall implement a project for which approval is required under this

regulation, to avoid or mitigate detrimental impacts on the environment and society and to maximize the positive impacts of the proposed activities

#### **5) Somalia Labour Code.**

The Labour Code of 1972 stipulates that all employment contracts must include a) the nature and duration of the contract; b) the hours and place of work; c) the remuneration payable to the worker; and d) the procedure for suspension or termination of contract. Furthermore, all contracts must be submitted to the competent labour inspector for pre-approval. With regards to occupational health and safety (OHS) standards, the employer is obligated to provide adequate measures for health and safety, protecting staff against related risks, including the provisions of a safe and clean work environment and of well-equipped, constructed and managed workplaces that provide sanitary facilities, water and other basic tools and appliances ensuring workers' health and safety. The Code further stipulates that workers have the right to submit complaints, and the employer must give the complaints due consideration. Remuneration must be adequate in view of the quality and quantity of the work delivered, and must be non-discriminatory with regard to age, gender and other aspects. Maximum number of working hours per week are 8 hours per day and 6 days per week. Some work is considered dangerous and unhealthy and forbidden for women and youth (defined as 15-18 years of age). This includes the carrying of heavy weight or work at night. The Labour Code further forbids work for children below the age of 12 but allows employment of children between the ages of 12-15, but employment has to be compatible with proper protection, health and the moral of children. The Code also recognizes freedom of association. Employers are prohibited from engaging in any kind of discrimination or restriction of the right of freedom of association. Workers are allowed to join trade unions. Further, the Labour Code stipulates the right to equal pay for the same work and women are entitled to 14 weeks of maternity leave at half pay.

#### **6) The Somalia Provisional Constitution (2012)**

**The constitution** outlines general environmental laws including the right to a healthy environment for citizens as well as guidelines for conservation, development, and protection of natural resources. The Provisional Constitution notes that the Federal Government shall give priority to the protection, conservation, and preservation of the environment against anything that may cause harm to natural biodiversity and the ecosystem.

#### **7) Somaliland Environmental Management Law No. 79 of 2018**

The law establishes institutions and regulations suitable for the environment, including setting forth the main tasks of the responsible body for the protection of the environment, the Ministry of Environment and Rural Development. It also requires an Environmental Impact Assessment (EIA) to be carried out for a series of projects.

#### **8) Somalia's Intended Nationally Determined Contribution (2015)**

This document includes a status of climate, ecology, and status of the environment as well as planned action for sustainable resource management and energy production.

#### **9) The National Development Plan (2020-2024)**

The plan provides the country with a path for sustainable economic growth over a five-year period.

#### **10) Somalia National Water Resources Management Strategy (2021-2025)**

The strategy outlines ways to manage water resources and energy when faced with climate change and environmental hazards.

### **11) National Youth Policy**

The National Youth Policy goals are investing and empowering the youth population by in-depth analysis of their needs, to ensure participation and collaborative interventions on youth issues. It will also focus on developing wide-ranging programs to unite the different institutions delivering services to youth to attain the intended results in social, economic and political development.

### **12) The Somali Women's Charter (2019)**

The charter calls for women's economic empowerment through, claiming that 'full participation and socio-economic rights are cornerstones for equality and sustainable development'. It is essential, says the Charter, to 'empower women as innovators and entrepreneurs and advance gender equality using innovative approaches which draw on new technologies and collective learning' (p. 13).

### **13) National Gender Policy.**

The Draft National Gender Policy establishes a 'framework to guide the process of developing legislations, policy formulations, implementation and programs to promote equal rights and opportunities for women and men in all spheres of life. The policy outlines four priority areas for gender-based interventions: economic empowerment, health, education, and political participation.

### **14) The Ninth National Development Plan (2019-2024)**

The National Development Plan (NDP) is a comprehensive development plan that aims to contribute to poverty reduction efforts that improve security and the rule of Law; Inclusive Economic Growth (including increased employment) and Improved Social Development. Besides, the plan has a cross-cutting imperative integrated into each pillar, representing an essential strategy for targeting and prioritizing interventions.

### **15) Environmental Management Act (enacted 2020)**

The Act provides a general legal framework and defined the environment, minimize and avoided the production of wastes, loss of livelihoods, and all environmental assets, and promote environmentally sound management. Promote sustainable development concerning the control of the environment and natural resources.

### **16) Somali National Disaster Management Policy**

The Somali National Disaster Management Policy aims to strengthen community resilience and preparedness for disasters and emergencies. The policy seeks to provide a legislative framework for disaster management within government institutions while also strengthening the coherence and coordination of humanitarian support from international donor organizations.

### **17) The National Infrastructure Strategy (2019-2063)**

The overall objectives of the infrastructure strategy are to revitalize, operate and maintain essential infrastructure and services to improve stability and set foundations for social, economic, and sustainable development. Somalia created an infrastructure that enhances employment, increases food security, builds up resilience to climate change and variability, respect Somali cultural heritage, and is environmentally and economically sustainable. The short-term (5 year) vision for Somalia's infrastructure is to lay out the foundations of resilient infrastructure systems that will contribute to the countries stability. It will also provide the necessary services for all (setup the organizational structures.



### **18) Somalia National Climate Change Policy (updated 2023)**

The goal of this framework policy is to enhance resilience and improve the adaptive capacity of vulnerable Somali communities, the ecosystems on which they depend, to the adverse impacts of climate change in Somalia.

## **2.2 INTERNATIONAL SAFEGUARDS**

Funding through Gargaara will align with international best practice including the World Bank's Environmental and Social Framework and KfW Sustainability guidelines which sets out commitment to sustainable development with the aim of ending extreme poverty and promoting shared prosperity.

### **2.2.1 World Bank Environment and Social Framework**

Environmental and Social Standard ESS1 applies to all activities under the portfolio. ESS1 establishes the importance of:

- 1) The Recipient's existing environmental and social framework in addressing the risks and impacts of the project.
- 2) An integrated environmental and social assessment to identify the risks and impacts of a project.
- 3) Effective community engagement through disclosure of project-related information, consultation, and effective feedback; and
- 4) Management of environmental and social risks and impacts by the Recipient throughout the project life cycle.

These Standards establish objectives and requirements to avoid, minimize, reduce and mitigate risks and impacts, and where significant residual impacts remain, to compensate for or offset such impacts.

#### **ESS 1: (Assessment and Management of Environmental and Social Risks and Impacts)**

This Standard will set out Gargaara's and PFI's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of activities supported under the portfolio in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). This standard will provide guidance to ensure that activities financed under the Gargaara portfolio are screened for environmental and social risks and categorized appropriately (low, moderate, or substantial risk).

#### **ESS 2: (Labor and Working Conditions)**

This Standard recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Gargaara will promote sound worker management relationships and enhance the development benefits by promoting the treatment of workers in the portfolio fairly and providing safe and healthy working conditions.

#### **ESS 3: (Resource Efficiency and Pollution Prevention and Management)**

This Standard recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. This ESS sets out the requirements to promote sustainable resource use and pollution prevention and management throughout businesses under the portfolio.

#### **ESS 4: (Community Health and Safety)**

This Standard addresses the health, safety, and security risks and impacts on potentially affected communities and the corresponding responsibility of Gargaara and PFIs to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.

#### **ESS 5: (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement)**

This Standard safeguard the rights of vulnerable groups, including displaced persons and marginalized communities. Involuntary resettlement should be avoided. Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented.

#### **ESS 6: (Biodiversity and Sustainable Management of Living Natural Resources)**

This Standard recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development and it recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. ESS6 also addresses sustainable management of primary production and harvesting of living natural resources and recognizes the need to consider the livelihood of project-affected parties, including Indigenous ESS 8: Cultural Heritage Peoples, whose access to, or use of, biodiversity or living natural resources may be affected by a project.

#### **ESS 8: (Cultural Heritage)**

This Standard recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. ESS8 sets out measures designed to protect cultural heritage throughout activities under the portfolio.

#### **ESS9: (Financial Intermediaries (FIs))**

This standard ensures that PFIs receiving World Bank funding have robust systems to manage environmental and social (E&S) risks and impacts associated with sub-projects they finance. ESS9 recognizes the unique position of PFIs as intermediaries between the World Bank and ultimate beneficiaries and seeks to ensure that their operations promote sustainability and mitigate harm.

#### **ESS 10: (Stakeholder Engagement and Information Disclosure)**

This Standard recognizes the importance of open and transparent engagement between the Gargaara, PFIs, beneficiaries and other stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

### **2.2.2 KfW Sustainability Guideline: Assessment and management of Environmental, Social, and Climate Aspects: Principles and Procedures**

The KfW Sustainability Guideline serves as a comprehensive framework for ensuring that environmental, social, and climate (ESC) aspects are systematically integrated into the planning, assessment, and implementation of projects financed by KfW. It reflects KfW's commitment to promoting sustainable development by aligning financed projects with international best practices, national laws, and the broader objectives of environmental and social sustainability.

In the context of Environmental and Social Management Framework (ESMF) best practice, the guideline provides principles and procedures that will guide Gargaara and PFIs in managing risks and ensuring sustainability.

### 2.2.3 ILO Core Conventions

The purpose of the ILO Core Conventions is to create a fair, inclusive, and equitable global labour market. By embedding these conventions into national policies and workplace practices, governments, employers, and workers can contribute to sustainable economic development, reduce poverty and inequality, and ensure human dignity in all aspects of employment. The ten Core Conventions include:

- Convention No. 87: Freedom of Association and Protection of the Right to Organize Convention, 1948
- Convention No. 98: Right to Organize and Collective Bargaining Convention, 1949
- Convention No. 29: Forced Labour Convention, 1930
- Convention No. 105: Abolition of Forced Labour Convention, 1957
- Convention No. 138: Minimum Age Convention, 1973
- Convention No. 182: Worst Forms of Child Labour Convention, 1999
- Convention No. 100: Equal Remuneration Convention, 1951
- Convention No. 111: Discrimination (Employment and Occupation) Convention, 1958
- Convention No. 155: Occupational Safety and Health, 1981
- Convention No. 187: Promotional Framework for Occupational Safety and Health (2006)
- Convention No. 191: Safe and Healthy Working Environment (Consequential Amendments)

### 2.2.4 Good Practice Notes (GPN) of the World Bank Group

The Good Practice Notes (GPN) of the World Bank Group provide non-binding, practical guidance on implementing specific elements of the World Bank's Environmental and Social Framework (ESF) and other policies. These notes will help Gargaara, PFIs and other stakeholders address challenges related to environmental, social, and governance (ESG) issues in development projects. Overall, they will provide detailed, actionable guidance, they enable projects to better navigate environmental and social risks while contributing to the long-term development objectives of Gargaara.

### 2.2.5 General Environmental, Health, and Safety General Guidelines

The World Bank General EHS Guidelines are technical reference documents designed to guide the identification, assessment, and management of environmental, health, and safety risks in development projects. It also specifically provides a framework for promoting sustainable practices across diverse sectors by minimizing adverse impacts on the environment, human health, and worker safety. By embedding these guidelines into project planning and implementation, Gargaara and the PFIs can achieve sustainable outcomes while adhering to international best practices and reducing risks to people and the environment. Overall, the detailed, actionable guidance, will enable Gargaara and the PFIs to better navigate environmental and social risks while contributing to the long-term development.

### 2.2.6 Human rights guidelines of the BMZ

The Human Rights Guidelines of the BMZ (Federal Ministry for Economic Cooperation and Development) serve as a foundational framework to integrate human rights into Germany's development cooperation initiatives. In the context of the ESMF and PFI operations, the BMZ's human rights guidelines provide a structured approach for addressing human rights risks and ensuring alignment with sustainable development practices. By integrating these guidelines into the ESMF, Gargaara can achieve more equitable, inclusive, and sustainable outcomes while aligning with international best practices and contributing to the global human rights agenda.

### 2.2.7 Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests (VGGT)

These guidelines provide a global framework to promote equitable and sustainable land, fisheries, and forest governance. These guidelines are particularly relevant to development projects to ensure that land and resource tenure rights are respected and managed responsibly. Overall, the VGGT guidelines provide a robust framework for addressing tenure issues in development projects, emphasizing the protection of rights, promotion of sustainable resource management, and equitable access to land, fisheries, and forests. Incorporating these guidelines into an ESMF will ensure that activities under the Gargaara portfolio respect tenure rights, reduce social and environmental risks, and contribute to sustainable and inclusive development.

### 2.2.8 UN Basic Principles and Guidelines on Development-based Evictions and Displacements

The UN Basic Principles and Guidelines on Development-Based Evictions and Displacements, provide a human rights-based framework to address the issue of forced evictions resulting from development projects. These principles aim to ensure that evictions and displacements are carried out only as a last resort, in a manner consistent with international human rights standards, and with adequate safeguards to protect affected communities. These principles will provide a robust framework for addressing risks associated with displacement, ensuring compliance with global best practices, and fostering socially inclusive and sustainable development.

## 2.3 INTERNATIONAL CONVENTIONS SIGNED AND RATIFIED BY SOMALIA

Somalia has signed and ratified a number of major international environmental agreements. Some of those relevant to Gargaara financing/on-lending/DFI credit lines:

- African Convention on the Conservation of Nature and Natural Resources – 1976
- Protocol Considering Regional Cooperation and in Combating Pollution by Oil and other Harmful Substances in Cases of Emergency - 1982
- Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment - 1982
- United Nations Convention on Biological Diversity – 1992
- World Convention on International Trade in Endangered Species of Wild Fauna and Flora Convention on the Conservation of Migratory Species of Wild Animals.
- Regional Convention for the Conservation of the Red Sea and the Gulf of Aden Environment.
- Protocol on Substances that Deplete the Ozone layer (Montreal Protocol)
- United Nations Convention to combat desertification (UNCCD).
- United Nations Framework Convention on Climate Change (UNFCCC).

- Kyoto Protocol to the UNFCCC.
- Convention on Biological Diversity.
- Protocol on Biosafety (Cartagena Protocol).
- Basel, Stockholm and Rotterdam Conventions.
- Protocol concerning Regional Cooperation in Combating Pollution by Oil and other Harmful Substances in Cases of Emergency in the Eastern African region.
- Convention for the protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region (Nairobi Convention).
- Emergency Heritage Convention – 1975

## 2.4 GAP FILLING MEASURES

According to the applicable standards, activities will be classified into one of four classifications: high risk, substantial risk, moderate risk or low risk. Based on Gargaara's substantial risk rating both environmentally and socially, the project will apply the more stringent of regulations. Specifically, whilst national regulations are adequate for some of the activities, additional gap-filling measures will be used for others so that they can adequately address issues related to contract management, safety of local communities, and workers. Capacity building efforts pertaining to regulation and oversight are also incorporated to help bridge the regulation/enforcement gaps between national practice and applicable standards.

## 3 ENVIRONMENT AND SOCIO- ECONOMIC BASELINE

### 3.1 Overview of the current environmental conditions

#### 3.1.1 Location and geography

Somalia is situated in eastern Africa, on the border of Ethiopia, the Gulf of Aden, Kenya, and the Indian Ocean. It is known as the Horn of Africa. The country's total land area is 637,657 square kilometres. The 2,071-mile coastline is the longest on Mainland Africa. The country's terrain is predominantly plains, with highlands in the north and plateaus in the south.

#### 3.1.2 Climate

Somalia is highly vulnerable to the impacts of climate change, with rising temperatures intensifying natural disasters such as droughts, flooding, and cyclones, while also contributing to public health crises. From 2021 to 2023, the country experienced its worst drought in four decades, which killed 43,000 people, displaced over 1 million, and left 7 million facing extreme food insecurity. While not all displacement is climate-related, 75% of the 2.9 million internally displaced people cited drought or floods as primary causes. The risk of severe droughts is expected to rise, along with more frequent and intense flooding, as seen in 2022 when the Gu rainy season triggered the worst flooding in 30 years, affecting 460,000 people. Somalia also faces regular tropical cyclones, such as Cyclone Gati in 2020, which displaced tens of thousands. As climate change progresses, these extreme weather events are likely to increase, further threatening the country's resilience and food security.

**Temperature.** Annual mean temperatures are usually between 25°C to 27°C around the entire country. In the north, highest temperatures are recorded from June to September, while in the south, December to March are the hottest months.

**Rainfall.** Due to high temperatures and frequent drought, rainfall is relatively low throughout the country. In most of the country, average rainfall is 200 mm with the northern coastline receiving much less than that at 50 mm annually. The southwest receives the most rainfall with 600 mm, followed by the south with 400mm annually. The first rainy season is referred to as the Gu and it goes from April to June. There is a second rainy season called the Deyr which is shorter and occurs from October to December. Rainfall is significantly impacted by El Niño and La Niña with more rainfall in the former and drought in the latter. However, climate change is projected to drive increasing variability in precipitation patterns, resulting in both wetter and drier extremes.

**Sea level rise.** Somalia has the longest coastline of all countries in mainland Africa. Projections show that sea level rise in 2030 could reach approximately 0.1 meter relative to a baseline average sea level of 1995 – 2014, and that by 2050, this total could increase to approximately 0.24 meter.

**Extreme weather events.** More than 30 climate-related hazards have hit the country since the year 1990. The major extreme weather events experienced by Somalia include droughts, floods, sandstorms, cyclones, and dust storms. Floods and droughts have proven to be deadly for Somali citizens.

Overall, there is need for the project to integrate climate related adaptation strategies to help buffer shock from these impacts. Strategies can include climate resilient infrastructure, climate resilient products and service as well as climate information systems that provide early warning to communities.

### 3.1.3 Biological environment

As of 2018, forests accounted for around 10% of Somalia. Drought, illicit logging, and land misuse have all posed risks to these forests, resulting in decreased forest coverage over time. The loss of tree cover has resulted in increased soil erosion and water storage, which is particularly worrisome given the country's current drought. Trees play an important influence in soil fertility. Acacia trees, for example, retain water and nitrogen, which is used to nourish soil and prevent surface soil runoff during the rainy season. These trees are presently threatened due to the charcoal business, with a 5% reduction. Somalia is a member of the UN Convention to Combat Desertification's Land Degradation Neutrality (LDC) worldwide effort.

### 3.1.4 Water resources

The Juba and Shabelle Rivers, the two major watercourses flowing south from Ethiopia, are essential to Somalia's predominantly agricultural society, often regarded as the country's "breadbasket." Somalia is divided into nine major water basins, with these two rivers forming the core sources of surface water. Along Somalia's coastal belt, fringing reefs, coral patches, and mangrove forests thrive, while nutrient-rich upwelling from deep waters sustains critical fisheries. Despite these natural resources, Somalia faces severe water scarcity, with renewable freshwater availability at just 411 cubic meters per capita as of 2017.

This scarcity has worsened since 1962 due to overexploitation, population growth, competition over resources, and pollution. By 2021, 47% of Somalis lacked access to safe water and sanitation (WASH) services, according to the WHO-UNICEF Joint Monitoring Programme (JMP). The report indicates that while 52% of Somalis have access to basic water supplies, access is heavily skewed, with only 28% coverage in rural areas compared to 83% in urban regions. The high dependence on groundwater, which accounts for 80% of domestic water supply, presents challenges as it is often saline and of poor quality. Frequent droughts, intense flooding, and inadequate soil capacity also exacerbate the situation. Increasing soil retention capacity is vital to address flooding, while annual rainfall, which varies by region, is further shaped by two distinct rainy and dry seasons.

### 3.1.5 Soil

Somalia is also home to a variety of soil types. The centre of the country has sandy coastal soils and deep loamy soils further inland. In the south, there are low lying alluvial plains there are clayey soils with poor drainage and at the Ethiopian border lies deep loamy and clayey soils.

### 3.1.6 Biodiversity

Somalia is among the most biodiverse countries in the Horn of Africa, with over 2,000 endemic plant and animal species. Despite this richness, the ecosystem is fragile, stressed by irregular rainfall and extreme weather. The Jubba and Shabelle River basins are critical not only as water sources but also as ecological habitats. In the far south, biodiversity remains high, with animals like hyenas, foxes, leopards, lions, and diverse bird species still present. However, larger species such as giraffes, zebras, oryx, and elephants have declined significantly, primarily due to poaching. Conservation efforts were once in place through national parks, but these efforts largely ceased following the collapse of the government in 1991.

The marine area off Somalia's southern coast is among the world's most productive ecosystems. The Somali Current Large Marine Ecosystem includes wetlands, mangroves, swamps, and coral reefs, all of which play crucial roles in biodiversity protection, climate resilience, and ecosystem health. These



habitats act as natural defences against climate change and provide critical support to the country's ecological balance.

### 3.1.7 Wetlands

Somalia's wetlands are critical for livelihoods, economic activity, and climate change mitigation. Overgrazing by livestock and intensive agriculture has resulted in considerable degradation of these inland swamp habitats. In response, international groups are focusing on wetland restoration, with the goal of improving the land's ability to absorb rain during the wet season and lowering the risk of flooding, particularly in southern regions. These wetlands are critical for agriculture and animals, but previous neglect has resulted from a focus on more immediate requirements. However, investing in wetland conservation is crucial to Somalia's future resilience in the face of climate change. Wetlands near the Indian Ocean, particularly in southern Somalia, play a crucial role in mitigating the Somali Current during El Niño episodes.

## 3.2 SOCIO-ECONOMIC PROFILE

### 3.2.1 The MSME sector

MSMEs play a central role in driving economic growth and stability in Somaliland, forming the backbone of the private sector and fostering job creation. These businesses operate across a wide array of sectors, including agriculture, livestock, retail, real estate, construction, forestry, education, hospitality, food and beverage, IT and communications, finance and money transfers, transportation, health, manufacturing, mining, electricity, water management, waste management, fishing, and more. Smaller ventures such as clothing shops, beauty salons, coffee houses, and travel services also contribute to the diverse economy. Engaged in nearly every economic sector, MSMEs create pathways for inclusive development, providing more opportunities for women and youth and supporting growth in underserved regions, which aids in reducing inequality across the country. Majority of the businesses in Somalia are owned by women; over 60 percent of business owners are Somali women<sup>1</sup> and out of which 92 percent were micro businesses<sup>2</sup>

Table 1: MSMEs classifications

| Enterprise         | Number of employees |
|--------------------|---------------------|
| Micro Enterprises  | 1-10                |
| Small Enterprises  | 10-50               |
| Medium Enterprises | 50 -250             |

Source: *Somalia Business Development, and Banking Advisory Services Market Study, 2022*

According to an EU study from 2021, the main challenges for Somali MSMEs are clan-based, restrictive access to credit, informality, limited general advisory services, poor infrastructure, and fragile markets with weak, disrupted supply chains. Other challenges include social norms and cultural practices that exclude or limit participation of certain groups of people, such as women, access to skilled workforce and technology, lack of reliable and affordable electricity. Given that informality dominates the private sector, making market-based financial intermediation difficult, therefore it is necessary to remove

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<sup>1</sup> African Development Bank 2018, 2018 African Economic Outlook Country Note,

<sup>2</sup> MENON Business Economics, June 2010, SMEs and growth in Sub-Saharan Africa



capital barriers for MSMEs while also supporting the transition to the formal economy through incentives.

### 3.2.2 Private sector engagement

Somalia's private sector is dynamic, featuring a well-connected business community and strong interest in international trade and investment. However, Somalia ranks lowest in the world on the Doing Business Index (190 out of 190 as of 2019), highlighting significant challenges. Informality dominates, making financial intermediation difficult, especially in vital sectors like energy and livestock. Regulatory and institutional weaknesses in sectors such as finance and ICT also create an uneven business landscape, stifling growth and limiting economic potential of private sector. This environment discourages large-scale private and public investment, reducing Somalia's connectivity with global markets. To foster economic opportunities and improve livelihoods, it is essential to stabilize core institutions that can provide foundational services and create an environment that supports inclusive growth for both individuals and businesses.

### 3.2.3 Economic status

Gross domestic product (GDP) has been at a relatively consistent growth rate of around 2% but is expected to go above 3.2% in 2024. Though Somalia continues to face many challenges, they have been successful in reducing their debt-to-GDP ratio through a debt forgiveness program and have had a resilient private sector despite consistent shocks. Agriculture, particularly livestock, remains the economy's backbone accounting for about 40% of GDP and more than 50% of export earnings. The other main products in the economy include fish, charcoal and bananas, sugar, sorghum, and corn. According to the Central Bank of Somalia, aggregate imports of goods average about US\$460 million per year, higher than the pre-civil war in 1991.

Since the collapse of the military regime, the economy has suffered even more as a result of civil war. A range of challenges erode Somalia's economic capacity, including unproductive and climate-vulnerable agricultural practices, fragmented markets, limited urban livelihoods, weak education and training leading to human capital deficits, and an uncompetitive business environment. Overall, the country remains one of the poorest in the world, with its main sources of income coming from foreign aid, remittances, and the informal sector. Evidence suggests that women may be the main breadwinner in 70 % of households, though their role may often not be captured in surveys that engage the male household head.

### 3.2.4 Finance

A World Bank report released in 2018 found that almost 73% of Somalia's population aged 16 and above use mobile money. Mobile money has become a fundamental and ubiquitous part of Somalia's economic ecosystem. Penetration rates are highest in metropolitan areas (83%) and camps for internally displaced persons (72%). Yet even in rural areas, 55% of the population uses mobile money

### 3.2.5 Labour and employment

<sup>3</sup>Approximately 83.02% of Somali workers work in agriculture, 3.55% in industry, and 13.44% in services (SPARK, 2021). Somalia's labour force participation rate in 2022 was roughly 34.94%, reflecting the economically active percentage of the population aged 15 and up. Due to a lack of formal

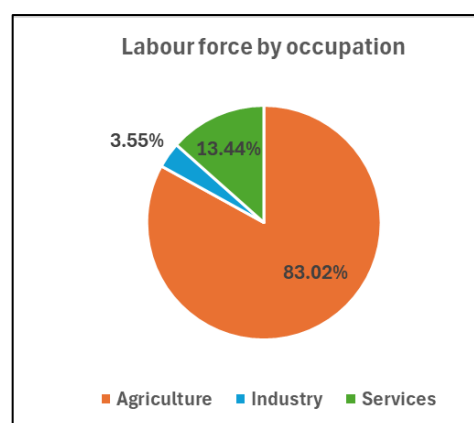
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<sup>3</sup> The Somali MSMEs ecosystem challenges and opportunities report by BINA and SPARK

wage prospects, nearly two-thirds of the labour force in Somalia is self-employed. Unemployment is especially severe among the young: with 70% of the population under 30, youth unemployment rates are 74% for women and 61% for males. This problem is exacerbated for those with disabilities, who face high percentages of unemployment. Addressing these discrepancies necessitates targeted initiatives to increase economic possibilities, particularly for young people and underprivileged populations.

### 3.2.6 Agriculture

Agriculture has long been the foundation of Somalia's economy, dominating both production value and exports. The sector is divided into three main subsectors. The first is nomadic pastoralism, which takes place outside cultivated areas and centres on raising goats, sheep, camels, and cattle.



This sector has shifted towards a market-oriented approach. The second subsector is traditional, subsistence-based agriculture practiced by smallholder farmers. This includes rain-fed farming in the south and northwest, which focuses on sorghum and often involves livestock, and small irrigated farms along rivers that produce crops like maize, sesame, cowpeas, and a variety of fruits and vegetables for nearby towns. The third subsector consists of market-oriented farming on medium- and large-scale irrigated plantations along the lower Jubba and Shabeelle rivers, where crops such as bananas, sugarcane, rice, cotton, vegetables, and fruits like

grapefruit, mangoes, and papayas are grown.

Somalia's climate is projected to become drier, warmer, and more extreme, posing significant challenges to agricultural productivity. Drought, variable water availability, and reduced grazing vegetation threaten both crop production and livestock herding. In the face of slow-onset natural hazards and environmental degradation, communities may be forced to migrate to more habitable areas. Therefore, integrating climate-smart agricultural strategies into development projects is essential to build resilience, improve sustainability, and protect livelihoods dependent on agriculture.

### 3.2.7 Land system

Somalia's land tenure system is complex, shaped by its colonial history under both British and Italian rule. The 1975 Agricultural Land Law shifted land control from traditional authorities to the government, though the current legal framework remains ambiguous. Landholders may register property as state leaseholds with usufruct rights for up to 50 years, though these rights can be revoked by the government if the land is used for non-agricultural purposes, left unproductive, or transferred unlawfully. Although Islamic law upholds women's inheritance rights, customary practices often fail to do so. The Somaliland Constitution declares land as public property held by the nation, though the government can transfer land to private ownership, especially in urban and agricultural areas. Recognizing these complexities will be crucial for the project to prevent misunderstandings related to land status.

### 3.2.8 Cultural Heritage

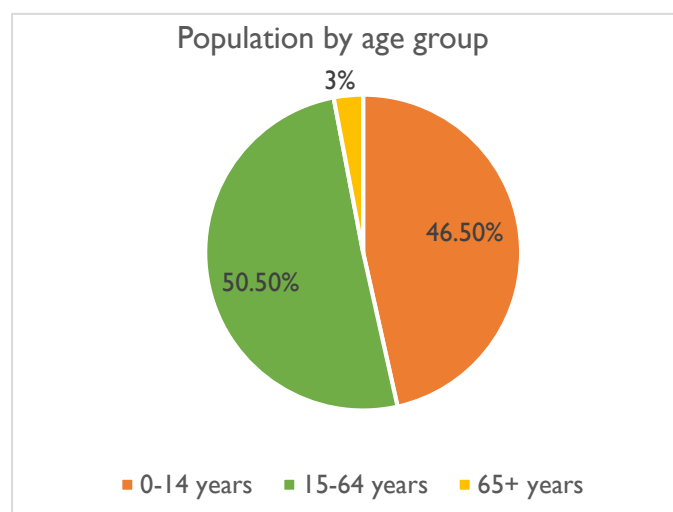
Although Islam is the predominant religion, indigenous beliefs remain strong and are often syncretized with those of the Quran to provide a belief system unique to the country.

### 3.2.9 Livelihood

Unemployment is widespread within Somalia's young population. With 73 percent of the population below the age of 30, as of 2017 youth unemployment is at 74 percent and 61 percent for women and men, respectively. In this setting, remittances and humanitarian aid alone are not sufficient to support the development of sustainable livelihoods that are necessary for poverty reduction and mitigation of political, social, and economic vulnerability. The domestic economy and many local livelihoods are dependent on the livestock sector, which generates trade worth an estimated 40 percent of Somalia's GDP and represents over 50 percent of Somalia's exports, but which is itself highly vulnerable to drought and trade-related shocks.

### 3.2.10 Population

Somalia's population is approximately 15 million, including 2.6 million internally displaced persons (IDPs) and nearly 2 million Somalis living abroad. With a population growth rate near 3 % and a high fertility rate averaging 6.9 children per woman, the population is expanding rapidly. Somalia's demographic profile is predominantly young, with over 80 percent of people estimated to be under 35. Urbanization is accelerating at a rate of 4 percent annually, and the population is almost evenly split between urban (45 %) and rural areas (55 %).



Despite this growth, Somalia remains one of the poorest countries in Africa, with nearly 70% of its population living in poverty and a per capita income of around \$315 as of 2018 (World Bank 2019). About half of Somalis currently live in urban areas, with Mogadishu (2.4 million) and Hargeisa (1.2 million) accounting for a significant portion of the urban population. Urbanization is expected to intensify, with urban residents projected to make up nearly 60% of the total population by 2040, potentially tripling by 2050. The rapid urban

expansion has placed pressure on cities to provide adequate services, particularly as worsening climate conditions have increased food insecurity, pushing more people into displacement. Approximately 75% of IDPs live in urban centers, often in marginalized areas on the outskirts, with limited access to services, which perpetuates cycles of poverty. Given the high levels of poverty, initiatives focused on job creation and income opportunities are essential to alleviate economic hardship and reduce the need for displacement.

### 3.2.11 Security and conflict

The chronic instability of the late 1980s, followed by the collapse of the Somali state in 1991, has led to over three decades of conflict and violence across Somalia. This prolonged period of turmoil—characterized by intercommunal conflicts, humanitarian crises, and repeated attempts at peacekeeping and stabilization has challenged efforts toward reconciliation and nation-building. Issues such as clan conflicts, violent extremism, recurring droughts, famine, mass migration, and failed central governments have hindered Somalia's progress toward establishing a stable, unified state capable of providing essential services and responding effectively to crises.

Somalia's challenging security situation remains a significant barrier to development and restricts freedom of movement within the country. Development projects and staff operations must undergo ongoing security assessments to mitigate potential threats. In high-risk areas, movement restrictions limit access, preventing development initiatives from reaching certain regions. When feasible, projects are rerouted to safer locations, postponed, or even cancelled. As a result, all World Bank Group and Development Finance Institution (DFI) programs in Somalia must remain adaptable, adjusting to shifts in security conditions that impact the broader economy.

### 3.2.12 Gender considerations

Somalia has made notable progress in advancing women's rights, yet significant gender disparities persist, particularly in economic opportunity, education, and political involvement. Women in Somalia face higher unemployment rates than men, with 74% of women unemployed compared to 61% of men. While the Somali private sector is largely comprised of MSMEs, where women play a critical role, they often struggle with limited access to credit, technology, and information. In fact, one-quarter to one-third of Somali households are headed by women, with 70% of households depending on women as the primary earners.

Despite their central role, women and young people are frequently excluded from full economic participation. Women, who often possess the ability to bridge clan divisions, have the potential to foster inter-clan trade; however, social norms present barriers. For instance, circumstantial evidence suggests that banks often require a husband to act as a guarantor, even if the woman offers collateral, and inheritance customs restrict women's access to land and property. Women also face limited access to job postings and business opportunities, as these are often advertised on platforms like notice boards and websites, where they have less visibility. Increasing women's economic participation offers significant potential for SME development and economic growth in Somalia.

### 3.2.13 Gender Based Violence

Gender-based violence remains a significant concern in Somalia, manifesting in various forms such as physical, sexual, and emotional violence. Common forms include intimate partner violence (IPV), sexual violence, female genital mutilation (FGM), as well as forced and early marriage. FGM is particularly prevalent, affecting over 99% of women, with around 64% having experienced the severe form known as pharaonic circumcision. The Somali Women's Charter offers a foundation to address these issues, promoting efforts to combat all forms of violence and discrimination and to shift social attitudes toward greater respect for women's rights and well-being.

### 3.2.14 Education and literacy

Educational attainment in Somalia is significantly influenced by gender and other marginalizing factors, such as disability and displacement. Across all ages, women have lower literacy rates than men. Currently, the Gross Attendance Ratio for primary school is just 25.2% for girls and 28.6% for boys, indicating that around three-quarters of school-aged children lacked access to education, despite ongoing efforts to strengthen educational institutions. The quality of education in Somalia also faces substantial challenges. Limited access to schooling, a lack of well-trained teachers, fragmented curricula, and inadequate infrastructure contribute to poor educational outcomes. Although there has been some progress over the past decade with 63% of Somalis aged 15–19 having some formal education compared to just 26% of those aged 50–54 the adult literacy rate remains low, around 40% (UNFPA, 2016). Currently, only about 33% of children aged 6–13 are enrolled in primary school.

Therefore, addressing these barriers is essential for improving educational outcomes and achieving long-term social and economic development in Somalia<sup>4</sup>.

### 3.2.15 Food security and nutrition

Food insecurity has long persisted in Somalia for decades due to conflict and rapid onset disasters, particularly drought and flooding. Data from the Integrated Food Security Phase Classification (IPC) suggests that between 2012 and 2019, an average of 3 million Somalis faced moderate food insecurity with 1.6 million people facing severe food insecurity. Ultimately, the chronic food shortages have led to high rates of malnutrition in many parts of the country. This is compounded by poor rain, a locust outbreak in 2020, and the COVID Pandemic, which has created a famine emergency. Somalia relies heavily on food imports, with as much as 90% of its wheat supply typically originating from Russia and Ukraine. With the ongoing Ukraine- Russian war, there is need to promote sustainable agricultural practices to enhance production and ultimately improving food security in the country.

### 3.2.16 Health

Somalia faces severe shortages in water and sanitation infrastructure, contributing to the widespread presence of diseases such as cholera, measles, tuberculosis, and malaria. Years of conflict have largely destroyed the country's health and welfare systems, leaving international relief organizations to fill the gaps in essential services typically provided by the government. However, ongoing violence continues to impede these efforts, and the majority of Somalis have limited or no access to healthcare.

### 3.2.17 Electricity

Somalia's limited power infrastructure is concentrated in a few urban centres Mogadishu, Hargeisa, and Kismayo but frequent breakdowns lead to regular power outages that disrupt operations. Rural areas lack power plants altogether, and efforts to build dams on the Jubba River for hydroelectricity and irrigation were abandoned following the government's collapse in 1991. Somalia currently has some of the highest electricity costs globally, at nearly \$1 per kilowatt, and one of the lowest electricity usage rates in the world.

### 3.2.18 Water, sanitation and hygiene

Access to safe water in Somalia remains limited, with only 65.2% of households currently having reliable water sources, leaving an additional 2.7 million people in urgent need of WASH (Water, Sanitation, and Hygiene) assistance. Reliable access to water, sanitation, and hygiene is vital for public health, especially for children, and is also essential for supporting agriculture and livestock, which are critical to the Somali economy. In 2020 alone, severe flooding displaced nearly 1.3 million people, cutting off many households from established water sources, damaging waste management infrastructure, and creating stagnant conditions that heighten the risk of water-borne diseases.

### 3.2.19 Transport

Insufficient transport infrastructure significantly hinders Somalia's economic development. The country has no railway system, and only about 1,800 miles (2,900 km) of paved roads remain accessible throughout the year. During rainy seasons, many rural communities become unreachable by motor vehicle. Public transportation mainly consists of buses, trucks, and minibuses, while in rural areas,

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<sup>4</sup> Federal Republic of Somalia. Somalia Economic Update: Building Education to Boost Human Capital. August 2019

traditional methods like camels, cattle, and donkeys are still commonly used for personal travel and transporting goods.

### 3.2.20 Technology

According to the 2021 report by the report SPARK, Somalia is one of the world's ten most disconnected countries; following years of civil strife and economic collapse, only 10% of the population has internet access. 47% of the population lives in rural areas, and poor infrastructure prohibits 18% of the population from receiving electricity, creating yet another barrier to Internet access.

### 3.2.21 Telecommunications

Press, radio, and television are all controlled and censored by the state. Since 1991 several daily newspapers have been published in Mogadishu. Radio Mogadishu is the main station, which is government-controlled, and there are several local stations in the city as well. Books in general are hard to obtain, and the printing quality of the few books very poor. Private Telecommunication firms provide wireless services in most major cities and offer the lowest international call rates on the continent.

## 4 POTENTIAL RISKS AND IMPACTS

### 4.1 POSITIVE IMPACTS

The activities under the Gargaara portfolio are expected to have significant positive impacts that are largely of a socio-economic nature. The expected general positive impacts of the activities include:

- 1) **Economic Empowerment and Business Development:** Activities under the portfolio will provide essential business development services for women entrepreneurs in Somalia, including tailored support for accessing markets and resources. By expanding access to finance and enabling access to infrastructure, it addresses essential constraints that women face in their enterprises.
- 2) **Holistic and Integrated Impact:** Implemented as a comprehensive package, activities under the portfolio are expected to yield broader, sustainable multiplier effects in Somalia's economy, helping create a supportive ecosystem for women-led businesses thus improving incomes as most women are the bread winners.
- 3) **Enhanced Agency and Decision-Making:** Activities under the portfolio will foster greater agency among women participants, leading to increased involvement in household decision-making, autonomy over income, and active participation in community and self-help groups. This will not only strengthen their roles within households but also in their communities.
- 4) **Skills Development and Entrepreneurial Mindset:** Training and enterprise development services will build foundational business management skills, aiming to shift perspectives towards entrepreneurial growth. This training is designed to enhance women's confidence and competence in managing and expanding their businesses.
- 5) **Access to Finance through a dedicated MSME facility:** Establishing Gargaara, a dedicated MSME credit facility will meet the pressing need for financing, enabling businesses to expand and support income generation for entrepreneurs most especially women entrepreneurs/business owners. This initiative will help address existing barriers women face in accessing conventional financial services.
- 6) **Climate-Smart Agricultural Practices:** Activities under the portfolio will introduce and encourage climate-resilient farming techniques, helping participants become more familiar with sustainable practices that mitigate climate risks. This includes incorporating water-efficient methods and other environmentally adaptive practices.
- 7) **Crop Diversification and Nutrition Improvements:** By supporting the cultivation of diverse and nutrient-rich crops, the project will improve food security and dietary diversity, promoting healthier diets and sustainable farming practices in Somalia.

### 4.2 NEGATIVE IMPACTS

#### 4.2.1 Political interference

Somalia remains a high-risk context for institution building and development financing, but the mitigation and the prospects of benefits outweigh the risks thereby providing a basis for engagement. The risks include political contestation among key political and economic actors (resulting in conflict) and fiscal pressure on the budget from a wide array of needs across the country and recurring external shocks. The formation of Gargaara and the introduction of the digital ID system poses high project



implementation risks, exacerbated by cybersecurity risks occasioned by use of digital technologies and low capacity of key stakeholder institutions.

Mitigations include:

- Gargaara shall implement of multiple layers of protection, monitoring and implementation for their data thus enabling the team to implement activities.
- Gargaara shall strengthen the capacity of staff to handle data threats and digital fraud thus putting in place mechanisms to reduce cybersecurity incidences.

#### 4.2.2 Gender and social impacts or risks

With persistent gender gaps existing (i.e. in education, legal restrictions on mobility and decision-making, barriers to female participation in the labour force and in political life, and few opportunities for voice, paid work and entrepreneurial activity), women are more vulnerable to the economic, social and security challenges that result from the conflict and should thus be proactively reached for access to cash to improve their purchasing power for food and basic necessities. Activities under the portfolio are implemented in Somalia, where women are adversely affected and at the same time asked to take on new and additional roles as heads of households or income-earners. In this light, project implementation may lead to discrimination against women based on gender and age vulnerable and individuals or groups, if adequate gender mainstreaming considerations are not considered within the project approach.

Mitigation measures

- To the extent possible, Gargaara will promote gender equality and the empowerment of women and seek to reduce gender inequalities in access to and control over resources and the benefits of development according to Gender and GBV Plan. The Gargaara and PFI GRMs will include effective, safe, ethical and confidential referral pathways to ensure vulnerable and marginalized individuals or groups are comfortable reporting incidents of discrimination or exclusion and that such grievances are addressed quickly, efficiently and appropriately.
- Gargaara will ensure that both women and men are able to participate meaningfully and equitably, have equitable access to project resources, and receive comparable social and economic benefits.
- Gargaara and its PFIs will not discriminate against women or girls or reinforce gender-based discrimination and/or inequalities.
- Gargaara and PFIs will ensure precautionary measures are in place to prevent potential exposure of beneficiaries, workers, and affected people to sexual exploitation and abuse.
- Gargaara and PFIs will ensure precautionary and control measures are in place to prevent potential exposure of beneficiaries, workers, and affected people to health and safety hazards.
- Gargaara shall develop training, sensitization and awareness material on the obligations of potential beneficiaries to ensure inclusion and non-discrimination of individual or groups who vulnerable or marginalized, and to ensure they have access to appropriate expertise to help them do that.

#### 4.2.3 Risk of Gender Based Violence

GBV risks arising from the activities under the portfolio are anticipated to be low. The portfolio supports women's economic empowerment and increased access to financial services, which can contribute to improved voice and agency, improved ability to navigate gendered power dynamics and to help the project against forms of GBV. At the same time, increasing women's financial autonomy



can also disrupt social and/or domestic power dynamics and contribute to increases in violence, particularly in the home. Given these risks and given the challenging country context of instability and existing high rates of GBV, Gargaara will identify and integrate into its operations key measures to monitor and address GBV risks during project implementation.

Mitigations will include:

- Gargaara shall support training and sensitization of staff, PFI as well as of targeted beneficiaries and communities, of potential GBV risks and available options for reporting and response.
- Gargaara in collaboration with the PFI with the identification of GBV service providers in the project area and clear key steps for appropriate response by staff should allegations arise.
- Gargaara in collaboration with the PFI shall integrate GBV-sensitive channels for reporting and management of manage GBV cases in the GRM.

#### 4.2.4 Risk to existing natural resources

Activities under the portfolio will be in fisheries, agriculture and livestock sectors. Activities like installation of irrigation systems, terracing, rainwater harvesting agriculture input provision, support to livestock producers are likely to happen. Therefore, potential risks of using pesticides and fertilizers are expected. Although the activities are small scale in nature, the cumulative effects of providing support to communities may involve inadvertent impacts on ecosystems that can result in negative effect to ecosystem services provision and biodiversity. It may also include adverse impacts in handling of plastic and waste generated from agricultural inputs.

Mitigations will include:

- For activities that involve the production, harvesting, and/or management of living natural resources by small-scale landholders and/or local communities, Gargaara through the PFI will support adoption of appropriate and culturally sensitive sustainable resource management practices.
- Gargaara and the PFI will support capacity building and awareness raising towards the use of pesticides and fertilizers will be given to beneficiaries to address the risks and mitigation measures needed
- The concept of sustainable and responsible fishing will be promoted during implementation. Gargaara in partnership with the PFI will improve community livelihoods through training on quality and resource sustainability.

#### 4.2.5 Activities may lead to/exacerbate climate change impacts and risks

Climate change is a fundamental threat to sustainable development and the fight against poverty. It has the potential to stall and even reverse human development through its impacts on key development sectors and activities, including agriculture and food production, water, ecosystems and other natural resources, disaster risk management and health. Climate change may exacerbate extreme weather events, increasing the risk of high-impact disasters. Communities that are already subjected to impacts from climate change may experience an acceleration and/or intensification of impacts due to activities under the portfolio that do not integrate and anticipate climate change risks. The project will aim to be sensitive to climate change risks and not contribute to increased vulnerability to climate change.

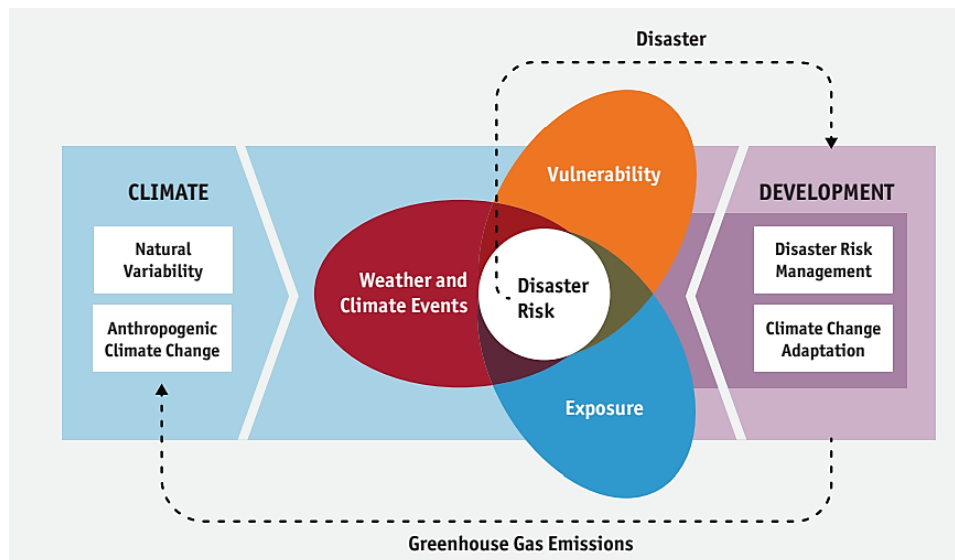


Figure 1: Risk as a product of the physical climate system, exposure and vulnerability (Source: IPCC,2012)

Mitigations will include:

- Prospective beneficiary activities will be screened and assessed for climate change-related risks and impacts of and to projects by the PFIs. This will ensure relevant climatic information is identified thus informing project design and management measures.
- Gargaara in partnership with the PFIs shall promote the adoption of climate risk-sensitive and sustainable agricultural practices that are tailored to the local context, thus ensuring that MSMEs can increase production and income gains, while simultaneously making their livelihoods more resilient to extreme events and long-term effects of climate change.
- Gargaara in partnership with the PFIs may provide substantial investments to provide risk management mechanisms and safety nets that reduce the risks of adopting new technologies thus increasing the chances of climate adaptation.
- Consideration and promotion of forestry interventions can play a crucial role in the mitigation. Gargaara in partnership with the PFIs will support such initiatives such as inclusion of re-afforestation thus increasing protection against future floods.
- Activities under the portfolio may strengthen long term livelihood resilience-building through access to credit, improved agricultural technologies or resources to diversify into off farm livelihoods.

#### 4.2.6 Activities that may result in disrupting cultural heritage sites

Activities under the portfolio may be located in the vicinity of cultural heritage sites and consequently produce unintended negative effects on such sites. Therefore, beneficiaries will:

- To the largest extent possible, the PFIs will avoid financing those activities that have significant adverse impacts to cultural heritage through alternative siting and design. (Such projects are not eligible for funding)
- For activities with potential adverse impacts, qualified and experienced independent experts will assess the project's potential impacts on Cultural Heritage. (Such projects may not be eligible for funding)

- When the social and environmental assessment process for the proposed activity determines that cultural heritage is expected to be found in the proposed activity area, chance find procedures will be followed (A chance find procedure has been included in this ESMF).

#### 4.2.7 Activities may result in increased community exposure to risks and impacts

Activities like introduction of irrigation technologies, new agricultural practices or technologies and other resilient strategies may lead to exclusion of marginalized groups due to lack of access to training or inputs, unintended disruption of disrupting traditional livelihoods or even misuse of new technologies leading to environmental and social harm. Renewable energy activities might lead to land conflicts, limited community involvement, leading to resistance or sabotage.

Mitigations will include:

- Gargaara in collaboration with the PFIs shall establish community feedback mechanisms that maintain open lines of communication.
- Gargaara shall ensure that there are accessible, transparent, and responsive GRM systems at all levels to address community concerns and disputes effectively
- Gargaara shall strengthen safeguards capacity management at all levels through training on safeguards implementation, monitoring, and compliance, and adequate resource allocation.
- To the largest extent possible, Gargaara and the PFIs shall design programs (e.g., women-only training sessions, youth empowerment programs) that address the needs of underrepresented groups.

#### 4.2.8 Risk of pollution and resource efficiency issues

Activities under the portfolio may support provision of agriculture inputs that may include pesticides, support small health care centres, infrastructure or services in the manufacturing, education and hospitality sectors that may include hazardous waste. Agriculture related interventions which might be the majority might include the use of pesticides triggering both environmental, health and occupational health and safety concerns. Runoff waters from agriculture may contaminate local drinking water sources, such as streams, wells, other leading to potential disease downstream. Beneficiary workers and small-scale farmers handling pesticides might also be exposed to health hazards. There are also risks using fertilizers and pesticides as they seep through the soil into the groundwater and other water sources, thus leading to contamination. Thus, activities will not use products that fall in Classes IA (extremely hazardous) and IB (highly hazardous) of the World Health Organization Recommended Classification of Pesticides by Hazard.

Mitigations will include:

- Gargaara in partnership with the PFIS shall promote the adoption of integrated pest management approaches for activities that may involve pest management with an aim of reducing reliance on synthetic chemical pesticides.
- Gargaara in partnership with the PFIS shall not finance activities that use products that fall in Classes IA (extremely hazardous) and IB (highly hazardous) of WHO Recommended Classification of Pesticides by Hazard.
- Gargaara shall promote the incorporation of capacity building programs that promote safe handling, application, and disposal of agrochemicals including Personal Protective Equipment (PPE) usage and agrochemical risks

- Gargaara and the PFIs shall use culturally appropriate communication methods, including posters, radio programs, and community meetings, to create awareness amongst farmers and communities about agrochemical risks.
- Gargaara and the PFIs shall put in place feedback mechanisms that enable beneficiaries report challenges back and successes with agrochemical management.

#### 4.2.9 Risks associated with livestock farming

With increased funding of livestock activities, there is a likelihood of environmental and social risks. These include overgrazing leading to soil degradation, water scarcity and contamination from waste runoff, methane emissions contributing to climate change, and deforestation for grazing land. Additionally, the sector is associated with social risks such as child and forced labour, gender inequality, land and water resource conflicts among others.

Mitigations will include:

- Gargaara and the PFIs shall promote of rotational grazing systems to reduce pressure on specific land areas and prevention of overgrazing
- Gargaara and the PFIs shall promote sustainable land management practices, such as agroforestry, grassland restoration, and maintaining soil fertility, to ensure that livestock farming does not deplete natural resources.
- Gargaara and the PFIs shall promote the improvement of water access and sanitation infrastructure through promotion of sanitation systems around livestock enclosures, such as waste management systems and proper disposal of animal waste, will help reduce water pollution and the spread of diseases.
- Gargaara and the PFIs shall encourage climate-smart agricultural practices and reducing methane emissions through better livestock nutrition and biogas systems. Climate-smart practices such as integrated crop-livestock systems, agroforestry, and water-efficient practices (e.g., rainwater harvesting and irrigation) will help farmers build resilience against climate change
- Gargaara and the PFIs shall leverage use of gender-sensitive policies in Somalia that support for women's economic participation in livestock value chains. This can include offering access to credit, training, and resources specifically for women in the livestock sector, thus helping them to build their capacity as farmers and entrepreneurs.
- Gargaara and the PFIs shall promote training programs to build the capacity of livestock farmers in sustainable land management, climate-smart agriculture, and animal health.
- Gargaara and the PFIs shall strengthen monitoring and evaluation systems to ensure that mitigation measures are effectively implemented and adjusted over time.

#### 4.2.10 Risks associated with the renewable energy sector

MSMEs in the renewable energy sector in Somalia face unique environmental and social risks due to the country's fragile ecosystem, socio-political dynamics, and limited regulatory framework. Potential risks include but not limited to:

- Inappropriate use of raw materials, such biomass for bioenergy, may lead to deforestation and soil degradation.
- Unsustainable sourcing of solar panels and batteries could affect natural resources.

- Poor disposal of e-waste, including solar panels and batteries, might contaminate surrounding water sources as well as soil.
- Low-income households may be excluded from renewable energy products and services due to high costs.
- Workers may be exploited due to informal labour practices and lack of workplace regulations.
- Improper handling of renewable energy equipment (e.g., batteries, installation tools) may pose risks to both workers and users.

Mitigations will include:

- Gargaara and the PFIs shall promote capacity Building sessions and training programs that equip local workers with technical skills and knowledge in renewable energy solutions including instalment, operation, maintenance and disposal of used products.
- Gargaara and the PFIs shall support affordable and accessible renewable energy products and services within the communities
- Gargaara and the PFIs shall promote awareness on sustainable use of resources and eco-friendly sourcing, recycling, and responsible land use.

#### 4.2.11 Manufacturing related risks

E&S risks associated with the manufacturing include:

- Air Pollution: arising from emissions from small-scale manufacturing, including burning fossil fuels or waste.
- Potential water Pollution from poor disposal of untreated industrial wastewater into rivers or nearby groundwater sources which may harm local water supplies
- Overextraction of raw materials, such as timber or minerals, may damage ecosystems and biodiversity in the area.
- MSMEs reliant on wood for fuel or raw materials may contribute to deforestation
- MSMEs are highly vulnerable to extreme weather events, such as floods and droughts, which can disrupt manufacturing operations and supply chains.
- Informal labour practices, including low wages, child labour, and unsafe working conditions
- Limited occupational health and safety standards at the MSME facilities thus exposing workers to injuries, toxic substances, and long-term health issues.

Mitigations will include:

- Gargaara in partnership with the PFIs shall advocate for working waste management systems that encourage recycling and safe disposal of waste materials.
- Gargaara in partnership with the PFIs shall encourage energy efficiency manufacturing processes and use of renewable energy in manufacturing processes
- Gargaara in partnership with the PFIs shall encourage training of workers and MSME owners on occupational health and safety, waste management, and eco-friendly production methods.
- Gargaara in partnership with the PFIs shall encourage diversification of MSMEs to mitigate risks from environmental shocks.
- Where possible, Gargaara shall advocate for provision of financial incentives and technical support to MSMEs adopting cleaner production technologies.

#### 4.2.12 Agricultural related risks

MSMEs in the agricultural sector in Somalia face a variety of environmental and social risks due to the country's fragile ecosystems, climate vulnerability, and socio-political challenges. E&S risks include:

- Risk of excessive or improper use of pesticides, herbicides, and fertilizers by farmers which may lead to soil and water contamination thus posing risks to ecosystems and human health.
- Risk of over-cultivation, monocropping, and poor farming practices all which can lead to soil erosion, loss of fertility among others
- Risk of clearing land for agriculture or grazing thus contributing to deforestation, which exacerbates soil erosion, and reduces biodiversity.
- Somalia is highly susceptible to droughts, floods, and unpredictable weather patterns, which can damage crops and disrupt agricultural MSME activities
- Rising temperatures and changing rainfall patterns may reduce agricultural productivity and increase pest infestations thus leading to low yields
- Agricultural expansion may lead to disputes over land ownership, especially in regions with unclear or overlapping land tenure systems.
- Competition for land between crop farmers and pastoralists can heighten inter-community tensions.
- Inequitable access to inputs by marginalized groups, including women, youth, PWDs may face challenges in accessing land, water, financing, and agricultural inputs
- Informal labour arrangements in the agricultural sector may result in poor wages, unsafe working conditions, and child labour

Mitigations will include:

- Gargaara in partnership with the PFIs shall promote training of farmers and MSME owners in sustainable agricultural practices including safe handling of agrochemicals, and climate-resilient farming techniques.
- Gargaara in partnership with the PFIs shall advocate for adoption of agroecological methods, such as crop rotation, intercropping, and organic farming, that preserve soil and biodiversity.
- Gargaara in partnership with the PFIs shall leverage existing resources to create awareness on the safe disposal or recycling of agricultural waste, including packaging and used agrochemical containers.
- Gargaara in partnership with the PFIs shall encourage the use of drought-resistant crops and diversified agricultural practices to increase productivity.

## 5 ENVIRONMENT AND SOCIAL RISK CLASSIFICATION

The categorisation for Gargaara's portfolio is **Substantial risk** based on the Environmental and Social Framework (ESF, 2018) and KfW Sustainability Guideline. Any existing enterprise or proposed activity that is considered to be High risk is not eligible for financing under Gargaara.

Gargaara's portfolio has a **Substantial environmental risk rating** due to several factors: potential adverse environmental impacts linked to the livestock sector, the limited safeguards capacity of both PFIs and beneficiaries. Additionally, challenges with directly supervising environmental impacts of activities under the portfolio and ensuring compliance with the ESMF further contribute to this rating.

The **social risk rating** is also Substantial, given the fragile national context, low safeguards capacity of Gargaara and PFIs, and potential social risks such as weak labour practices (including risks of child and forced labour) and occupational health and safety issues. Somalia's politically fragile environment poses additional challenges, as microcredits could inadvertently increase marginalization for vulnerable groups, including low-income clients, female-headed households, internally displaced persons (IDPs), and those unable to access credit. Improved financial access may also alter social and household dynamics, potentially increasing risks of gender-based violence (GBV), particularly intimate partner violence.

To address these risks, Gargaara will place a strong emphasis on expanding financial access for vulnerable groups including women, who face disproportionate barriers in accessing financial services. This focus aims to increase financial availability, create income-generating opportunities, enhance financial literacy, and promote inclusive growth. Gargaara also commits to managing GBV risks by integrating measures to strengthen reporting mechanisms and ensuring ethical, safe, and survivor-centred responses.

### 5.1 SCREENING AND CATEGORISATION OF ENVIRONMENT AND SOCIAL RISK

Each potential activity under the portfolio will go through an environmental and social screening process which allows for activities to be classified according to their potential impacts and appropriate mitigation measures proposed, according to the Somalia Environmental Law and ESMF. Screening will identify, categorize and will also limit financing to subprojects classified as substantial, moderate or low risk. Screening will be undertaken at the initial application stage, reviewed and cleared by the relevant PFI, and Gargaara where applicable.

### 5.2 RISK CLASSIFICATION

Gargaara will classify all activities (including activities involving PFIs) into one of four classifications: High Risk, Substantial Risk, Moderate Risk or Low Risk (See Annex 10.1: Environment and Social risk screening Templates). In determining the appropriate risk classification, Gargaara and PFIs will take into account relevant issues, such as the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts; and the capacity and commitment of the Federal Republic of Somalia (including any other entity responsible for the implementation of the activity) to manage the environmental and social risks and impacts in a manner consistent with the applicable national and international standards. Regardless of the risk categorization, all activities must comply with all applicable standards that have been triggered.

As part of its environmental and social risk categorization system, Gargaara and the PFIs will categorize any activity which involves resettlement (unless the risks or impacts of such resettlement are minor),

adverse risks or impacts on Indigenous Peoples or significant risks or impacts on the environment, community health and safety, labour and working conditions, biodiversity or cultural heritage, as high or substantial risk.

**Table 2: Risk categorisation**

| Risk classification          | Definition   | Examples   | Requirements  |
|------------------------------|--|--|---|
| <b>High Risk 'A'</b>         | Activities with the potential for significant adverse environmental or social impacts that are complex, irreversible, or unprecedented. These activities often involve sensitive areas, such as critical habitats, or significant displacement of communities. | <p><b>Agriculture:</b> Large-scale irrigation, commercial plantations requiring deforestation.</p> <p><b>Renewable Energy:</b> Large dams for hydroelectricity, solar farms displacing communities.</p> <p><b>Manufacturing:</b> Heavy industries, large chemical plants.</p> <p><b>Education:</b> Schools involving large-scale land acquisition or resettlement.</p> <p><b>Health:</b> Large hospitals generating significant hazardous medical waste.</p> <p><b>Livestock:</b> Large feedlots with pollution risks.</p> | <b>These activities will not be eligible for funding under the Gargaara portfolio</b>   |
| <b>Substantial Risk 'B+'</b> | Activities with potential for adverse environmental or social impacts that are less severe than High Risk projects but are still significant. These risks might be more predictable or manageable with proper mitigation measures.                             | <p><b>Agriculture:</b> Medium-sized irrigation schemes, pesticide usage projects.</p> <p><b>Renewable Energy:</b> Wind and solar farms near sensitive ecosystems.</p> <p><b>Manufacturing:</b> Medium-scale factories using hazardous materials.</p> <p><b>Education:</b> Construction of schools in densely populated areas.</p> <p><b>Health:</b> Hospitals with minor waste management concerns.</p> <p><b>Livestock:</b> Medium-scale dairy or poultry farms with localized impacts.</p>                               | <ul style="list-style-type: none"> <li>• Environmental and Social Management Plan (ESMP).</li> <li>• Focused ESIA for specific issues.</li> <li>• Stakeholder consultations.</li> <li>• Monitoring and reporting framework.</li> <li>• Grievance mechanism</li> </ul> |



| Risk classification      |  | Definition   | Examples   | Requirements  |
|--------------------------|--|--|--|---|
| <b>Moderate Risk 'B'</b> |  | Activities where potential adverse impacts are generally limited in scope, site-specific, reversible, and can be mitigated more easily including community activities that require minor construction.                                   | <p><b>Agriculture:</b> Small-scale irrigation systems, farmer training programs.</p> <p><b>Renewable Energy:</b> Rooftop solar installations, small off-grid systems.</p> <p><b>Manufacturing:</b> Small-scale production units, non-hazardous goods manufacturing.</p> <p><b>Education:</b> School rehabilitation or classroom expansion.</p> <p><b>Health:</b> Primary health care facilities.</p> <p><b>Livestock:</b> Small-scale livestock projects with limited pollution risks</p>                          | <ul style="list-style-type: none"> <li>• Simplified ESMP.</li> <li>• Basic stakeholder engagement.</li> <li>• Implementation of good practice guidelines</li> </ul> |
| <b>Low Risk 'C'</b>      |  | Projects with minimal or no adverse environmental or social impacts. These typically involve activities like capacity building, technical assistance, or small community-led projects that do not generate significant negative outcomes | <p><b>Agriculture:</b> Capacity-building programs for farmers, research initiatives.</p> <p><b>Renewable Energy:</b> Energy efficiency training, feasibility studies for renewable energy.</p> <p><b>Manufacturing:</b> Feasibility studies for small enterprises.</p> <p><b>Education:</b> Teacher training, provision of educational materials.</p> <p><b>Health:</b> Health awareness campaigns, non-construction health initiatives.</p> <p><b>Livestock:</b> Veterinary training, livestock vaccinations.</p> | <ul style="list-style-type: none"> <li>• No formal ESIA or ESMP required.</li> <li>• Basic screening for risk confirmation.</li> </ul>                              |

**NB: The examples are only examples, and categorisation always depends on the scale of the impacts/size of the activity.**

### 5.3 CLIMATE RISK SCREENING

Given Somalia's vulnerability status, there is need for climate risk screening of activities under the Gargaara portfolio. Climate Risk Screening is an integral process to identify, assess, and manage climate-related risks and vulnerabilities in development projects. This ensures that activities are resilient to climate impacts while aligning with environmental and social sustainability objectives. Here's an overview/ template of climate risk screening process:

**Step 1: Identify Climate Hazards.** Gargaara and PFIs will assess current and future climate hazards such as temperature increases, precipitation changes, and extreme weather events that might impact financed activities.

**Step 2: Assess Project Exposure.** Evaluate how the activity's location and activities may be exposed to identified climate risks.

**Step 3: Analyse Vulnerabilities.** Consider the project's exposure to climate hazards, while taking into consideration of socio-economic, environmental, political and technical factors. Also assess the capacity for resilience<sup>5</sup>.

**Step 4: Determine Potential Impacts.** Assess how climate risks may affect activity performance, costs, sustainability, and long-term viability.

**Step 5: Integrate Mitigation Measures.** Identify and incorporate strategies to reduce climate risks, such as using resilient materials, adaptive design, or improved water management practices.

**Step 6: Monitor and Adapt.** Include mechanisms for continuous monitoring of climate risks and adaptive management during implementation.

### 5.4 EXCLUSION CRITERIA

Gargaara will exclude the following types of activities as ineligible for financing (see 10.4:

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<sup>5</sup> Resilience meaning 'the capacity for the activity to withstand or to recover quickly from difficulties, toughness'

Detailed Exclusion list). Activities that may cause long term, permanent and/or irreversible (e.g. loss of major natural habitat) impacts.

- Activities that will be implemented in ecologically sensitive areas or protected areas.
- Activities that have a high probability of causing serious adverse effects to human health and/or the environment.
- Activities that may have significant adverse social impacts and/ or may give rise to significant social conflict.
- Activities that may have significant negative effects on the lands or rights of Vulnerable or Marginalized Groups.
- Activities that may involve significant involuntary resettlement or land acquisition.
- Activities that impact have significant impacts on cultural heritage.

## 5.5 ENVIRONMENT AND SOCIAL MANAGEMENT PROCEDURES

Given the model of operation of Gargaara, there will be various levels of E&S management.

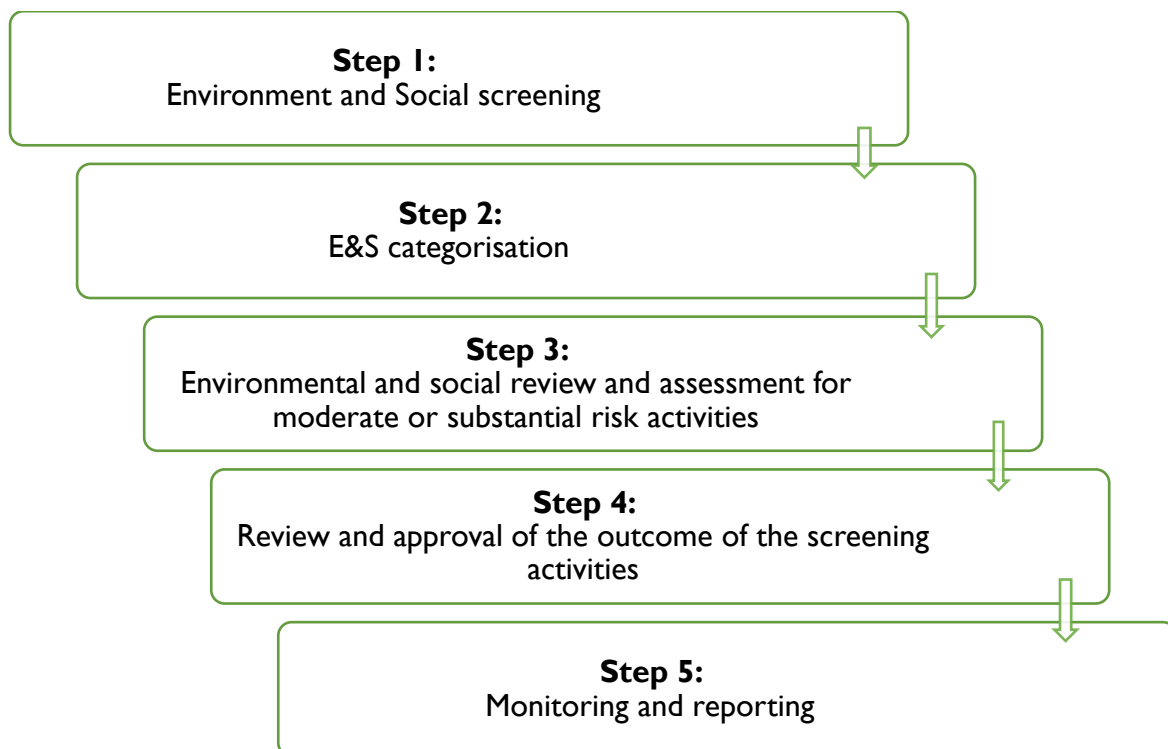


Figure 2: Procedure for management of Environment and Social issues

### 5.5.1 E&S management at Gargaara level

At Gargaara level, the Environment and Social Risk Management Specialist (E&SRM Specialist) will take lead in mainstreaming E&S safeguards. The E&SRM Specialist with support from various DFIs will take lead in the implementation of the ESMF.

#### 5.5.1.1 *Environment and Social Screening*

The E&SRM specialist will provide final approval for the completion of screening and review process for potential activities. Where there is uncertainty, the officer with guidance from the CEO will forward the application to the respective Partner/ Approved Third party (Consultant) for guidance and finalisation. The officer will also be responsible for screening and monitoring the PFIs ESMS to ensure that E&S issues are effectively managed (Environment and Social Management screening criteria for PFIs).

#### 5.5.1.2 *Step 2: E&S categorisation*

Following the initial screening, the E&SRM specialist will confirm risk categories based on specified criteria (low, moderate, substantial, or high risk as described by the ESMF (see 5.2: Risk classification). Activities that are deemed high risk will be discontinued at this point. If professional judgment determines that activities are low risk, i.e., activities that are unlikely to have negative impacts due to negligible or minimal direct disturbances on the physical setting or insignificant, or minimal environmental impacts, no additional environmental review is required beyond screening. For activities under the portfolio, it is necessary to make sure that national regulations (such as the Environmental Impact Assessment Regulation, 2016) are met.

In line with the applicable standards, determining the appropriate risk classification, the E&SRM specialist will take into account relevant issues, such as the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts; and the capacity and commitment of the business entity to manage the environmental and social risks and impacts associated with proposed activity. The scope and depth of the review should be proportionate to potential impacts and type of activity.

An Environmental Social Management Plan (ESMP) will be developed based on the findings of the environmental and social impact review. In the event that the applicant has already prepared an ESMP in accordance with the applicable standards as agreed, then the E&SRM specialist shall review the report and make a determination whether it is adequate and accurate in identification of environmental and social impacts and appropriate measures have been identified to avoid, minimize, or mitigate those impacts; and that the applicant has the commitment and the capability to manage the impacts as proposed. Moreover, E&SRM specialist will ensure that the records show that timely and appropriate consultation with directly affected people, local communities, and interested stakeholders has taken place on the findings and recommendations of the ESMP before loan approval.

It is recognized that MSMEs may have limited capacity for assessing environmental and social risks or carrying out necessary assessments, such as environmental and/or social impact reviews. Furthermore, it is expected that most PFIs might have limited capacity to identify and manage environmental or social impacts. Therefore, Gargaara will retain the right to prior review the results of environmental and social screening, and ESMPs if developed, until PFIs are considered to have developed adequate capacity to review them independently. As a result, flexibility will be used, and efforts will be made to identify the most appropriate tools and processes to facilitate effortless transactions between the PFIs and Gargaara. Once PFIs are evaluated by the Environment and Social

Specialists (either by Gargaara, DFIs or trusted third party) to have developed sufficient capacity, then Gargaara will review selected environmental and social screening results and ESMPs based on risk level of the activity to ensure compliance.

#### *5.5.1.3 Monitoring and reporting*

The E&SRM Specialist will monitor the environmental and social performance of the activities under the Gargaara portfolio in a manner proportionate to the risks and impacts of the activities and provide regular progress reports to the senior management. This will include periodic review of the effectiveness of both Gargaara's and the PFI's ESMS. Monitoring will assess the effectiveness of impact management, including how well mitigation measures are implemented.

The E&SRM Specialist will undertake quarterly monitoring of the PFIs to assess their management of arising E&S issues. The Specialist will provide a summary of on-going E&S activities for the different PFIs, which should include details on trainings conducted and attended, screening results, monitoring findings, lessons learned, challenges faced, proposed corrective actions or next steps and any other unforeseen arising issues. The officer also be responsible for providing routine reports to the different funding partners. The monitoring and reporting needs will be dependent upon the partner's requirements.

### **5.5.2 E&S management at PFI level**

#### *5.5.2.1 Step 1: Environment and Social screening*

The initial E&S screening and identification of an activity's potential impacts will be undertaken by the Loan officer/ Bank officer at PFI level during the loan application phase of the loan application (Environment and Social risk screening Templates). Initial screening will assess factors such as project location (e.g., proximity to sensitive ecosystems), type of activities (e.g., construction or hazardous material handling), and scale).

Key questions to be answered in the initial screening will include:

1. Is the activity near a sensitive area like wetland, swamp, natural forest, game reserve, river, lake etc?
2. Is the activity near a cultural, heritage site like a graveyard, spiritual places, or of historical importance?
3. Will the activity lead to involuntary displacement of individuals and/or communities?
4. Will the activity involve groups people categorised as marginalised as per the World bank and KfW standards?
5. Does the activity involve use of child labour (children below the age 18) or forced labour?
6. Will the activity require the use or production of hazardous substances like pesticides etc.?
7. Will the activity include large scale construction of infrastructure like dams, roads, schools?

#### *5.5.2.2 Step 2: E&S categorisation*

Similar to the above, the PFI E&S focal person will assign risk categories based on specified criteria (low, moderate, significant, or high risk as described by the ESMF (see 5.2: Risk classification). However, results of the E&S screening should be attached to the transaction documents. PFIs should ensure that the transaction meets the national requirements including permitting and monitor implementation of such transactions to address any environmental and/ or social impacts that may arise.

#### 5.5.2.3 Step 3: Environmental and social review and assessment for moderate or substantial risk activities

Activities that will be identified as moderate and substantial will undergo a second screening to ascertain risk level. The second screening will preferably be carried out by the PFI E&S focal person using the detailed E&S screening checklist (see Annex: 10.1.2). If the activity is one that is subject to preparation of an ESMP, the PFI may proceed to process the loan application, but will not disburse the loan until the ESMP is reviewed and approved by the officer in charge of safeguards or environment and social compliance at the PFI and at Gargaara.

With support from Gargaara, PFIs will ensure that the E&S risks and impacts have been adequately identified and appropriately managed in a manner commensurate to the risk review as well as corrective Action Plan, which if developed, in line with ESMF, is a condition of loan approval. In some instances, PFIs may opt to arrange for an appropriate environmental review on its own behalf using outside expertise. At minimum, for all Substantial or Moderate risk activities, transactions, PFIs will prepare for the record a summary report or memorandum identifying sources of information and relevant facts and findings that allow a determination that the transaction is consistent with applicable environmental and social requirements.

#### 5.5.2.4 Step 4: Review and approval of the outcome of the screening activities

Based on the results of the above review process, and discussions with stakeholders, the PFI E&S focal person will make recommendations for approval or disapproval for any given loan application. Where deemed necessary or uncertain, the E&S focal person will forward the loan application to the Gargaara E&SRM officer for a final decision.

#### 5.5.2.5 Step 5: Monitoring and reporting

Like above, E&S monitoring for the financed activities will be conducted by the PFIs to verify the implementation of the mitigation measures outlined in the beneficiary ESMPs. Monitoring will assist PFIs and Gargaara in documenting lessons learned during the implementation of the ESMP, along with the challenges encountered by MSMEs in this context. The outcomes of the monitoring activities will be communicated to Gargaara.

Table 3: ESMP template for the PFIs

| Components of ESMP                  |   |
|-------------------------------------|---|
| ESMP Component                      | How to address  |
| Summary of impacts                  | The predicted adverse environmental and social impacts for which mitigation is required should be identified and briefly summarized.  |
| Description of mitigation measures  | Each mitigation measure should be briefly described with reference to the impact to which it relates and the conditions under which it is required (for example, continuously or in the event of contingencies).                    |
| Description of monitoring programme | The monitoring program should clearly indicate the linkages between impacts identified, measurement indicators, detection limits (were appropriate), and definition of thresholds that will signal the need for corrective actions. |

|  |  |
|--|--|
| Implementation schedule and reporting procedures | The timing, frequency and duration of mitigation measures should be specified in an implementation schedule. Procedures to provide information on the progress and results of mitigation and monitoring measures should also be clearly specified. |
| Cost estimates and sources of funds              | These should be specified for both the initial investment and recurring expenses for implementing all measures contained in the ESMP, integrated into the total project costs, and factored into loan negotiations                                 |

The PFI will submit to Gargaara quarterly routine reports on the environmental and social performance of Gargaara's portfolio. The E&S focal person is expected to provide a summary of current E&S activities, which should include details on trainings conducted and attended, screening results, monitoring findings, lessons learned, challenges faced, proposed corrective actions or next steps and any other unforeseen arising issues. The annual environmental and social report will include status of the implementation of the PFIs ESMS, the nature of the PFI activities under the Gargaara portfolio and the overall portfolio risk, profiled by sector.

The PFIs will promptly notify Gargaara of any significant accidents or incidents associated with the activities under the Gargaara portfolio. If the risk profile of a PFI subproject increases significantly, the PFI will notify Gargaara and will apply relevant requirements of the ESMF and the PFI will monitor the measures and actions agreed, and report to Gargaara as appropriate.

## 5.6 ENVIRONMENTAL AND SOCIAL MONITORING

Environment and social monitoring is the continuous and systematic collection of data in order to assess whether the environmental and social objectives of Gargaara have been achieved. Good practice demands that procedures for monitoring the environmental and social performance of proposed activities are incorporated in the day to day running of the Gargaara and its PFIs.

The purpose of monitoring is to:

- 1) Ensure that the expected impacts from the project are within acceptable environmental and social thresholds.
- 2) Offer timely warnings about any potential environmental conditions that exceed acceptable limits.
- 3) Monitor and ensure the effective implementation of mitigation measures outlined in the ESMPs.
- 4) Support the identification of additional mitigation actions or necessary adjustments to the management approach based on ongoing assessments.

To assist in implementation of identified mitigation and monitoring strategies, an environmental and social monitoring plan will be developed. It will describe the various environmental and social management strategies and programmes to be implemented. It will also identify the management roles and responsibilities for ensuring that monitoring is undertaken, results are analysed and any necessary amendments to practices are identified and implemented in a timely manner. It shall contain a schedule for inspecting and reporting upon the implementation of the project and associated mitigation

measures identified in the ESMF and ESMP. The monitoring plan shall also identify the key indicators of environmental and impact.

## **5.7 ENVIRONMENT AND SOCIAL MANAGEMENT SCREENING CRITERIA FOR PFIS**

For better management of E&S issues, a due diligence screening of the ESMS of the PFI will be done by Gargaara.

The ESMS criteria screening will include but not limited to:

- Identification procedures for activities that may receive support under the Gargaara Portfolio
- Clear procedures for the identification, assessment and management of the environmental and social risks and impacts of activities under the portfolio.
- Exclusion list with the activities that are not eligible for financing under Gargaara.
- Organizational capacity and competency for implementing the ESMS with defined roles and responsibilities.
- Monitoring and reporting of environmental and performance of activities under the portfolio
- Incidents and accidents notification and following reporting requirements.
- An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner.
- Grievance mechanisms that records, reports and addresses grievances.



## 6 INSTITUTIONS, ROLES AND RESPONSIBILITIES

### 6.1 PARTNER MANAGEMENT

Funding partners of Gargaara including DFIs, private sector and other funders will have a Focal team /person to coordinate and oversee the implementation of E&S management of the activities funded through Gargaara. The duties and functions of the focal person(s) will include:

- a. Providing assistance and support to Gargaara and PFIs in complying with applicable E&S standards.
- b. Providing support in appointing consultants and stakeholders for specific E&S assignments
- b) Validating E&S findings and monitoring results on the ground through stakeholders and third parties, as needed.
- c) Providing support in revising and updating Gargaara's and PFIs E&S management systems where deemed necessary
- d) Ensure that implementation of this ESMF becomes a standard investment review procedure within Gargaara and PFIs.
- e) Elements of the ESMF will form part of the Participation Agreement signed between the Gargaara and every PFI.

### 6.2 GARGAARA MANAGEMENT

#### 6.2.1 Board of Directors

The independent board of directors (majority private sector) is responsible for oversight responsibility for Gargaara and its functions (Gargaara organisation roles and responsibilities). Responsibilities include:

- 1) Strategic oversight in fundraising (including search for parallel financing partners); advising on credit targeting (e.g., sector, gender, and geographical distribution of finance); coordination with other financing facilities in Somalia; and operational policies.
- 2) Review and approval of quarterly and annual reports of the Gargaara operations before forwarding to oversight partners.
- 3) Oversight role of the major risks facing Gargaara and delegation of risk oversight responsibility to the appropriate committees.

#### 6.2.2 Management Team

The management team is responsible for overall management of Gargaara at the administrative, financial, and technical levels. It will be staffed by competent and experienced professionals recruited on merit. Management will have ultimate responsibility for operational decisions and risk management, as well as specified PFI capacity-building activities.

#### 6.2.3 Environment and Social Risk Management Specialist

The E&SRM Specialist will:

- 1) Ensure safeguards management compliance of Gargaara and PFIs in accordance with the ESMF and the applicable standards.
- 2) Ensure that financing extended to PFIs is used following the guidelines and observing the environmental and social safeguards as laid out in the Gargaara MSME Financing Facility Subproject Manual and ESMF

- 3) Assess gaps in the management of safeguards at Gargaara and PFIs and provide technical assistance and way forward.
- 4) Responsible for overseeing implementation of the ESMF and required environmental and social risk management actions.
- 5) Responsible for the day-to-day implementation and management of safeguard requirements of the Gargaara Portfolio.

## 7 CAPACITY BUILDING

In order to achieve the objectives of the Gargaara and to successfully implement the environmental mitigation measures and recommendations in the ESMF and applicable standards, it is important to ensure that all stakeholders who have a key role in the implementation of the ESMF are provided with the appropriate awareness, skills, and training. Furthermore, PFIs and most beneficiary MSMEs are expected to have limited capacity to manage minor environmental or social impacts. As a result, an E&S management capacity building component will be added to the Gargaara portfolio to assist in strengthening safeguard compliance activities, MSME application screening, due diligence and technical support, and safeguard monitoring and reporting.

As a result, in order for the ESMF to be effectively operationalized, capacity building at all levels, including Gargaara, PFI, and beneficiaries, will be implemented to ensure that all stakeholders receive basic training in safeguards management. Capacity building will improve stakeholders' ESMF management capacity by allowing for the real-world application of critical practices such as impact screening, scoping assessments, mitigation planning, public consultation to assess feasible and acceptable options, mitigation measure implementation, impact management, monitoring, and reporting.

### 7.1 TRAINING PLAN

Training programs will be coordinated and anchored within Gargaara and PFI operations. Individuals experienced in environmental and social aspects of potential activities will be called upon to develop and conduct short term trainings on various aspects of implementing the ESMF guidelines and applicable standards.

The objectives of the capacity building initiatives are to:

- Support Gargaara, PFIs, beneficiaries and other stakeholders to identify, prepare, and implement environmental and social aspects of their activities.
- Ensure that Gargaara, PFIs, beneficiaries and other stakeholders have the capacity to analyse potential environmental impacts, recommend appropriate mitigation measures, and to prepare and monitor the implementation of the ESMPs where available.

Different stakeholders involved have different training needs hence the training will be a form based on their needs. The different forms to be used shall include:

- **Awareness-raising** for all stakeholders so that they are able to appreciate the significance or relevance of environmental and social issues.
- **Sensitization** for all stakeholders to be familiar enough with environmental and social issues so that they can make informed and specific requests for technical support.
- **Detailed technical training** for stakeholders who will need to analyse potential environmental and social impacts, assign risk category, propose suitable mitigation measures, and to prepare and monitor the implementation of the ESMPs.

Key aspects of the training and capacity building sessions will include:

- Overview of the ESMF
- Environmental Assessment criteria and processes
- Risk screening and categorisation
- Participatory Methodologies and stakeholder engagement

- Project Management
- Using the environmental and social screening checklist and risk categorisation
- Design of appropriate mitigation measures
- Integrating environmental and social management aspects into the implementation of the activities
- Monitoring and reporting techniques and procedures.
- Grievance management

## **7.2 TRAINING OF GARGAARA, PFIS AND NATIONAL LEVEL STAKEHOLDERS**

It is additionally proposed that a one-or two-day E&S safeguards refresher training be held in Mogadishu (or another suitable location) each year. The workshop's goal will be to increase the capacity of key stakeholders to address recent challenges as well as any new E&S safeguard policies, regulations, or mandates. The workshop should be aimed at Gargaara staff, PFIs, national-level players, DFIs, private sector funders, and any other institution interested in financing Gargaara. The workshop should aim to provide participants with an overview of how to apply the ESMF standards using appropriate tools such as the screening form, ESMP template, and ESMF Reporting template. Furthermore, ESMS refresher trainings should be held regularly during Gargaara's usual capacity development sessions to ensure that stakeholders are always up to date on the relevant environmental and social requirements.

Furthermore, the training of Gargaara and PFI personnel will ensure that all relevant personnel have the necessary knowledge and capabilities for managing environmental and social risks in accordance with the ESMF and applicable standards.

## **7.3 TRAINING OF BENEFICIARIES**

As part of best practice, and in order to comply with the ESMF and applicable E&S standards, beneficiaries should be provided with awareness raising of environmental and social issues associated with their activities and businesses. The training will cover safeguard areas of interest including:

- Grievance management
- Emerging environment and social concerns
- Reporting mechanisms (if ESMP is developed)
- Compliance with Gargaara requirements and applicable standards

These trainings will be carried out on a needs basis as guided by the Gargaara E&SRM Specialist or by the partner. A detailed training will be developed based on the needs of the participants at that point in time.

## 8 GRIEVANCE REDRESS MECHANISM

The grievance mechanism provides a formal avenue for affected individuals or stakeholders to engage with Gargaara, PFIs, beneficiaries or Partners to present their concerns, lodge complaints as well as manage any arising conflicts. Best practice requires that concerns and grievances of the affected party should be addressed and responded to by the developer/ proponent in a timely manner. Additionally, the applicable standards emphasize that a grievance mechanism should be culturally appropriate and accessible to peoples include the vulnerable, and underserved communities.

The objective of the grievance mechanism is to resolve and remedy complaints that may result from direct and indirect consequences of the activities under the Gargaara portfolio. Where applicable, Gargaara will leverage on existing conflict resolution systems already in place in the areas of implementation as this will ensure that the complaints are first reported and attempts to address them initiated at the community levels where possible.

The grievance resolution shall follow the following process:

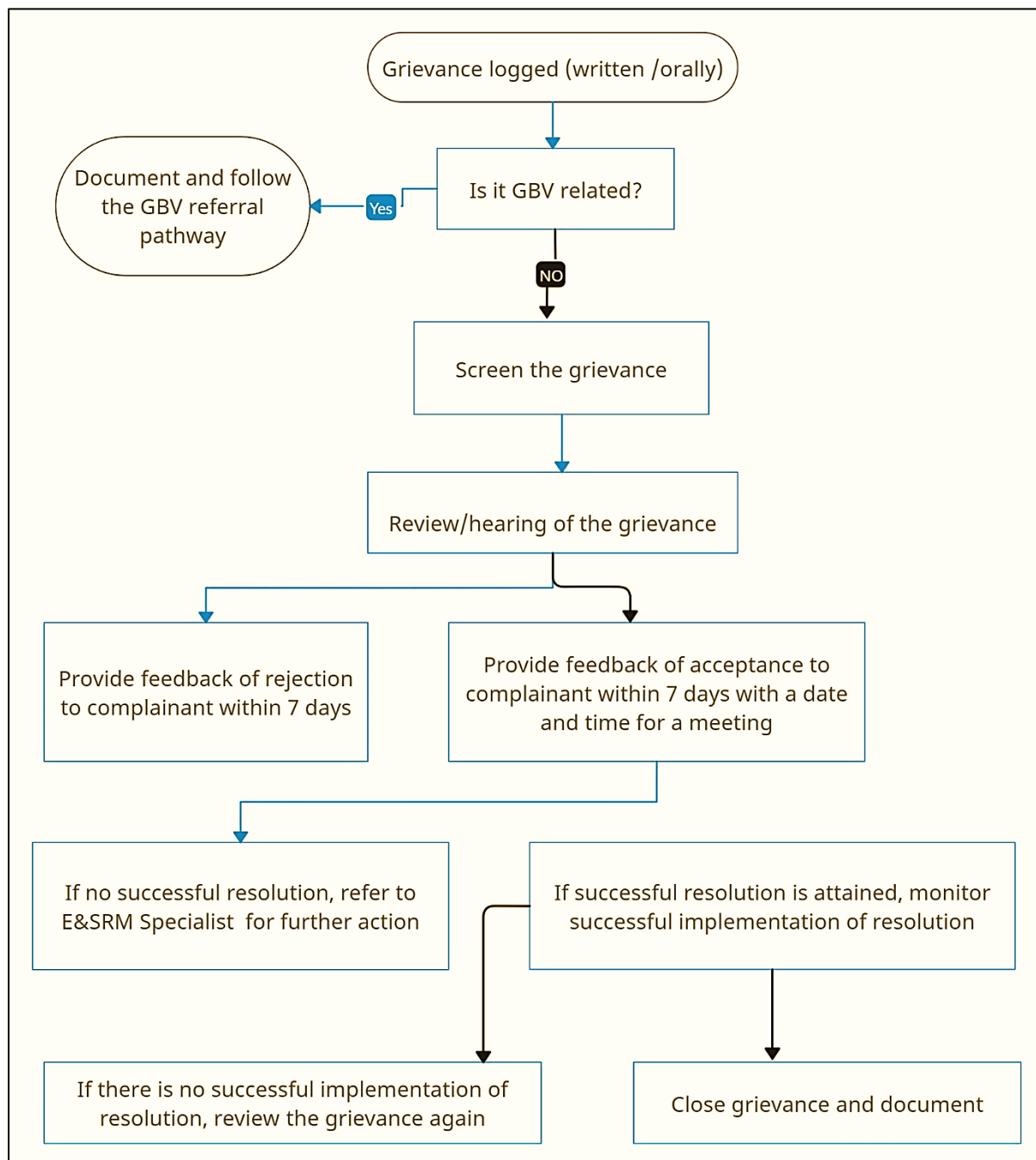
1. Receipt of the grievance
2. Screening of the grievance
3. Hearing of the grievance
4. Closure of grievance
5. Grievance records and documentation

The GRM should:

- Enable anyone can raise complaints, grievances, concerns, ask questions or make comments or suggestions related to the activities under the Gargaara portfolio.
- Enable anyone can contact the GRM focal point using the GRM focal point's contact details provided.
- Clearly state the GRM focal point is responsible for receiving complaints, grievances, concerns, questions, comments, suggestions, and for responding to the person on a non-anonymous basis or generally via the website on an anonymous basis.
- The GRM focal point can confirm receipt of the complaint, grievance, concern, question, comment, suggestion, either by providing a preliminary answer or confirming the expected timing to provide an answer.
- Contain the various channels which can be used to log a complaint/grievance

### 8.1 PROCEDURE FOR GRIEVANCE AT GARGAARA

The E&SRM officer at Gargaara will be the focal point person for maintaining the grievance log including receiving, documenting, coordinating investigations and responding to all grievances within agreed timeframes.



**Figure 3: Illustration of the grievance management process**

### 8.1.1 Step 1: Registering Complaints

Any person affected by the activities under the Gargaara portfolio can lodge a grievance or complaint verbally, in writing, or through a hotline/toll free number for confidential and sensitive reporting. To simplify the process of lodging a grievance, a variety of grievance log-in-channels will be used such as a dedicated phone number, websites, e-mails, in-person, anonymous, suggestion box, among others. Grievances may include compensation claims, destruction related disputes, disturbances caused by construction activities such as noise among others. Where possible, the complainant may complete a written grievance registration form that will be available at the Gargaara and PFIs' offices and websites (see 10.9: Gargaara Grievance form). Details of grievances or complaints logged verbally will be captured as per the particulars of the grievance log.

For grievances associated with the discrimination or exclusion of vulnerable or marginalized individuals or groups, the grievance will be passed to an appropriate referral pathway to ensure it is resolved in a safe, ethical and confidential manner. All GBV related grievances will be documented and logged in for record purposes. The victim will also receive psychosocial support and as legally mandated, the grievance will be referred to police for further management, if the victim chooses. Where required, provisions for confidentiality will be built into the GRM processes, and where necessary, a Toll-free number will be made available. The E&SRM officer will maintain the combined grievance log including grievance records from the PFIs. The officer will also record, and document complaints received in the PFIs progress reports, including the number and type of complaints and the results of their resolution status.

During capacity building initiatives, The E&SRM specialist shall expound to PFIs, beneficiaries and local communities on the GRM and alternative avenues to file a grievance. The GRM procedures will be made available on Gargaara's websites, and any other public spaces where possible.

### 8.1.2 Step 2: Screening of the grievance

All grievances will be registered, reported and tracked by the E&SRM specialist using a Grievance Register (See Annex 10.9). Once a grievance is logged, the related event(s) that caused the grievance will be tracked to prevent similar grievances or occurrences. The status number and trends of grievances will be discussed during Gargaara operations meetings.

### 8.1.3 Step 3: Hearing/reviewing of the grievance

Once a grievance has been logged, the corresponding local grievance mechanism will be engaged to define a solution to the grievance. At this stage the grievance is reviewed in an informal (oral) way and the any members in the hearing/ meeting prepare and sign the minutes on the matter. If the matter compliant is not resolved at this stage, i.e. within 30 days, then the complainant will be informed of next level of lodging his/her grievance. Special provisions will be made for any complaints of a confidential nature. Complaints on Gender Based Violence (GBV) shall be received and referred immediately to the responsible service providers.

For each grievance, the E&SRM specialist will determine whether additional investigations are warranted. If so, additional information will be collected before a meeting is held with the complainant. This information will be shared with the complainant before the meeting. The complainant will be informed about the date, time and place of their review meeting, and invite the affected persons accordingly. In this meeting, the grievance focal person will discuss with the complainant and affected persons the solution(s) to the grievance(s) that has been logged. The E&SRM specialist shall draw up

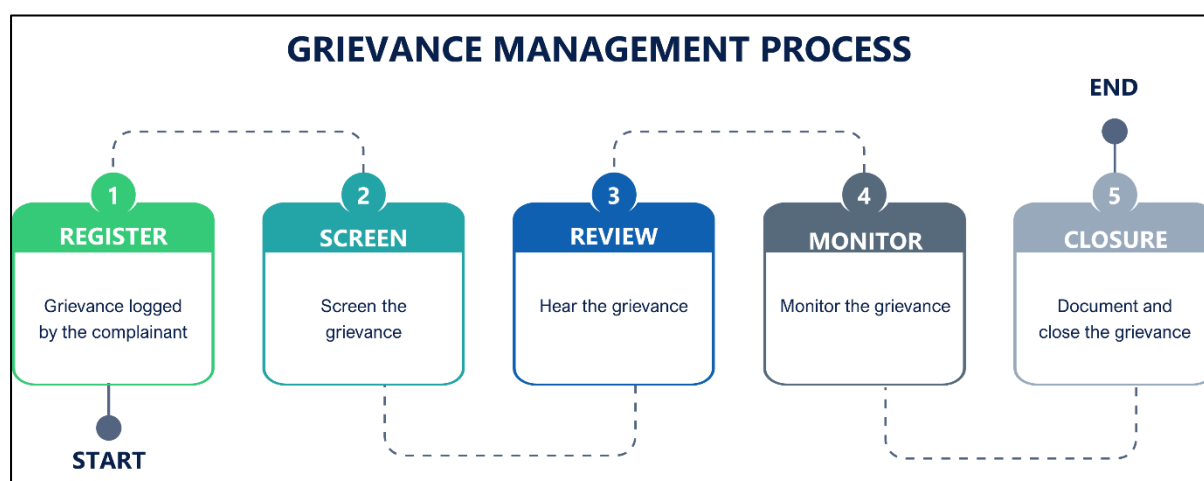
and sign the minutes of their discussion on the matter. If the grievance is satisfactorily resolved, the complainant and affected persons will also sign the minutes in acknowledgement of the agreement. The minutes should include any measures agreed upon in the meeting and the timelines for those measures. If the grievance remains unresolved, the escalation process will be explained to the complainant. At this stage, the grievance will be handled by Gargaara.

#### 8.1.4 Step 4: Closure of the grievance

A grievance will be considered “resolved” or “closed” when a resolution satisfactory to both parties has been reached, and after corrective measures has been successfully implemented. When a proposed solution is agreed between the E&RSM specialist and the complainant, the time needed to implement it will depend on the nature of the solution. Once the solution is being implemented or has been implemented to the satisfaction of the complainant, a complaint closure form will be signed by both parties. The grievance will then be archived in Gargaara’s Grievance database. In certain situations, however, Gargaara may “close” a grievance even if the complainant is not satisfied with the outcome.

#### 8.1.5 Grievance Records and Documentation

The E&RSM specialist person will be responsible for managing a grievance database to keep a record of all grievances received. The database will contain the name of the individual or organisation lodging a grievance; the date and nature of the grievance; any follow-up actions taken; the solutions and corrective actions implemented by Gargaara, the PFI, beneficiary or any other relevant party; the outcome; and how and when this decision was communicated to the complainant. Gargaara in their routine monitoring reports will provide information on grievance management. Grievance monitoring and reporting will occur in quarterly, and annual reports.



## 8.2 GRM AT PFI LEVEL

At PFI level, the GRM should be able to log, screen, review, resolve and close any arising issues from the Gargaara portfolio activities. Like the procedure at Gargaara, the PFI should ensure that a grievance focal person is available to ensure that grievances are handled in a timely manner. Where the GRM is found lacking, The Gargaara E&SRM specialist shall provide the necessary support to ensure that the PFI GRM can ably capture and resolve any arising complaints.



### 8.3 DISCLOSURE OF THE GRM

The GRM should be disclosed continuously and maintained. It will be disclosed in a culturally appropriate manner in English and other languages in the respective districts in an understandable format to communities. Given illiteracy levels, GRM accessibility will include clear images/pictures where possible to convey the process, as well as regular dissemination through stakeholder engagements and public announcements.

#### **Gargaara contact details**

Address: Airport road Waberi, Mogadishu Somalia

Phone: +252 61900110011

Email: info@gargaara.com

### 8.4 GRIEVANCE MECHANISM FOR GARGAARA STAFF

PFIs will put in place a Grievance Mechanism for their workers that is proportionate to their workforce, according to the following principles:

- 1) *Provision of information.* All workers should be informed about the grievance mechanism at the time they are hired, and details about how it operates should be easily available, for example, included in worker documentation or on notice boards.
- 2) *Transparency of the process.* Workers must know to whom they can turn in the event of a grievance and the support and sources of advice that are available to them. All line and senior managers must be familiar with their organization's grievance procedure.
- 3) *Keeping it up to date.* The process should be regularly reviewed and kept up to date, for example, by referencing any new statutory guidelines, changes in contracts or representation.
- 4) *Confidentiality.* The process should ensure that a complaint is dealt with confidentially. While procedures may specify that complaints should first be made to the workers' line manager, there should also be the option of raising a grievance first with an alternative manager, for example, a human resource (personnel) manager.
- 5) *Non-retribution.* Procedures should guarantee that any worker raising a complaint will not be subject to any reprisal.
- 6) *Reasonable timescales.* Procedures should allow for time to investigate grievances fully but should aim for swift resolutions. The longer a grievance is allowed to continue, the harder it can be for both sides to get back to normal afterwards. Time limits should be set for each stage of the process, for example, a maximum time between a grievance being raised and the setting up of a meeting to investigate it.
- 7) *Right of appeal.* A worker should have the right to appeal to PIU or national courts if he or she is not happy with the initial finding.
- 8) *Right to be accompanied.* In any meetings or hearings, the worker should have the right to be accompanied by a colleague, friend or union representative.
- 9) *Keeping records.* Written records should be kept at all stages. The initial complaint should be in writing, if possible, along with the response, notes of any meetings and the findings and the reasons for the findings.

- 10) *Relationship with collective agreements.* Grievance procedures should be consistent with any collective agreements.
- 11) *Relationship with regulation.* Grievance processes should be compliant with the national employment code.

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## 10 ANNEXES

### 10.1 ENVIRONMENT AND SOCIAL RISK SCREENING TEMPLATES

#### 10.1.1 Checklist to be used by PFIs for micro-loans screening

|                             |  |
|-----------------------------|--|
| <b>Filled out by Client</b> |  |
| Name of Client              |  |
| Title                       |  |
| Name of Enterprise          |  |
| Telephone number            |  |
| Date                        |  |
| Activity to be carried out  |  |
| Signature                   |  |

Check if the activity is:

| Criteria  | No /Yes |
|---|---------|
| Near a sensitive area like wetlands, swamps, natural forest, game reserve, rivers, lakes etc? |         |
| Near a cultural, heritage site like a graveyard, spiritual places, or historical importance   |         |
| Will lead to involuntary displacement of individuals and/or communities                       |         |
| Will involve groups people categorised as marginalised/indigenous                             |         |
| Involve use of child labour (children below the age 18) or forced labour                      |         |
| Require the use or production of hazardous substances like pesticides etc.                    |         |
| Will include large scale construction of infrastructure like dams, roads, schools             |         |
| Is near particularly sensitive places (hospitals, schools etc.)                               |         |
| Will require land acquisition   |         |

### 10.1.2 Detailed E&S screening checklist for to be used by PFIs and Gargaara

#### Activity information

| Filled out by Client       |  |
|----------------------------|--|
| Name of Client             |  |
| Title                      |  |
| Name of Enterprise         |  |
| Telephone number           |  |
| Date                       |  |
| Coordinates (if possible)  |  |
| Activity to be carried out |  |
| Signature                  |  |

|     | Item   | Yes /No |
|-----|--|---------|
|     | <b>Natural Environment</b>   |         |
| 1.  | Is the activity near sensitive systems like wetlands, swamps, national parks, conservation areas, forests, lakes, rivers, ponds, boreholes etc?      |         |
| 2.  | Will land be cleared or changes made to the existing land?   |         |
| 3.  | Will the subproject lead to long term or permanent impacts like soil erosion, landslides, slumps, slips etc?   |         |
|     | <b>Pollution</b>   |         |
| 4.  | Will the activity (ies) lead to dust?  |         |
| 5.  | Can the activity (ies) result in potential soil or water contamination (e.g., from oil, grease and fuel from equipment yards, pesticides sprayed)?   |         |
| 6.  | Will the activity(ies) lead to the creation of stagnant water bodies in borrow pits, quarries, etc. for mosquito breeding and other disease vectors? |         |
| 7.  | Will the activity lead to noise?   |         |
| 8.  | If yes, are there measures to control noise and vibration for the activity (ies)?  |         |
|     | <b>Climate change and disaster risks</b>   |         |
| 9.  | Is the area prone to hazards such as earthquakes, floods, droughts, landslides, severe winds, drought, increased heat and rainfall?                  |         |
| 10. | Are the planned activities sensitive to the hazards above?   |         |
|     | <b>Waste management</b>  |         |

|     | Item  | Yes /No |
|-----|---|---------|
| 11. | Does the business have a waste management system?   |         |
| 12. | Will the activity(ies) generate large amounts of wastes (solid or liquid wastes)?   |         |
| 13. | Will the activity(ies) lead to generation of hazardous waste (medical waste, pesticide waste, oils, batteries, electronics, asbestos, automotive waste etc.)                                |         |
|     | <b>Hazardous substances</b>   |         |
| 14. | Does the proposed activity(ies) involve the use, manufacture, storage, transport or trade of hazardous materials and/or chemicals (like pesticides, insecticides, herbicides)?              |         |
| 15. | If “Yes”, above, is there a plan for safe handling, use & disposal of these materials?  |         |
| 16. | Will the activity(ies) use chemicals or materials subject to international bans or phase-outs? For example, DDT, PCBs and other banned chemicals?   |         |
|     | <b>Construction</b>   |         |
| 17. | Will the activity(ies) require any excavations? If yes, what kind?  |         |
| 18. | Will the activity(ies) require additional ancillary facilities like workers’ accommodation, equipment yard?   |         |
| 19. | Will the activity(ies) require large amounts of raw materials or construction materials?  |         |
|     | <b>Socio- economic</b>  |         |
| 20. | Will the activity(ies) lead to displacement or resettlement of people?  |         |
| 21. | Will the activity(ies) impact vulnerable social groups, such as women, children, the elderly, the poor, indigenous peoples, squatters, or other informal groups economically or physically? |         |
| 22. | Will the activity(ies) impact internally displaced persons (IDP) negatively?  |         |
| 23. | Will the activity(ies) lead to induced settlements by workers and others causing social and economic disruption?  |         |
| 24. | Are the activity(ies) near or within indigenous communities? If yes, explain.   |         |
| 25. | Will there be land acquisition for the proposed activity(ies)?  |         |
| 26. | If yes, what type of land will be acquired for the proposed activity(ies) (private or public, land use type etc. )?   |         |
| 27. | Will the activity(ies) lead to Gender Based Violence (GBV) and Sexual Exploitation and Abuse /Harassment?   |         |
| 28. | Will the activity(ies) lead to labour influx, child or forced labour?   |         |
| 29. | Could the activity(ies) lead to conflicts among communities and individuals?  |         |
| 30. | Could the activity(ies) increase discrimination against women?  |         |
| 31. | Will activity(ies) result in permanent or temporary loss of household infrastructure (such as granaries, outside toilets and kitchens, etc.)?   |         |

|     | Item  | Yes /No |
|-----|---|---------|
| 32. | Are there any grievances or objections from potentially affected stakeholders?  |         |
| 33. | Will the activity(ies) lead to loss of productive assets or income source or restrict access to resources?  |         |
|     | <b>Working conditions</b>   |         |
| 34. | Is a proper internal grievance mechanism established for employees / clients and associates of the business?  |         |
| 35. | Will there be any occupational health and safety risks from the activities?   |         |
| 36. | Are there measures to prevent occupational hazards like provision of PPE, safety trainings, safety warnings etc.?   |         |
|     | <b>Community health and safety</b>  |         |
| 37. | Will there be engagement of security personnel to protect facilities and property that support the activity(ies)?   |         |
|     | <b>Cultural heritage</b>  |         |
| 38. | Are activities near or within an archaeological, historical, cultural, religious heritage site? If yes, will the proposed activity(ies) make changes to the site? |         |

**Recommendation (High, Substantial, Moderate or Low risk).** *Note: High and substantial are excluded from the MSME Financing Facility*

.....

## CERTIFICATION

We certify that we have thoroughly examined all the potential adverse effects of this activity(ies).

Reviewer:

.....

Name:

.....

Signature:

.....

Date:

.....

## 10.2 ESMP CONTENT (SAMPLE)

### Executive summary

1. Introduction - *provide brief but concise information on objective of the ESMP.*
2. Project description – *provide description of the activity including location maps showing location of the project area. This is to provide reader who is not familiar with the area to understand the issue clearer.*
3. Environmental background – *provide key information on the environmental background of the activity as including maps (if possible). Focus should be given to identify area/community that may be affected by the activity.*
4. Potential impacts and mitigation measures – *provide results of the safeguard screening following the criteria in the ESMF, identify potential impacts (positive and negative) and mitigation measures; using a matrix format could help in understanding the connection between the impacts and mitigation better.*
5. Implementation arrangement – *explain responsible persons (including their capacity to carry out the activities identified in the ESMP and the need for training), implementation schedule, cost estimate, and how the EMP will be integrated into the activity*
8. Consultation and information disclosure – *provide summary on consultation activities and stakeholders on the ESMP and concerns raised and responses.*



## 10.3 SOMALIA CAPACITY ADVANCEMENT, LIVELIHOODS AND ENTREPRENEURSHIP, THROUGH DIGITAL UPLIFT PROJECT (SCALED-UP).

### 1.1 PROJECT CONTEXT

Recognizing that Somalia's private sector must be an active stakeholder in the political and economic reform and recovery processes for Somalia to transition from insecurity to stability and resilience, the World Bank is implementing the Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift Project (SCALED-UP). The project aims to increase financial and digital access to Somalis in particular to address constraints faced by Micro, Small, and Medium Enterprises (MSMEs). Overall, the project intends to create and sustain jobs through improved access to financial services. In addition, the project plans to contribute to the formalization and modernization of the financial services sector through the provision of loans on the basis of transparent, objective and economic criteria. Furthermore, the project established an apex MSME Financing Facility "Gargaara Company Limited" to manage a line of credit that the project will make available to eligible financial institutions.

The project is being implemented in close partnership with other key development partners supporting the Government's wide-ranging reform agenda. The project is currently refinancing 7 banks and 1 microfinance institution to provide financing and business development to Somali MSMEs from the following productive sectors: renewable energy, agriculture, fisheries, agricultural processing, small-scale manufacturing, education, health, hospitality, and travel. The World Bank uses IDA funds to finance MSME loans in the renewable energy, fisheries, agricultural processing and small-scale manufacturing sectors via Gargaara while the German funds are to be used for loans in the education, health, hospitality and tourism sectors.

### 1.1 PROJECT DEVELOPMENT OBJECTIVE

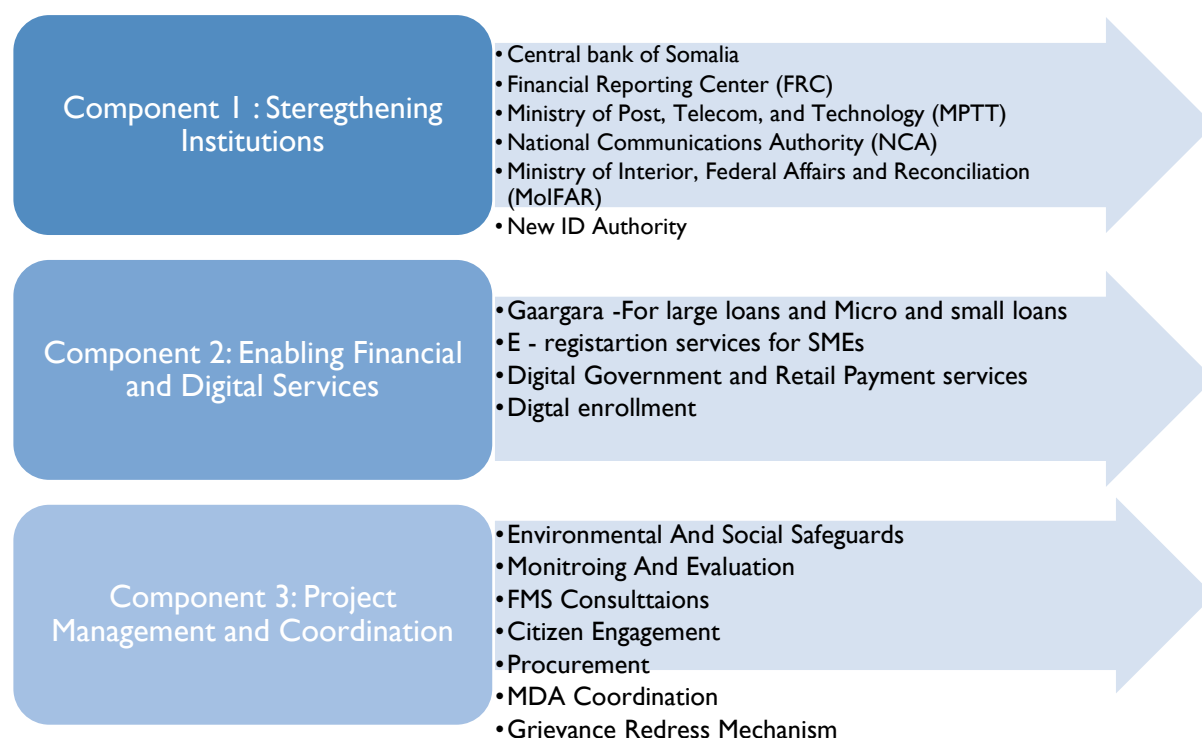
The Project Development Objective (PDO) is to support progress towards increased access to basic digital financial and government services targeting entrepreneurship and employment, particularly for women. The project proposes to finance activities to expand financial and digital access over a four-year period for USD US\$ 75.00 million.

### 1.1 PROJECT COMPONENTS

The project has three components (see Annex 2 for detailed description). The project adopts a highly graduated and integrated approach that is well-adapted to the country context. Initially, the project focused on establishing an enabling legal and regulatory environment for financial and digital development. The project then focused on stabilizing core institutions and their governance as preconditions for enabling access to basic inclusive financial and government services that offer economic opportunities and expand provision of sustainable jobs. Subsequently, the project focus is shifting to expanding the coverage and number of service users.

At the core of the project was the establishment of two specialized Somali entities. The first entity administers a digital ID system and the second an apex MSME Financing Facility "Gargaara" that manages a line of credit that the project will make available to eligible financial institutions. The project provided initial funding to the two institutions with IDA and donor financing. In the case of Gargaara, the facility is open to sequential private sector investing and shareholding through follow-on fund-raising. This represents the first step in creating a Somali entity with a commercial orientation that can

act as a platform to crowd-in additional investments of private capital from international sources, including development finance institutions (DFIs), thereby fostering financial sector development, financial inclusion while sustaining the most dynamic MSMEs and provision of jobs, in a capital-constrained environment.



### **Component 1: Strengthening Institutions**

This component focusses on stabilizing core government functions enabling access to services for individuals and businesses. This is a reform area requiring progress across multiple ministries, departments and agencies (MDAs) in several areas. This is intended to strengthen governance and institutional effectiveness thereby contributing to building state legitimacy and improving citizens' trust in institutions. The key areas covered by this component are as follows: (a) support to the CBS on improving financial institutions regulations and supervision, promoting efficient financial intermediation and strengthening policies and strategies for digital financial services and expanding financial access; (b) support the FRC on enhancing its understanding of Somalia's AML/CFT risks, analysing financial intelligence, and disseminating reports to LEAs as appropriate; (c) support to the Ministry of Posts, Telecommunications and Technology (MPTT)/NCA, including mobile network operator licensing by the NCA; and (d) support for the legislative and institutional enabling environment for the digital ID system, including the set-up and operationalization of the new ID authority. Activities to be financed will include provision of goods, consultancy services, capacity building, training, and workshops for carrying out implementation activities supporting policy makers, regulators, and supervisors, and other beneficiaries and stakeholders to (a) develop and implement effective sector policies and strategies and legal and regulatory frameworks; (b) strengthen regulatory reporting, compliance, and transaction monitoring; (c) implement shared IT systems and related utility services for identification verification as well as fraud detection and control; and (d) improve business processes and streamline workflows.

### **Component 2: Enabling Financial and Digital Services**

This component focuses on increasing individuals' and businesses' access to services that expand economic opportunities and help restore resilience in a gender-sensitive manner. Under this component, the project will support sustainable mechanisms for service delivery. In addition, the project will encourage a gender-sensitive approach to the delivery of targeted services and promote the development of gender-sensitive sector policies and strategies to help address the gender gaps identified. Areas covered by the component are as follows:

(a) Setting up the MSME Financing Facility as a dedicated apex institution providing financing to bank and nonbank financial institutions, with implementation support from the World Bank. Discussions have also been held with IFC to engage in supporting implementation of the facility (see annex 2). The entity will follow private sector management and governance principles, as well as embed AML/CFT controls in accordance with the Financial Action Task Force (FATF) standards. Eligible financial institutions will be those which are appraised by the MSME Financing Facility and meet World Bank Group policies as well as other risk considerations (including environmental and social [E&S] safeguards and AML/CFT risk controls).

(b) Digital ID enrolment for at least the first one million registrants, including dedicated support for outreach to the poorer and marginalized groups, and support for the use of the digital ID for increased financial access through more accurate identity verification and authentication mechanisms available to, among others, mobile money companies, banks, and MTBs.

(c) Government digital payments, construction of interoperable retail payments services, and integrated Government digital services thereby contributing to strengthened systems for revenue mobilization and expenditure management in an increasingly coherent federal government structure for service delivery.

(d) E-business registration services for SMEs through operationalization of one-stop shop (OSS), thereby enabling access to a centralized information service to verify the identity of the beneficial owners of all legal entities operating in Somalia. The digital business registration services would also enable CDD as a pillar of an effective AML/CFT program by financial service providers operating in Somalia as well as the MSME Financing Facility set up under the project.

The MSME Financing Facility will be set up as a dedicated and autonomous Somali body to ensure long-term sustainability. The entity will be initially publicly funded using IDA financing but would be structured to operate through private sector management and governance principles and with the provision to allow transition toward private sector majority shareholding over time. To avoid crowding-out private sector financing, any subsidy component in the pricing will be explicit and transparent and will be gradually phased out to build a commercial market segment for lending to MSMEs in underserved market segments.

The MSME Financing Facility will be supported by the World Bank Group to build its operational capacity and establish credibility in the market. The project will also help protect the integrity of the institution by requiring the MSME Financing Facility to operate in accordance with World Bank-reviewed appraisal procedures and standards as a condition of the IDA Grant Agreement and the World Bank project agreement. The World Bank Group implementation support to the MSME Financing Facility will indirectly help build capacity to improve the quality of subproject loan applications prepared by the participating financial institutions (PFIs). This is because the MSME Financing Facility will adopt an MSME Subproject Manual developed with World Bank Group

assistance. The key design elements of the MSME Subproject Manual will ensure (a) access to finance by MSMEs in underserved economic segments, especially women and female-owned businesses and (b) clarity, transparency, and administrative efficiency in MSME Financing Facility appraisal operations under a single institution using a single MSME Subproject Manual.

The project will support the MSME Financing Facility to develop the institutional capacity to screen, appraise, and supervise funded subprojects. This will involve supporting the MSME Financing Facility to manage its operations on a sustainable basis; building capacity in PFIs and other relevant parties; developing standardized documents and procedures for PFIs to use in preparing subproject loan applications and requiring the use of such documents and procedures for subprojects to receive funding from the MSME Financing Facility; and supporting on-demand sub-loan preparation activities, including feasibility studies, transaction advisory support, and other activities that PFIs consider complex. The MSME Financing Facility will operate through two separate financing windows addressing different customer-facing channels and lines of business emphasizing the need to tailor the framework to an individual bank's line of business structure, products, and priorities as follows:

- A 'large loans' window to cover large loans to SMEs (large businesses). The eligibility criteria for borrowers would be flexible. However, informal companies would not be accepted. All advances will be in U.S. dollars and all types of credit would be eligible (working capital and investment loans), except trade finance.
- A 'micro and small loans' window that would be open to SMEs, individuals, and groups. This will include informal small and microenterprises and groups with a commitment to formalize during the loan repayment period. All advances will be in U.S. dollars and all types of credit would be eligible (working capital and investment loans) except trade finance.

### **Component 3: Project Management and Coordination**

This component funds project management and coordination activities. The project is implemented by FGS using a single Project Implementation Unit (PIU) anchored in the Ministry of Finance in Mogadishu, with a multilayer implementation structure. The PIU will be responsible for day-to-day project management and will coordinate closely with MDAs covering the project target areas. The PIU also coordinates activities across FGS including Federal Member States (FMS). Project focal persons were appointed and embedded within MDAs covering project target areas (Ministry of Finance; Ministry of Commerce and Industry; Ministry of Posts, Telecommunications and Technology; Ministry of Interior; Central Bank of Somalia, Financial Reporting Center; and National Communications Authority). The project set up a single Project Steering Committee (PSC) comprising the key MDAs to coordinate and oversee the implementation of activities, with attention to sequencing and timing issues, as well as ensuring effective stakeholder consultations and engagements. The project also funds an independent monitoring agent (MA) to provide an added layer of physically monitoring the flow and use of project funds, including the MSME Financing Facility. In addition, funding will be allocated to establish a project-level grievance redress mechanism (GRM). Activities to be financed by this component include provision of goods, consulting services, training, and operating costs of the PIU to support project coordination, implementation, monitoring and evaluation (M&E), and management.

## 10.4 DETAILED EXCLUSION LIST

### 10.4.1 Exclusion List of KfW Group

In the following areas KfW Group does not offer financing for new projects or purposes:

- I. Production or trade in any product or activity subject to national or international phase-out or prohibition regulations or to an international ban, for example
  - i. certain pharmaceuticals, pesticides, herbicides and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
  - ii. ozone depleting substances (under the Montreal Protocol),
  - iii. protected wildlife or wildlife products (under CITES / Washington Convention),
  - iv. prohibited transboundary trade in waste (under the Basel Convention).
2. Investments which could be associated with the destruction<sup>2</sup> or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
3. Production or trade in controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, anti-personnel mines, enriched uranium).
4. Production or trade in radioactive material. This does not apply to the procurement of medical equipment, quality control equipment or other application for which the radioactive source is insignificant and/or adequately shielded.
5. Production or trade in unbound asbestos. This does not apply to the purchase or use of cement linings with bound asbestos and an asbestos content of less than 20%.
6. Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km.
7. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
8. Prospection, exploration and mining extraction of coal; the production of gas by carbonisation of coal, transport and storage infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities fired with coal, as well as associated stub lines.
9. Prospection, exploration and extraction of oil (upstream), transport and storage infrastructure for crude oil, oil terminals and oil harbours as well as refineries.
10. Prospection, exploration and extraction of natural gas (upstream), new construction of natural gas grids and pipelines, vessels for the laying of natural gas pipelines, LNG liquefying terminals as well as production facilities for grey hydrogen (steam reforming of fossil fuels, without the use of CCS)

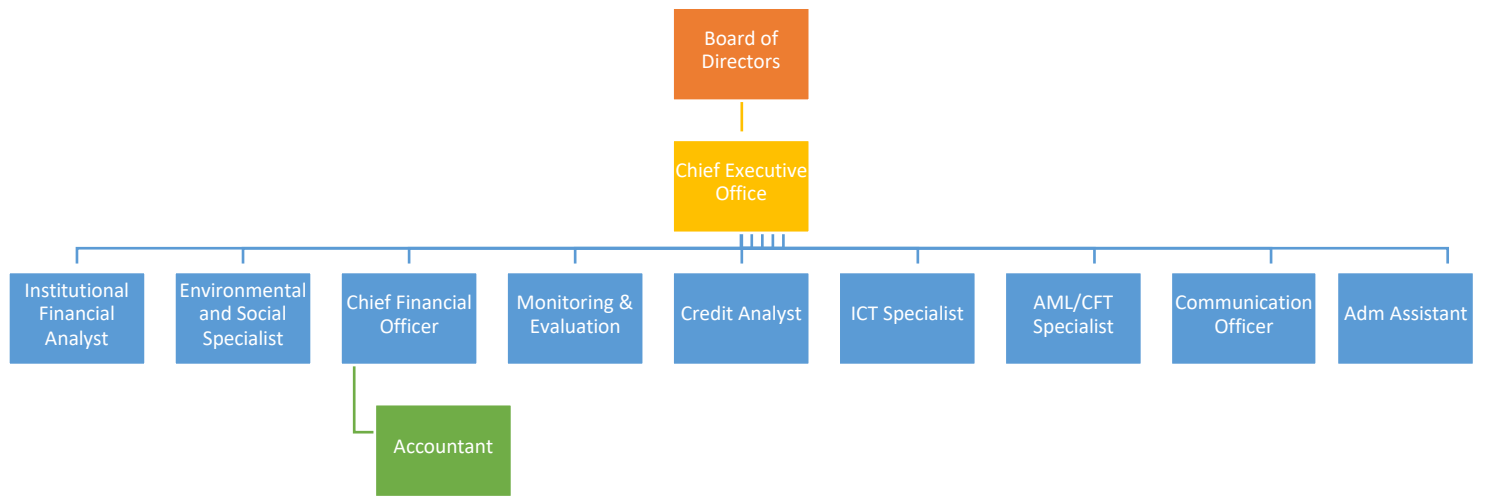
#### 10.4.2 IFC/WB Project Exclusion List

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under CITES.
- Production or trade in weapons or munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the IFC considers the radioactive source to be trivial and/or adequately shielded).
- Production or trade in unbounded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.
- Drift net fishing in the marine environment using nets more than 2.5 km in length.
- Production or activities involving harmful or exploitive forms of forced labour/harmful child labour.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Significant agricultural production that involves purchase and use of pesticides or other chemical agents.
- Activities which involve alterations to the quantity or quality of water in an international waterway or its tributary.
- Activities in sensitive or protected natural environments or in areas that are under specific protection or management regimes.

*For micro enterprises\* s include:*

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (includes gasoline, kerosene, and other petroleum products).
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such individuals.

## 10.5 GARGAARA ORGANISATION ROLES AND RESPONSIBILITIES



## 10.6 WHO RECOMMENDED CLASSIFICATION OF PESTICIDES BY HAZARD

### 10.6.1 Extremely hazardous (Class IA) technical grade active ingredients in pesticides

| Common name             | CAS no      | UN no | Chem type | Phys state | Main use | GHS | LD <sub>50</sub> mg/kg | Remarks   |
|-------------------------|-------------|-------|-----------|------------|----------|-----|------------------------|---|
| Aldicarb [ISO]          | 116-06-3    | 2757  | C         | S          | I-S      | 1   | 0.93                   | See note 3; EHC 121; HSG 64; ICSC 94; JMPR 1992, 1995   |
| Brodifacoum [ISO]       | 56073-10-0  | 3027  | CO        | S          | R        | 1   | 0.3                    | EHC 175; HSG 93   |
| Bromadiolone [ISO]      | 28772-56-7  | 3027  | CO        | S          | R        | 1   | 1.12                   | EHC 175; HSG 94   |
| Bromethalin [ISO]       | 63333-35-7  | 2588  |           | S          | R        | 1   | 2                      |   |
| Calcium cyanide [C]     | 592-01-8    | 1575  |           | S          | FM       | 2   | 39                     | Adjusted classification; see note 1; ICSC 407   |
| Captafol [ISO]          | 2425-06-1   |       |           | S          | F        | 5   | 5000                   | Adjusted classification; see notes 2 and 3; HSG 49; IARC 53 (Group 2A); ICSC 119; JMPR 1977, 1985 |
| Chlorethoxyfos [ISO]    | 54593-83-8  | 3018  | OP        | L          | I        | 1   | 1.8                    | Extremely hazardous by skin contact (LD <sub>50</sub> = 12.5 mg/kg); ICSC 1681                    |
| Chlormephos [ISO]       | 24934-91-6  | 3018  | OP        | L          | I        | 2   | D27                    | ICSC 1682   |
| Chlorophacinone [ISO]   | 3691-35-8   | 2588  |           | S          | R        | 1   | 3.1                    | EHC 175; ICSC 1756  |
| Difenacoum [ISO]        | 56073-07-5  | 3027  | CO        | S          | R        | 1   | 1.8                    | EHC 175; HSG 95   |
| Difethialone [ISO]      | 104653-34-1 | 2588  |           | S          | R        | 1   | 0.56                   | EHC 175   |
| Diphacinone [ISO]       | 82-66-6     | 2588  |           | S          | R        | 1   | 2.3                    | EHC 175; ICSC 1757  |
| Disulfoton [ISO]        | 298-04-4    | 3018  | OP        | L          | I        | 1   | 2.6                    | ICSC 1408; JMPR 1992, 1996  |
| EPN                     | 2104-64-5   | 2783  | OP        | S          | I        | 2   | 14                     | See note 4; ICSC 753  |
| Ethoprophos [ISO]       | 13194-48-4  | 3018  | OP        | L          | I-S      | 2   | D26                    | ICSC 1660; JMPR 1999; [Oral LD <sub>50</sub> = 33 mg/kg]  |
| Flocoumafen             | 90035-08-8  | 3027  |           | S          | R        | 1   | 0.25                   | EHC 175; ICSC 1267  |
| Hexachlorobenzene [ISO] | 118-74-1    | 2729  | OC        | S          | FST      | 5   | D10000                 | Adjusted classification (notes 3 and 5); EHC 195; IARC 79 (Group 2B); ICSC 895                    |
| Mercuric chloride [ISO] | 7487-94-7   | 1624  | HG        | S          | F-S      | 1   | 1                      | See note 3; ICSC 979  |
| Mevinphos [ISO]         | 7786-34-7   | 3018  | OP        | L          | I        | 1   | D4                     | ICSC 924; JMPR 1996; [Oral LD <sub>50</sub> = 3.7 mg/kg]  |
| Oxamyl [ISO]            | 23135-22-0  | 2757  | C         | S          | I        | 1   | 2.5                    | JMPR 2017   |

| Common name                 | CAS no     | UN no | Chem type | Phys state | Main use | GHS | LD <sub>50</sub> mg/kg | Remarks  |
|-----------------------------|------------|-------|-----------|------------|----------|-----|------------------------|--|
| Parathion [ISO]             | 56-38-2    | 3018  | OP        | L          | I        | 2   | 13                     | See note 3; HSG 74; IARC 112 (Group 2B); ICSC 6; JMPR 1995; High case fatality reported – see note 6 |
| Parathion-methyl [ISO]      | 298-00-0   | 3018  | OP        | L          | I        | 2   | 14                     | See note 3; EHC 145; HSG 75; ICSC 626; JMPR 1984, 1995   |
| Phenylmercury acetate [ISO] | 62-38-4    | 1674  | HG        | S          | FST      | 2   | 24                     | Adjusted classification; see notes 3 and 7; ICSC 540   |
| Phorate [ISO]               | 298-02-2   | 3018  | OP        | L          | I        | 1   | 2                      | See note 3; JMPR 1996, 2004; ICSC 1060   |
| Phosphamidon                | 13171-21-6 | 3018  | OP        | L          | I        | 2   | 7                      | See note 3; ICSC 189; JMPR 1986  |
| Sodium fluoroacetate [C]    | 62-74-8    | 2629  |           | S          | R        | 1   | 0.2                    | ICSC 484   |
| Sulfotep [ISO]              | 3689-24-5  | 1704  | OP        | L          | I        | 1   | 5                      | ICSC 985   |
| Tebupirimfos [ISO]          | 96182-53-5 | 3018  | OP        | L          | I        | 1   | 1.3                    | Extremely hazardous by skin contact (LD <sub>50</sub> 9.4 mg/kg in rats); ICSC 1767                  |
| Terbufos [ISO]              | 13071-79-9 | 3018  | OP        | L          | I-S      | 1   | c2                     | ICSC 1768; JMPR 1990, 2003   |

EHC = Environmental Health Criteria Monograph; HSG = Health and Safety Guide; IARC = IARC Monographs on the Evaluation of Carcinogenic Risks to Humans; ICSC = International Chemical Safety Card; JMPR = Evaluation by the Joint FAO/WHO Meeting on Pesticide Residues.

#### Notes to Class Ia

- Calcium cyanide is in Class Ia as it reacts with moisture to produce hydrogen cyanide gas. *Hydrogen cyanide is fatal if swallowed, in contact with skin or if inhaled (ICSC 492).*
- Captafol is carcinogenic in both rats and mice.
- The international trade of *aldicarb*, *captafol*, *hexachlorobenzene*, *mercury compounds*, *parathion*, *parathion-methyl*, *phorate* and *phosphamidon* is regulated by the Rotterdam Convention on Prior Informed Consent (see <http://www.pic.int/>), which entered into force on 24 February 2004 and has subsequently been amended. See table 7, p. 65
- EPN has been reported as causing delayed neurotoxicity in hens.
- Hexachlorobenzene has caused a serious outbreak of porphyria in humans. The use and production of hexachlorobenzene is severely restricted by the Stockholm Convention on persistent organic pollutants (see <http://www.pops.int/>), which entered into force on 17 May, 2004 and has subsequently been amended.
- A high case fatality has been reported in poisoning cases with this substance (Dawson et al, 2010).
- Phenylmercury acetate is highly toxic to mammals and very small doses have produced renal lesions; teratogenic in the rat.

THE FINAL CLASSIFICATION OF ANY PRODUCT  
DEPENDS ON ITS FORMULATION



## 10.6.2 Highly hazardous (Class IB) technical grade active ingredients in pesticides

| Common name                  | CAS no       | UN no | Chem type | Phys state | Main use | GHS | LD <sub>50</sub> mg/kg | Remarks   |
|------------------------------|--------------|-------|-----------|------------|----------|-----|------------------------|---|
| Abamectin [ISO]              | 71751-41-2   | 2588  |           | S          | AC,I,N   | 2   | 8.7                    | JMPR 2015   |
| Acrolein [C]                 | 107-02-8     | 1092  |           | L          | H        | 2   | 29                     | EHC 127; HSG 67; ICSC 90  |
| Allyl alcohol [C]            | 107-18-6     | 1098  |           | L          | H        | 3   | 64                     | Highly irritant to skin and eyes; ICSC 95; Adjusted classification (see note 3) |
| Azinphos-ethyl [ISO]         | 2642-71-9    | 2783  | OP        | S          | I        | 2   | 12                     | JMPR 1973   |
| Azinphos-methyl [ISO]        | 86-50-0      | 2783  | OP        | S          | I        | 2   | 16                     | See note 2; ICSC 826; JMPR 1992, 2007   |
| Blasticidin-S                | 2079-00-7    | 2588  |           | S          | F        | 2   | 16                     | ICSC 1758   |
| Bromophos-ethyl [ISO]        | 4824-78-6    |       | OP        | L          | I        | 3   | 71                     | Adjusted classification (see note 3)  |
| Butocarboxim [ISO]           | 34681-10-2   | 2992  | C         | L          | I        | 3   | 158                    | JMPR 1985; Adjusted classification (see note 3)                                 |
| Butoxycarboxim [ISO]         | 34681-23-7   | 2992  | C         | L          | I        | 3   | D288                   | Adjusted classification (see note 3)  |
| Cadusafos [ISO]              | 95465-99-9   | 3018  | OP        | L          | N,I      | 2   | 30                     | JMPR 2009   |
| Calcium arsenate [C]         | 7778-44-1    | 1573  | AS        | S          | I        | 2   | 20                     | EHC 18, 224; IARC 84 (see note 5); ICSC 765; JMPR 1969                          |
| Carbofuran [ISO]             | 1563-66-2    | 2757  | C         | S          | I        | 2   | 8                      | See note 2; ICSC 122; JMPR 1996, 2002, 2008                                     |
| Chlorfenvinphos [ISO]        | 470-90-6     | 3018  | OP        | L          | I        | 2   | 31                     | ICSC 1305; JMPR 1994  |
| 3-Chloro-1,2-propanediol [C] | 96-24-2      | 2689  |           | L          | R        | 3   | 112                    | IARC 101 (Group 2B); ICSC 1664; Adjusted classification (see notes 1 and 3)     |
| Coumaphos [ISO]              | 56-72-4      | 2783  | OP        | S          | AC,MT    | 2   | 7.1                    | ICSC 422; JMPR 1990   |
| Coumatetralyl [ISO]          | 5836-29-3    | 3027  | CO        | S          | R        | 2   | 16                     |   |
| Cyfluthrin [ISO]             | 68359-37-5   |       | PY        | S          | I        | 2   | c15                    | ICSC 1764; JMPR 2006; See note 4  |
| Beta-cyfluthrin [ISO]        | 1820573-27-0 |       | PY        | S          | I        | 2   | c11                    | JMPR 2006; See note 4   |

| Common name            | CAS no     | UN no | Chem type | Phys state | Main use | GHS | LD <sub>50</sub> mg/kg | Remarks   |
|------------------------|------------|-------|-----------|------------|----------|-----|------------------------|---|
| Demeton-S-methyl [ISO] | 919-86-8   | 3018  | OP        | L          | I        | 2   | 40                     | EHC 197; ICSC 705; JMPR 1989  |
| Dichlorvos [ISO]       | 62-73-7    | 3018  | OP        | L          | I        | 3   | 57-108                 | Volatile; EHC 79; HSG 18; IARC 53 (Group 2B); ICSC 690; JMPR 1993, 2011; Adjusted classification (see note 3) |
| Dicrotophos [ISO]      | 141-66-2   | 3018  | OP        | L          | I        | 2   | 22                     | ICSC 872  |
| Dinoterb [ISO]         | 1420-07-1  | 2779  | NP        | S          | H        | 2   | 25                     |   |
| DNOC [ISO]             | 534-52-1   | 1598  | NP        | S          | I-S,H    | 2   | 25                     | JMPR 1965a; EHC 220; ICSC 462. See note 2.  |
| Edifenphos [ISO]       | 17109-49-8 | 3018  | OP        | L          | F        | 3   | 150                    | JMPR 1981. Adjusted classification (see note 3)   |
| Ethiofencarb [ISO]     | 29973-13-5 | 2992  | C         | L          | I        | 3   | 200                    | ICSC 1754; JMPR 1982. Adjusted classification (see note 3)  |
| Famphur                | 52-85-7    | 2783  | OP        | S          | I        | 2   | 48                     |   |
| Fenamiphos [ISO]       | 22224-92-6 | 2783  | OP        | S          | N        | 2   | 15                     | ICSC 483; JMPR 1997, 2002   |
| Flucythrinate [ISO]    | 70124-77-5 | 3352  | PY        | L          | I        | 3   | c67                    | JMPR 1985; see note 4; Adjusted classification (see note 3)   |
| Fluoroacetamide [C]    | 640-19-7   | 2588  |           | S          | R        | 2   | 13                     | ICSC 1434. See note 2   |
| Formetanate [ISO]      | 22259-30-9 | 2757  | C         | S          | AC       | 2   | 21                     |   |
| Furathiocarb           | 65907-30-4 | 2992  | C         | L          | I-S      | 2   | 42                     |   |
| Heptenophos [ISO]      | 23560-59-0 | 3018  | OP        | L          | I        | 3   | 96                     | Adjusted classification (see note 3)  |
| Isoxathion [ISO]       | 18854-01-8 | 3018  | OP        | L          | I        | 3   | 112                    | Adjusted classification (see note 3)  |
| Lead arsenate [C]      | 7784-40-9  | 1617  | AS        | S          | L        | 2   | c10                    | EHC 18, 224; ICSC 911; JMPR 1969  |
| Mecarbam [ISO]         | 2595-54-2  | 3018  | OP        | Oil        | I        | 2   | 36                     | ICSC 1755; JMPR 1986  |
| Mercuric oxide [ISO]   | 21908-53-2 | 1641  | HG        | S          | O        | 2   | 18                     | ICSC 981; CICAD 50. See note 2  |
| Methamidophos [ISO]    | 10265-92-6 | 2783  | OP        | S          | I        | 2   | 30                     | HSG 79; ICSC 176; JMPR 1990, 2002; See note 2   |
| Methidathion [ISO]     | 950-37-8   | 3018  | OP        | L          | I        | 2   | 25                     | ICSC 1659; JMPR 1997  |

| Common name             | CAS no     | UN no | Chem type | Phys state | Main use | GHS | LD <sub>50</sub> mg/kg | Remarks   |
|-------------------------|------------|-------|-----------|------------|----------|-----|------------------------|---|
| Methiocarb [ISO]        | 2032-65-7  | 2757  | C         | S          | I        | 2   | 20                     | ICSC 1766; JMPR 1998  |
| Methomyl [ISO]          | 16752-77-5 | 2757  | C         | S          | I        | 2   | 17                     | EHC 178; HSG 97; ICSC 177; JMPR 1989, 2001  |
| Monocrotophos [ISO]     | 6923-22-4  | 2783  | OP        | S          | I        | 2   | 14                     | See note 2; HSG 80; ICSC 181; JMPR 1995; <i>High case fatality reported – see note 6.</i> |
| Nicotine [ISO]          | 54-11-5    | 1654  |           | L          |          | 1   | D50                    | ICSC 519  |
| Omethoate [ISO]         | 1113-02-6  | 3018  | OP        | L          | I        | 2   | 50                     | JMPR 1985; 1996   |
| Oxydemeton-methyl [ISO] | 301-12-2   | 3018  | OP        | L          | I        | 3   | 65                     | JMPR 1989, 2002; Adjusted classification (see note 3)                                     |
| Paris green [C]         | 12002-03-8 | 1585  | AS        | S          | L        | 2   | 22                     | Copper-arsenic complex  |
| Pentachlorophenol [ISO] | 87-86-5    | 3155  |           | S          | I,F,H    | 2   | D80                    | See note 2; Irritant to skin; EHC 71; HSG 19; IARC 117 (Group 1); ICSC69                  |
| Propetamphos [ISO]      | 31218-83-4 | 3018  | OP        | L          | I        | 3   | 106                    | Adjusted classification (see note 3)  |
| Sodium arsenite [C]     | 7784-46-5  | 2027  | AS        | S          | R        | 2   | 10                     | EHC 224; IARC 84 (see note 5); ICSC 1603  |
| Sodium cyanide [C]      | 143-33-9   | 1689  |           | S          | R        | 2   | 6                      | ICSC 1118; CICAD 61   |
| Strychnine [C]          | 57-24-9    | 1692  |           | S          | R        | 2   | 16                     | ICSC 197  |
| Tefluthrin              | 79538-32-2 | 3349  | PY        | S          | I-S      | 2   | c22                    | See note 4  |
| Thallium sulfate [C]    | 7446-18-6  | 1707  |           | S          | R        | 2   | 11                     | EHC 182; ICSC 336   |
| Thiofanox [ISO]         | 39196-18-4 | 2757  | C         | S          | I-S      | 2   | 8                      |   |
| Thiometon [ISO]         | 640-15-3   | 3018  | OP        | Oil        | I        | 3   | 120                    | ICSC 580; JMPR 1979; Adjusted classification (see note 3)                                 |
| Triazophos [ISO]        | 24017-47-8 | 3018  | OP        | L          | I        | 3   | 82                     | JMPR 1993, 2002; Adjusted classification (see note 3)                                     |
| Vamidothion [ISO]       | 2275-23-2  | 3018  | OP        | L          | I        | 3   | 103                    | JMPR 1988; ICSC 758; Adjusted classification (see note 3)                                 |
| Warfarin [ISO]          | 81-81-2    | 3027  | CO        | S          | R        | 2   | 10                     | EHC 175; HSG 96; ICSC 821   |
| Zinc phosphide [C]      | 1314-84-7  | 1714  |           | S          | R        | 2   | 40.5                   | EHC 73; ICSC 602  |

EHC = Environmental Health Criteria Monograph; HSG = Health and Safety Guide; IARC = IARC Monographs on the Evaluation of Carcinogenic Risks to Humans; ICSC = International Chemical Safety Card; JMPR = Evaluation by the Joint FAO/WHO Meeting on Pesticide Residues.

#### Notes to Class Ib

1. 3-Chloro-1,2-propanediol in nonlethal dosage is a sterilant for male rats. This compound is also known as alpha-chlorohydrin.
2. The international trade of azinphos-methyl, carbofuran, DNOC, fluoroacetamide, mercury compounds, methamidophos, monocrotophos and pentachlorophenol is regulated by the Rotterdam Convention on Prior Informed Consent (see <http://www.pic.int/>), which entered into force on 24 February 2004 and has subsequently been amended. See table 7, p. 65. In addition, the production and use of pentachlorophenol and its salts and esters are strictly limited by the Stockholm Convention on persistent organic pollutants (see <http://www.pops.int/>), which entered into force on 17 May, 2004 and has subsequently been amended.
3. As a precautionary measure, the classification of certain liquid pesticides has been adjusted to avoid those pesticides being assigned to a less hazardous Class in the process of aligning the WHO Classification with the GHS. Details of how the WHO Classification has been aligned with the GHS Acute Toxicity Hazard Categories are described in the introductory notes for Part II.
4. The toxicity data for pyrethroids is highly variable according to isomer ratios, the vehicle used for oral administration, and the husbandry of the test animals e.g. fasting prior to dosing. The variability is reflected in the prefix 'c' before LD<sub>50</sub> values. The single LD<sub>50</sub> value chosen for classification purposes is generally based on administration in corn oil and can be much lower than that in aqueous solutions. This underlines the need for classification by formulation if the classification is to reflect true hazard.
5. IARC Monograph 84 concluded that there was **limited evidence** in experimental animals for the carcinogenicity of calcium arsenate and sodium arsenite (IARC 84).
6. A high case fatality has been reported in poisoning cases with this substance (Dawson et al, 2010).

THE FINAL CLASSIFICATION OF ANY PRODUCT  
DEPENDS ON ITS FORMULATION

**10.7 GARGAARA GRIEVANCE FORM**  
**SAMPLE GRIEVANCE AND RESOLUTION FORM**

**Name (Filer of Complaint):** \_\_\_\_\_

**ID Number:** \_\_\_\_\_ (Complainant ID number)

**Contact Information:** \_\_\_\_\_ District/Community mobile phone)

**Nature of Grievance or Complaint:**

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**Date Individuals Contacted Summary of Discussion**

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Signature \_\_\_\_\_ Date: \_\_\_\_\_

Signed (Filer of Complaint): \_\_\_\_\_

Name of Person Filing Complaint: \_\_\_\_\_ (if different from Filer)

Position or Relationship to Filer: \_\_\_\_\_

**Review/Resolution**

Date of Conciliation Session: \_\_\_\_\_

Was Filer Present? Yes No

Was field verification of complaint conducted? Yes No

Findings of field investigation:

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**Summary of Conciliation Session Discussion:**

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Issues:

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Was agreement reached on the issues? Yes No

If agreement was reached, detail the agreement below:

If agreement was not reached, specify the points of disagreement below:

Signed (Conciliator): \_\_\_\_\_ Signed (Filer): \_\_\_\_\_

Signed: \_\_\_\_\_

Independent Observer

Date: \_\_\_\_\_

## 10.8 GRIEVANCE LOG TEMPLATE

| No. | GM No. | Reference | Date Received | Received By | Name of Complainant/Anonymous | Sex (Male/Female) | Vulnerable (Yes/No) | Location | Brief Description of Concern | Category | Date Acknowledged | Responsible Institution/Department | Complaint/Grievance Owner | Proposed Resolution/Feedback to Comment | Date of Resolution | Date Closed | Satisfied with the Process (Yes/No) |
|-----|--------|-----------|---------------|-------------|-------------------------------|-------------------|---------------------|----------|------------------------------|----------|-------------------|------------------------------------|---------------------------|---|--------------------|-------------|-------------------------------------|
| 1   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 2   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 3   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 4   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 5   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 6   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |
| 7   |        |           |               |             |                               |                   |                     |          |                              |          |                   |                                    |                           |   |                    |             |                                     |