FP220: Africa Rural Climate Adaptation Finance Mechanism (ARCAFIM) for East Africa region

Environment and Social Management Framework and Management Plan – Equity Bank Tanzania Limited

ARCAFIM Sub-project instrument for disclosure

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ABBREVIATIONS AND ACRONYMS

Acronym	Full Term
AMR	Annual Monitoring Report
ARAP	Abbreviated Resettlement Action Plan
ARCAFIM	Africa Rural Climate Adaptation Finance Mechanism
BAP	Biodiversity Action Plan
BMP	Biodiversity Management Plan
CC	Climate Change
CCA	Climate Change Adaptation
CECAF	Certified Expert in Climate Adaptation Finance
CIA	Cumulative Impact Assessment
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DA	District Administrator
DD	Due Diligence
DEO	District Environmental Officer
E&S	Environmental and Social
EBK	Equity Bank Kenya
EGH	Equity Group Holdings Plc
EBTL	Equity Bank Tanzania Limited
EGF	Equity Group Foundation
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
ESRM	Environmental and Social Risk Management
ESRR	Environmental and Social Risk Rating
ESG	Environmental, Social and Governance
FGM/C	Female Genital Mutilation or Circumcision
FI	Financial Intermediary
FI-1	Financial Intermediary Category 1 (High Risk)
FI-2	Financial Intermediary Category 2 (Moderate Risk)
FI-3	Financial Intermediary Category 3 (Low Risk)
GBV	Gender-Based Violence

Acronym	Full Term
GCF	Green Climate Fund
GIIP	Good International Industry Practice
GIS	Geographic Information System
GRI	Global Reporting Initiative
GRM	Grievance Redress Mechanism
IFC	International Finance Corporation
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IPV	Intimate Partner Violence
IUCN	International Union for Conservation of Nature and Natural Resources
LFP	Local Financial Partner
MFI	Microfinance Institution
MSME	Micro, Small and Medium Enterprise
NGEC	National Gender and Equality Commission
NGO	Non-Governmental Organisation
NP	National Park
OHS	Occupational Health and Safety
PAP	Project Affected Person
PFI	Partner Financial Institution
PLC	Public Limited Company
PMP	Pest Management Plan
PPE	Personal Protective Equipment
PS	Performance Standard (IFC)
RAF	Resettlement Action Framework
RAP	Resettlement Action Plan
RCIA	Rapid Cumulative Impact Assessment
NEMC	National Environment Management Council (NEMC)
RSPO	Roundtable on Sustainable Palm Oil
RTRS	Round Table on Responsible Soy Association
SACCO	Savings and Credit Cooperative Organisation
SEAH	Sexual Exploitation, Abuse and Harassment
SECAP	Social, Environmental and Climate Assessment Procedure
SME	Small and Medium Enterprise
TA	Technical Assistance
IFRS S1&S2	IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

Acronym	Full Term
	IFRS S2 (Climate-related Disclosures)
TTFI	Tier Two Financial Intermediary
UN	United Nations
UNEP	United Nations Environment Programme
USD	United States Dollar
VCC	Value Chain Company
VEC	Valued Environmental Component
WHO	World Health Organization

EXECUTIVE SUMMARY

The Africa Rural Climate Adaptation Finance Mechanism (ARCAFIM) is a blended finance programme co-funded by the International Fund for Agricultural Development (IFAD) and the Green Climate Fund (GCF), with a total budget of USD 180 million for on-lending and USD 14.5 million for a Technical Assistance (TA) grant, targeting climate adaptation and resilience across four East African countries: Kenya, Uganda, Tanzania, and Rwanda. This document constitutes the Environmental and Social Management Framework (ESMF) and Plan (ESMP) for ARCAFIM operations in Tanzania, implemented by Equity Bank Tanzania Limited (EBTL).

Programme Scope in Tanzania

EBTL is the Local Financial Partner (LFP) for ARCAFIM in Tanzania, expected to account for 5-20 percent of total ARCAFIM investments. Under Component 1, EBTL provides concessional on-lending through two channels: direct Climate Change Adaptation (CCA) loans to smallholder farmers and rural MSMEs, and wholesale loans to Tier Two Financial Intermediaries (TTFIs) including MFIs, SACCOs, and FinTechs for further on-lending to rural clients. Financing is structured around four loan product categories (small producer loans (USD 50 to 7,500), SME loans (USD 1,000 to 300,000), loans to PFIs (USD 50,000 to 3,500,000), and loans to Value Chain Companies (USD 50,000 to 1,000,000)) spanning eight investment sub-categories covering irrigation, crop-resilient inputs, livestock and dairy, aquaculture, climate-smart infrastructure, natural resource management, storage and logistics, and digital advisory services. Under Component 2, EBTL implements capacity building activities for its staff, partner financial institutions, and end borrowers, funded through a USD 14.5 million TA Facility administered by Equity Bank Kenya and the Equity Group Foundation.

E&S Risk Classification

At the programme level, ARCAFIM has been classified as a Category I-2 moderate risk programme by GCF. EBTL as a sub-project has been assessed as a Category B sub-project under GCF and IFAD SECAP.

The E&S risks associated with ARCAFIM lending operations in Tanzania are predominantly low to medium in likelihood, largely site-specific and reversible, and manageable through proportionate mitigation measures embedded in Environmental and Social Action Plans (ESAPs) at the loan level. However, Tanzania's context introduces several structural risk factors that are materially distinct from other ARCAFIM countries and require specific attention in ESDD and programme design: the absence of formal land documentation for most rural borrowers; active human-wildlife conflict in farming communities adjacent to Tanzania's extensive protected area network; pastoralist-farmer land use conflicts in mixed agro-pastoral landscapes; and a more severe GBV context than Rwanda's, including active FGM practice and high rural intimate partner violence rates.

Environmentally, potential concerns are water resource management (including over-abstraction of groundwater in drought-prone regions such as the Dodoma Region and the semi-arid central plateau, soil salinisation from inefficient irrigation, and siltation of downstream wetlands) alongside agrochemical and nutrient runoff into Tanzania's sensitive water bodies including Lake Victoria, Lake Nyasa, and coastal wetland systems, loss of agrobiodiversity, and risks to ecologically sensitive areas including buffer zones of the Serengeti, Kilimanjaro, Ngorongoro, Tarangire, and Selous-Ruaha protected ecosystems. ARCAFIM-financed agricultural intensification near Tanzania's extensive protected area network (over one third of total land area) may also increase farmer-wildlife interface pressure, generating crop losses, livestock depredation, and physical safety risks for borrowers and their communities.

Socially, the risk of land tenure insecurity and economic displacement is more pronounced in Tanzania than in other ARCAFIM countries, given that most rural borrowers hold land under undocumented customary occupation. Additional social risks include: child and informal labour risks in smallholder agricultural and agri-processing contexts, extending into commercial outgrower and export value chains (cashew, tobacco, coffee) where supply chain child labour is documented; gender inequities in access to finance, land, and training; occupational health and safety risks for workers handling agrochemicals and operating agri-processing equipment; GBV and SEAH risks in outgrower scheme and group lending contexts, which have higher prevalence rates in Tanzania; pastoralist-farmer land use conflicts in mixed agro-pastoral landscapes, particularly in northern and central Tanzania, which may be exacerbated by ARCAFIM-financed agricultural intensification; and exclusion of marginalised communities (including Indigenous Peoples such as the Maasai, Hadzabe, and Datoga) from programme benefits, in a context where some of these communities are subject to displacement.

At the portfolio level, cumulative risks include progressive water over-abstraction (particularly acute in Tanzania's semi-arid central and northern regions), incremental deforestation as agricultural area expands, pollution accumulation from dispersed livestock units and agri-processing facilities, and potential conflicts between multiple water users. Specific to Tanzania is the aggregate effect of ARCAFIM lending on the pastoralist-farmer land use balance: many small loans financing irrigation, fencing, and crop expansion, each individually low-risk, can collectively accelerate the conversion of communal grazing land to cultivation across a district, displacing pastoralist movement routes and generating inter-community conflict at a scale that no individual ESDD would detect.

The systemic risk of EBTL's Environmental and Social Management System (ESMS) (its operational adequacy to screen and manage E&S risks consistently across a high-volume, multi-tier agricultural lending portfolio) is considered minor and gaps are being addressed through the ARCAFIM ESAP and the Component 2 capacity building programme.

Environmental and Social Management System

EBTL operates in alignment with the policies established by Equity Group Holdings Limited (EGH) , which apply the IFC Performance Standards framework for risk screening, categorisation, due diligence, and monitoring. IFAD has assessed EBTL as having generally comprehensive E&S risk management systems in place. To comply with ARCAFIM-specific IFAD SECAP and GCF requirements, EBTL's standard procedures have been supplemented with an ARCAFIM Rapid Assessment Checklist for small loans, an enhanced exclusion list incorporating IFAD requirements, programme-specific due diligence templates scaled to ARCAFIM loan thresholds, and an ARCAFIM Programme-level Grievance Redress Mechanism aligned with IFAD's GRM standards. EBTL's GRM is accessible via email at TZSustainability@equitybank.co.tz and through the Equity Call Centre at +255 768 985 500

Environmental and Social Management Plan

The ESMP is structured around three complementary layers. At the programme level, actions focus on the integration of E&S management systems throughout ARCAFIM operations, the application of enhanced ARCAFIM tools and processes, and alignment of EBTL's GRM with ARCAFIM programme-level requirements. At the institutional level, actions address the identified gaps in EBTL's ESMS, including updating procedures to reflect ARCAFIM-specific requirements, training staff on CCA lending and E&S standards, and strengthening monitoring and reporting systems. At the end-beneficiary level, the ESAP identifies mitigation measures for risks associated with each ARCAFIM loan sub-product, which inform the development of client ESAPs and loan covenants during the ESDD process.

Annexes

To support the implementation of the ESAP, the ESMP is accompanied by nine thematic management tools and guidance documents for use by EBTL and its clients: a Grievance Redress Mechanism; a Biodiversity Action Plan; a Pest Management Plan; a GBV/SEAH Action Plan; Labour, Community Health and Safety Requirements; an Archaeological Chance Find Procedure; an Abbreviated Resettlement Action Plan; a Conflict Analysis guidance framework; and a Cumulative Impact Assessment guidance and outline. An IFAD Exclusion List is also included as Annexe 11.

Capacity Building

EBTL's capacity building activities under ARCAFIM are coordinated through the Equity Group Foundation and implemented by EBTL as LFP. Staff-facing activities include training on CCA lending, ESRM standards, and digital finance tools, as well as enrolment of relevant staff in the Certified Expert in Climate Adaptation Finance (CECAF) programme. Client-facing activities include financial literacy training, CCA investment awareness, and business development services for smallholders and MSMEs in Tanzania's target agricultural value chains. Annual TA Work Plans and Budgets are submitted to IFAD for prior approval, and reporting on capacity building is integrated into EBTL's semi-annual and annual ARCAFIM reporting obligations.

Monitoring and Reporting

E&S monitoring follows a quarterly cycle supplemented by event-triggered reviews. EBTL's Sustainability team attends all monitoring visits for B+, FI-2, and FI-3 transactions. Findings are recorded in Environmental and Social Risk Monitoring Reports and escalated where ESAP actions are overdue. EBTL's quarterly ESG Assurance Programme covers all transaction categories. At the programme level, EBTL will submit Annual Monitoring Reports to IFAD covering portfolio breakdown by sub-project category, ESAP progress, non-compliance cases, and E&S incidents. An annual review of the ESMF and ESMP is conducted by the ARCAFIM Coordination Unit in coordination with IFAD, with outputs reported to GCF.

1. **Introduction**

1.1 Description of ARCAFIM operations in Tanzania

The Africa Rural Adaptation Finance Mechanism (ARCAFIM) is a financing mechanism targeting the stimulation Climate of climate adaptation and resilience in the agricultural sectors of several (4) target countries in East Africa (Kenya, Uganda, Tanzania, and Tanzania). The total programme cost for ARCAFIM operations is US$ 180 million for on-lending and US$ 14.5 million of a Technical Assistant (TA) grant budget.

The ARCAFIM objective is to catalyse and scale up private sector climate adaptation financing. The programme will achieve this through providing green credit lines to Equity Bank, as a regionally reputable and active commercial financial institution targeting smallholders and rural MSMEs in Tanzania through sub-loans, to address the unmet needs of small-scale producers involved in MSME food systems. Specifically, the ARCAFIM Programme has two main goals:

1. increased Climate Change (CC) resilience of small-scale producers and rural MSMEs active in the local food systems through Climate Change Adaptation (CCA) investments across agricultural value chains, and
2. improved capacity of agriculture value chain participants to adapt to risks imposed by climatic changes.

Under **Component 1**, IFAD (financed by loan and returnable contribution/grant from GCF and other co-financiers) will provide blended finance to Equity Bank, which will provide concessional capital for climate adaptation (on-lend and raise matching capital 50% to match IFAD 50%) via on-lending in two forms:

- Wholesale loans by Host Banks to MFIs, microfinance banks, FinTechs, financial cooperatives and other rural finance arrangements or aggregators, to small scale agriculture and rural MSME clients, providing them with concessional finance, access to markets and services.
- Direct CCA loans from the Host Bank branch and agent networks in rural areas to small-scale agriculture producers and MSMEs including value chain lead companies that operate with small scale producers and rural poor who engage in CC adaptation projects/activities.

On-lending will focus on the following investment categories, each selected for their capacity to increase climate change resilience and improve adaptive capacity of smallholder farmers and value chain participants:

Table 1-1 Eligible investment categories

Sub-product (details in Error! Reference source not found.)	**Purpose** (details in Error! Reference source not found.)
1.2.1.1.A CCA Irrigation	Small-scale sustainable irrigation; Dams and water conservation; Rainwater harvesting and reservoirs; Waterflow management infrastructure (4)
1.2.1.1.B CCA Crop Resilient Inputs	Adapted seeds and seedlings; Crop shading and cover cropping; Sustainable fertiliser inputs; Sustainable pest and disease inputs (4)

Sub-product (details in Error! Reference source not found.)	**Purpose** (details in Error! Reference source not found.)
1.2.1.1.C CCA Livestock and Dairy	Sustainable pasture management; Resilient fodder production, conservation and use; Genetic management for climate resilient traits; Livestock water access and quality solutions; On-farm processing of livestock products; Biosafety and health management; Housing and environmental control equipment; Emerging Livestock (8)
1.2.1.1.D CCA Aquaculture	Aquaculture system upgrades for climate resilience; Integrated farm systems with aquaculture; Water aeration, circulation and drainage; Aquaculture shading facilities; Aquaculture species selection; On-farm processing of fish products (6)
1.2.1.1.E CCA Climate Smart Infrastructure	Flood control and drainage; Storm and flood-proof infrastructure; Wind breakers and covers; Natural and artificial shading; Hydroponic Agriculture; Heat stress reduction systems (6)
1.2.1.1.F CCA Natural Resource Management	Apiculture; Product diversification and intercropping; Agroforestry and silvopastoral solutions; Integrated pest management; Integrated soil fertility management; Terracing and contour farming; Upstream water management (7)
1.2.1.1.G CCA Storage and Logistics	Postharvest and processing facilities; Climate resilient storage, shelter, transport (2)
1.2.1.1. H CCA Decision-making and advisory	Digital market place and e-commerce for climate-smart agriculture; Digital traceability and supply-chain monitoring; Climate information services; Farmers' advisory services; Farm data management and decision support tools (5)
1.2.1.2.A CCA Irrigation Services	Irrigation systems delivery and services (1)
1.2.1.2.B CCA Input Sales and Services	Climate resilient input sale and delivery; Sale or use of sustainable energy solutions; Provision of climate-resilient farm services (3)
1.2.1.2.C CCA Mechanization Sales and Services	Climate-smart mechanisation equipment and services; Sale or use of sustainable energy solutions (2)
1.2.1.2.D CCA Logistics Solutions and Services	Resilient value-chain services; SME postharvest and processing facilities; (2)
1.2.1.2.F CCA Technical Advisory Services	Data management and decision support tools; Climate information products and services; Advisory services provision (3)
1.2.1.2.G CCA Digital Technologies	Digital value-chain services; Digital climate adaptation services (2)
1.2.1.3 A MFI CCA Wholesale Loans	Agriculture - Adaptation (1)
1.2.1.3 B SACCO CCA Wholesale Loans	Agriculture - Adaptation (1)
1.2.1.3 C Value Chain CCA Wholesale Loans	Agriculture - Adaptation (1)

End beneficiaries of ARCAFIM receiving sub-loans either directly from Equity Bank or from Tier Two Financial Intermediaries (TTFIs) will include small-scale producers, microenterprises and other rural poor involved in local food systems. SMEs will include: Value Chain Companies, Input material providers, Technical service providers and CC information providers. The will all operate in rural areas and within local food systems and value chains. TTFIs receiving concessional finance for climate adaptation from Host Banks for on-lending, will comprise VCs and MFIs, SACCOs, FinTechs.

Table 1-2 ARCAFIM beneficiaries

Beneficiaries	Overview in Tanzania
Small-scale producers and rural microenterprises	Most Tanzanian smallholders operate on small plots averaging one to three hectares, rely heavily on rain-fed agriculture, and face high vulnerability to climatic shocks including prolonged droughts and erratic rainfall. Productivity is constrained by limited access to irrigation, inputs, extension, and formal finance due to collateral barriers and limited credit history. Rural microenterprises (often informal) provide essential services (trading, processing, transport) but lack working capital and financial literacy. While adoption of climate-smart practices is increasing (conservation agriculture, agroforestry), more capital-intensive technologies remain unaffordable. Women and youth face additional structural barriers to land ownership, collateral, and training access. Despite these constraints, demand for climate-resilient investments is high, making this group a strong target for concessional finance and capacity building.
Agribusiness SMEs (Value Chain Companies, Input Providers, Service Providers)	Tanzania's agribusiness SME sector is growing, supported by the Southern Agricultural Growth Corridor of Tanzania (SAGCOT) initiative, the Tanzania Agricultural Development Bank, and strong export value chains in cashew, tobacco, coffee, tea, sisal, and cotton. SMEs play a critical role in aggregation, processing, storage, logistics, and input distribution across these chains, but remain undercapitalised and constrained by high-interest rates, collateral requirements, and high energy costs driven by dependence on diesel generators where grid connectivity is absent. Many SMEs lack climate risk management systems, climate-proof storage and processing infrastructure, and digital tools for traceability or supply-chain management. Tanzania's agribusiness model is heavily outgrower-based, particularly in cashew, tobacco, and cotton, meaning SMEs often act as the interface between smallholder producers and export markets. While some export-facing SMEs in the SAGCOT corridor and northern horticultural zones are well-organised and investment-ready, SMEs in domestic food systems face more severe constraints around infrastructure, market access, and climate exposure.
TTFIs	Tanzania's financial sector is growing and increasingly digitally enabled, but more fragmented and less uniformly governed than other ARCAFIM coutnries. Commercial banks including CRDB Bank, NMB Bank, and Equity Bank Tanzania have strong systems and growing rural branch networks but remain primarily oriented toward urban and corporate clients, with limited agricultural lending portfolios and nascent climate risk capacity. The Microfinance Act 2018 introduced capital and licensing requirements that forced consolidation and caused several smaller MFIs to exit rural areas entirely; Pride Tanzania and FINCA are the principal regulated MFIs with meaningful agricultural reach, but coverage gaps remain. SACCOs are numerous but highly variable in governance, liquidity, and credit appraisal capacity. FinTechs benefit from high mobile money penetration (primarily Vodacom M-Pesa and Tigo Pesa). VICOBAs and VSLAs are the primary financial access point for millions of rural Tanzanians, particularly women, but sit entirely outside the regulated sector.

Under **Component 2**, IFAD a co-financiers will provide grant funding focused on innovations and Capacity Building for Rural Adaptation, addressing non-financial barriers preventing greater CCA financing. This will focus on strengthening the awareness and capacity of TTFIs to offer rural CCA finance services; building CCA investment capacities and financial literacy skills of small-scale producers and rural MSMEs and improving climate finance enabling environment through CCA finance policy dialogues and development of a Taxonomy for CCA Rural Finance that will be implemented in ESA and potentially the entire African continent. Specific activities include supporting Equity Bank with developing and marketing CCA Lending Toolkits, developing M&E systems, training Tier Two Financial Intermediaries, training farmers and training SMEs.

Investments through EBTL are expected to cover 5-20 percent of all ARCAFIM investments. Overall, the ARCAFIM programme intends to reach 260,000 small-scale producers and MSMEs in East Africa, and to benefit approximately 1.49 million people, both directly and indirectly.

1.2 Scope and purpose of the ESMF/P

ARCAFIM is a regional programme whose activities have been categorised as **Category I-2 moderate risk Program**, requiring risk screening for all its sub-projects. Sub-projects are defined as "each adaptation project to be developed or financed in the Host Countries by Equity Bank Kenya and/or LFPs (directly or via PFIs), aggregated per each Host Country, in accordance with the Operations Manual and the Eligibility Criteria; for the avoidance of any doubt, Sub-Projects will be disclosed as one aggregated ESMP per relevant Host Country developed and disclosed by the Executing Entities and LFPs and aligned with the requirements set out in Schedule 12".

This ESMF constitutes the aggregated disclosure package for EBTL. Risk screening guided by IFAD SECAP Standards and IFC Environmental and Social Categorization for EBTL determined it to be a category B sub-project. Hence, this document provides an aggregated/composite subproject safeguards instrument for ARCAFIM activities to be delivered by EBTL, in respect to ESS disclosure requirement for Cat-B sub-projects, including an Environment and Social Management Plan.
ARCAFIM ESMF package still applies to all sub-projects and is available at this link.

1.4 Structure of the document

This document is structured as follows. **Section 2** sets out the applicable international and national standards and legal frameworks governing ARCAFIM operations in Tanzania, including IFAD SECAP, IFC Performance Standards, GCF requirements, and relevant Tanzanian legislation. **Section 3** describes EBTL's Environmental and Social Management System, covering the risk assessment and categorisation process, due diligence procedures, key E&S risks identified for ARCAFIM lending operations in Tanzania, organisational capacity, stakeholder engagement and grievance redress arrangements, and monitoring and reporting obligations. **Section 4** presents the Environmental and Social Management Plan, structured around three implementation layers — programme-level actions, EBTL institutional actions, and end-beneficiary mitigation measures — together with responsibilities, indicators of completion, and indicative costs. **Section 5** describes the capacity building activities to be delivered under the ARCAFIM Technical Assistance Facility. **Section 6** sets out the arrangements for monitoring and periodic review of this document. **Section 7** summarises stakeholder consultations conducted during programme design and start-up.

A series of annexes provide operational guidance and management tools to support the implementation of the ESAP, including a Grievance Redress Mechanism, Biodiversity Action Plan, Pest Management Plan, GBV/SEAH Action Plan, Labour and Community Health and Safety Requirements, Archaeological Chance Find Procedure, Abbreviated Resettlement Action Plan, Conflict Analysis guidance, Cumulative Impact Assessment guidance, and the IFAD Exclusion List.

2. Applicable standards and guidelines

2.1 Legal framework

ARCAFIM Programme activities in Tanzania must be compliant with the provisions of the legal framework in the countries, as referenced in ARCAFIM E&S Policy. Programme stakeholders in committing to adhere to ARCAFIM E&S Policy thereby commit to achieving and demonstrating compliance with national, environmental, social, occupational health and safety and labour laws, and construction and operation permits, etc.

In cases where the national requirement provides for the more stringent safeguarding standard, ARCAFIM's stakeholders shall conform to the national requirements provided it does not create any inconsistencies with the Framework. In cases where there is inconsistency between national requirements and the ARCAFIM's ESMF, this Framework will prevail to the extent of the inconsistency.

2.1.1 Tanzania Legal Framework

ARCAFIM operations in Tanzania are guided by the national laws, regulations, and policies in the country. Key national E&S legislation and policies in Tanzania are outlined in the table below.

Table 2-1 Tanzania legal framework

LEGISLATION	POLICY
Environment • Environmental Management Act No. 20 of 2004 • The Forest Act, 2002 • Water Resources Management Act, 2009 • Environmental Impact Assessment and Audit Regulations of 2005 • Wildlife Conservation Act No. 5 of 2009 • Environmental Management (Air Quality Standards) Regulations GN. 15 of 2007 • Biological Diversity and Resources Act and the Wildlife Conservation Act Land Use and Ownership • Land Act No. 4 of 1999 (Amendment 2004) • Land Act No. 4 of 1999 and Village Land Act No. 5 of 1999 • Land (Amendment) Act No. 2 of 2004 Labour, Health and Safety • The Labour Code of Tanzania Gender and Social Inclusion • Employment and Labour Relation Act of 2004	Environment • Tanzania National Environmental Policy (1997) • National Water Policy (2002) • National Climate Change Response Strategy 2021-2026 • Tanzania_National_Forest_Policy_1998 • Tanzania_National_Environmental_Policy_1997 • Tanzania_Forest_Sector_Development_Programme Land Use and Ownership • National Land Policy (1995) Labour, Health and Safety • National Social Protection Framework (2014–2019) • The Tanzania Inclusive National Entrepreneurship Strategy (2017) • The Small and Medium-sized Enterprises (SME) Policy (2003) • The Trade Policy (2003)

LEGISLATION	POLICY
• •	• The National Skills Development Strategy (2016-2021) • The National Agricultural Policy Gender • National Gender and Women Development Policy (2000)

2.2 EBTL E&S commitments

2.2.1 International E&S Standards

ARCAFIM operations in EBTL follow ARCAFIM E&S Policy Statement, and all national and international standards listed in ARCAFIM's Environmental and Social Management Framework, including IFAD's Social, Environmental and Climate Assessment Procedure (SECAP), IFC Performance Standards, and GCF E&S guiding frameworks. Please refer to ARCAFIM ESMF for more details on SECAP standards' objectives.

While the ARCAFIM operations in EBTL are closely guided by SECAP as an IFAD-developed programme, IFC Performance Standards (acting as the interim GCF Environmental and Social Safeguards) will be applicable to all operations. EGH and EBTL risk management policy applies IFC Performance Standard directly throughout their risk screening and management processes, as laid out in its Environmental and Social Risk Management Policy. Details of IFC Performance Standards are also provided in ARCAFIM ESMF.

2.2.2 EBTL E&S Policy

EBTL operates in alignment with the policies established by Equity Group Holdings Limited (EGH) and has adapted the Group-wide Environmental and Social (E&S) Policy to reflect its local regulatory, operational, and contextual requirements. EBTL Environmental & Social Risk Policy is designed to balance environmental and social impacts with financial priorities by ensuring sound risk and opportunity management alongside corporate responsibility. The Bank's vision is to champion the socio-economic prosperity of the people of Africa. The policy provides a clear commitment to Environmental and Social risk management, lists specific excluded activities for the Bank and define responsibility and accountability for policy implementation.

As per . EBTL Policy, the bank shall ensure that its activities, including all credit exposure from the point of origination and on continuous basis, as may be determined by the E&S evaluation criteria, meets the following environmental and social requirements:

- Applicable national and local laws and regulations on human rights, environment, health, safety, gender and social issues;
- The Bank's Exclusion List for all projects as per applicable E&S requirements[1];

[1] The Bank's exclusion list will be enhanced for ARCAFIM to include additional requirements from IFAD exclusion list (Annexe 10)

- International best practice such as The IFC Performance Standards, as applicable;
- Code of Conduct for businesses in Tanzania; and
- Financial Action Task Force on Anti Money Laundering among other social and environmental standards.

EBTL require all counterparties and clients to comply with applicable laws and regulations and specifically with the national environmental management agencies (e.g. National Environment Management Council (NEMC)) requirements and other Environmental and Social regulations set by local and national governments as well as relevant Occupational health and safety standards. The Bank Risk unit shall continuously review and update the E&S Policy and ESRM Framework owners of any changes to the applicable environmental and social legislation and standards. If necessary, the applicable changes shall be incorporated in the Bank's E&S Policy & ESRM documents as per the recommendations of the Compliance Department and Bank Sustainability Function.

The Bank's policy defines the following lending principles:

- Finance clients' activities which are environmentally and socially sustainable and avoid any excluded activity;
- Follow all legal regulations and obligations, in particular with respect to the environment, health, and safety, social such as labour and working conditions, ensuring full compliance with t h e m in all its business activities, a n d seeking to ensure that its clients comply with existing and applicable host country laws and regulations;
- Pay special attention to clients' activities that, would pose reputational or ethical risks to the Bank and/or its shareholders;
- Monitor Client's Adverse media impact to avoid reputational risk;
- Not engage in any activities or relationships where there is clear evidence of human rights violations and damage to the environment;
- Pay attention to creating positive impact on community health, safety and security;
- Engage with clients to raise their performance in relation to E&S issues, whilst appreciating that some clients may require more time and guidance to meet the Bank's E&S Requirements;
- Monitor its own environmental and social impact performance periodically and reporting on its performance on a regular basis;
- Stipulate the Bank's E&S requirements to suppliers and as appropriate evaluate and agree the policies and procedures by Suppliers to meet these, whilst appreciating that some suppliers may require more time and guidance to meet these requirements;
- Evaluate loan applications in accordance with its environmental and social risk management (ESRM) framework, screening, categorizing, and managing the Environmental and Social risks of each eligible application, as well as monitoring them throughout the term of the loan/facility;
- Not provide funding to any activity which does not comply with its Environmental and Social Risk Management Policy, or those activities included in the Exclusion List as described in the Credit Policy or as shared as a part of the Environmental and Social Risk Management Policy;
- Agree appropriate procedures, with other financial institutions and/or financial intermediaries to ensure compliance with the requirements of Bank's policies and frameworks

with respect to management of E&S risks where indirect Bank activities such as the provision of wholesale loans for on-lending, are provided to/through such institutions;
- Agree, as appropriate, additional procedures to deal with specific material risks which fall within the general ESG risks, for instance climate-related risks and/or nature-based risks;
- Share its environmental and social performance with its stakeholders publicly through its annual reports and website.

EBTL's Environmental and Social Risk Management Policy is available for consultation upon request at EBTL offices.

In addition, ARCAFIM is committed to uphold and embed good practice sustainability principles into all aspects of the Programme's lending activities in EBTL. In doing so it will:
- Avoid harm and manage risks (SECAP).
- Provide access to transparent, accessible, and culturally appropriate GRMs and creating platforms for stakeholder participation.
- Support capacity building initiatives and knowledge sharing activities to enhance environmental and social awareness and expertise among our staff, clients, and stakeholders.
- Promote best practices and collaborate with relevant stakeholders to foster sustainable development.
- Regularly and transparently report on environmental and social performance, including progress in implementing this policy and achieving sustainability goals.
- Strive for transparency in operations and provide accessible information to stakeholders.
- Undertake periodic monitoring, review, and implement steps towards continuous improvement.
- Review and refresh this policy on an annual basis to ensure it remains relevant. Communicate the policy to the ARCAFIM Coordination Unit, participating FIs, Lenders (HB, FIs, TTFIs, etc), Borrowers and End Beneficiaries and sub-project personnel, and make it available to other interested parties on request, in addition to placing it on the ARCAFIM webpage.

2.2.3 Gap analysis

IFAD has undertaken an Environment and Social Due Diligence of Equity Bank Tanzania against the SECAP and IFC principles and policies to understand its existing E&S risk management systems applied to lending, ascertain any gaps, and facilitate the integration of these systems into the ARCAFIM programme.

Equity Bank Tanzania has been determined to have generally comprehensive E&S risk management systems in place for its lending operations. A summary of the existing Equity Bank procedures and documents to be applied to the ARCAFIM E&S Risk management process is provided in Table 2-2. A summary of Equity Bank Tanzania E&S Risk Management System is provided in Section 3, and any gaps identified are outlined in Section . ARCAFIM Environmental and Social Action Plan determines key steps to take to address those gaps, before and during the implementation of ARCAFIM.

Table 2-2 Equity Bank Procedure Compliance

Requirement	Equity Bank Procedure

E&S Policy	• Equity Group Holdings Limited (EGH) E&S Policy • E&S Policies at EBTL
E&S Risk Management	• EB Environmental and Social Risk Management (ESRM) Procedures • EGH Exclusion List • EGH Due Diligence Process • E&S Risk Categorisation Guide
Organisational Capacity and Competency	• Group Sustainability Director and Head of Sustainability • EBTL Climate, Environment and Social Risk Manager
Stakeholder Engagement	• Equity Bank Grievance Mechanism
Monitoring and Reporting	• Monitoring process outlined in ESRM Procedures. • High risk projects monitored at group-level, lower risk projects monitored at subsidiary level • Monitoring summaries reported to Group Sustainability Director

3. EBTL Environmental and Social Management System

3.1 EBTL Risk assessment process

3.1.1 EBTL risk categorization and review

ARCAFIM operations in Tanzania have been screened against the IFAD's Social, Environmental and Climate Assessment Procedure (SECAP), with additional guidance from the GCF Sustainability Guidance Note and the IFC Performance Standards, particularly with regards to screening and categorisation. A summary of the screening is provided in Table 3-1.

Overall, environment and social risks of delivering the ARCAFIM programme in Tanzania are considered **moderate** (**comparable to GCF Category B**) due to the limited scale of activities supported. The highest risk occurs for transactions to TFFIS, and are largely limited by ARCAFIM's eligibility criteria, reporting requirements and EGH and EBTL existing screening and reporting procedures.

Table 3-1 EBTL Risk screening

Standards	Assessment
Biodiversity Conservation *(SECAP1 / IFC PS6)*	**MODERATE.** Average loan size and length is unlikely to fund any meaningful land-use change, but cumulative risks remain. CCA Micro Loans averaging USD 1,500 with 12-month terms cannot finance any activity with a meaningful physical footprint (typical uses are seeds, inputs, small equipment). CCA SME Loans (avg USD 150,000) can fund processing facilities and medium-scale irrigation, which carry more meaningful but still site-contained biodiversity risk. Corporate loans fund on-lending portfolios averaging USD 250 per final borrower are similar in scale to micro loans. The principal residual biodiversity risk is cumulative. Many small loans can collectively affect shared ecosystems (wetlands, hillside aquifers, wildlife corridors) in ways that no single ESDD would capture. Tanzania's proximity of farmland to protected areas (Serengeti NP, Kilimanjaro, Ngorongoro) reinforces the importance of location-based screening. Critically, over one third of Tanzania's total land area is protected to some degree as national park, game reserve, marine park, forest reserve, or conservation area (a far greater coverage than other countries in the region). Human-wildlife conflict (HWC) is a documented livelihood and physical safety risk for farming communities adjacent

	to these protected zones: wildlife, primarily elephants and large predators, causes serious annual crop and livestock losses in farming communities near the Serengeti, Ngorongoro, Tarangire, Selous, and Ruaha ecosystems, and farmer fatalities and injuries from elephant incursions are recorded annually. ARCAFIM-financed agricultural intensification, irrigation expansion, or fencing near protected area boundaries may inadvertently increase human-wildlife interface pressure and the frequency of HWC incidents for borrowers and their communities. Tanzania's proximity of farmland to major protected ecosystems (Serengeti NP, Kilimanjaro, Ngorongoro) reinforces the importance of mandatory location-based screening, including a specific question on proximity to protected area boundaries and wildlife corridors, for all loan categories above the micro threshold.
Resource Efficiency and Pollution Prevention *(SECAP2 / IFC PS3)*	**MODERATE.** A USD 1,500 micro loan financing seeds, small irrigation equipment, or livestock fodder does not generate significant pollution or resource use at household-scale. However, SME loans averaging USD 150,000 can finance postharvest processing facilities, cold stores, and medium irrigation systems that do carry meaningful effluent, waste and resource efficiency risks. The most important residual risk is cumulative across the micro loan portfolio: many smallholders each using small amounts of fertiliser, pesticide, or irrigation water in the same watershed can collectively cause nutrient loading, pesticide accumulation, and water stress that no individual ESDD would flag.
Cultural Heritage *(SECAP3 / IFC PS8)*	**LOW.** The activities that carry cultural heritage risk (dam construction, large reservoir excavation, major irrigation channel works) would require Category A designation under the EBTL risk framework and are explicitly excluded from ARCAFIM. SME loans up to USD 300,000 could fund a postharvest facility with foundation works, but at that scale in Tanzania, ESIA permit requirements under national law would typically apply.
Indigenous People and Historically Underserved Local Communities *(SECAP4 / IFC 7)*	**MODERATE.** Tanzania hosts several communities that formally qualify as Indigenous Peoples under IFC PS7 and IFAD SECAP Standard 4, principally the Maasai, Hadzabe, and Datoga. There is active, documented, state-sponsored displacement of pastoralist Indigenous communities, particularly the forced relocation of Maasai from the Ngorongoro Conservation Area (2022–2024) and ongoing confrontations between paramilitary rangers and Maasai herders near Tarangire National Park (2024). Individual loan scale may limit direct harm, but the systemic portfolio risk from lending into a context of active displacement justifies the moderate rating. ARCAFIM lending could inadvertently contribute to, or be associated with, the erosion of Indigenous Peoples' land access and livelihoods, particularly where loans finance irrigation, fencing, or agricultural intensification in agro-pastoral transition zones.
Labour and Working Conditions *(SECAP5 / IFC PS2)*	**MODERATE**. CCA Micro Loans are directed at self-employed smallholders and micro-entrepreneurs. There is no formal employment relationships, supply chain labour, and employer-employee dynamics. SME processing and logistics loans do create small formal workforces with OHS exposure, and child labour in family farming is a documented Tanzania-specific risk in export agricultural value chains including tobacco, cashew, coffee, and sisal. Supply chain child labour risks extend beyond family farming into commercial outgrower and agri-processing contexts, where the distinction between family and hired child labour is often poorly documented. ARCAFIM group lending structures, outgrower schemes, and SACCO-based financing may also intersect with communities where FGM is actively practised.
Community Health and Safety *(SECAP6 / IFC PS4)*	**MODERATE**. Dam failure risk at USD 1,500 average micro loan size is limited. A dam fundable under ARCAFIM micro or SME product limits would be a small farm pond or check dam, rather than a community-scale infrastructure with downstream flood risk. However, human-wildlife conflict (HWC) creates direct physical safety risks for

	farming communities adjacent to Tanzania's extensive protected area network. ARCAFIM loans that increase agricultural activity, particularly irrigation and expanded cultivation, at the interface of farmed and protected land may increase HWC exposure for borrowers and surrounding communities. The remaining community health risks (pesticide drift, biomedical waste, processing facility effluent, SEAH) are proportionate to the household and small-business scale of activities.
Physical and Economic Resettlement *(SECAP7 / IFC PS5)*	**MODERATE**. A Land tenure insecurity risk is a documented Tanzania-specific structural issue. The overwhelming majority of rural ARCAFIM borrowers in Tanzania will hold land without any formal documentation that could serve as collateral or provide legal protection against displacement. As borrowers, they will be to exposed to economic loss if village councils reallocate their plots or if their claims are contested. Outgrower scheme expansion and irrigation development can generate economic displacement of pastoralists and sharecroppers who access the same land seasonally, even where no physical resettlement occurs. Risks are still considered moderate given that USD 1,500 micro loan cannot displace a household. A USD 150,000 SME loan for a processing facility is site-contained and subject to Tanzania's planning permit requirements before any construction affecting third-party land could proceed. Category A loans are explicitly excluded from ARCAFIM.
Financial Intermediaries and Direct Investments *(SECAP8 /IFC PS1)*	**MODERATE TO SUBSTANTIAL.** ARCAFIM's multi-tier structure means EBTL may have limited direct visibility of end-use. The Corporate loan channel to MFIs/SACCOs/FinTechs is particularly significant. TTFI capacity to manage E&S risks is the weakest link. EBTL's own ESMS is documented and Group-backed, but staff capacity at Tanzania subsidiary level for the monitoring volume is currently insufficient. Capacity building activities and EBTL's screening and reporting procedures contribute to mitigate that risk.
Climate Change *(SECAP9)*	**LOW.** Loan scale will not materially affect GHG emissions and are designed to reduce climate vulnerability. ARCAFIM CCA Taxonomy provides a strong safeguard against maladaptation. Physical climate hazards (extreme rainfall, drought) affect borrower repayment capacity but this is a financial risk to EBTL rather than an environmental and social risk to EBTL clients/ARCAFIM beneficiaries.

3.1.2 EBTL risk assessment process

EBTL implements EGH risk assessment process. Environmental and Social Risk Management (ESRM) procedures form an integral part of EBTL's operational and risk management processes. These procedures are designed to identify and manage ESG, climate-related and nature-related risks arising from lending transactions and operations and assess their potential impact on the loan portfolio.

Environmental and Social Risk Management (ESRM) procedures within the financing process include E&S Risk Transaction Screening, Due Diligence, Opportunity Identification and Reporting, ESG Assurance and Monitoring & Evaluation. The Bank's Environmental and Social Risk Management (ESRM) are premised on the International Finance Corporation (IFC) framework of Performance Standards that provide guidance in identifying, assessing, and managing environmental and social risks associated with the projects under review.

3.1.2.1 Risk categorisation

The Bank applies risk categorization based on the nature and scale of investments:

- **Direct Investments:** Classified under **Categories A to D**, reflecting the level of environmental and social risk associated with the project.
- **Investments through TTFIs:** Categorized as **FI-1 to FI 3**, depending on the intermediary's exposure and capacity to manage E&S risks.

Equity Bank Tanzania Limited will start by identifying material ESG & Climate-related risks at portfolio, customer, and where appropriate, transactional level, by assessing the relevant financial implications over both short and longer-term horizons. Such assessments will be carried out during client on-boarding, credit initiation and underwriting, credit evaluation, credit review and investment decision process.

- At portfolio level, Equity bank Tanzania Limited will identify the high-risk asset portfolios based on sectoral/geographical exposures. This will be done by first performing high- level identification of high-risk sectors/ geographical locations with reference to the Financial Stability Board Task Force on Climate-related Financial Disclosures documents, national economic and meteorological statistics/documents, and internationally recognized standards and certification schemes, followed by more detailed analysis of customer or transactional data.

  For physical risks, analysis will focus on the physical location of a customer's business operations and assets, potential physical disruption to the customer's supply chain, as well as the potential implication on collateral valuations. For transition risks, risk criteria such as energy usage and sensitivity to climate policy will be applied to assess vulnerability of exposures to transition risk.
- Counterparty-level assessment could also be conducted to assess concentration risk, at least for those high-risk sectors / portfolios as determined by the Group during the portfolio level review. The Group may prioritize such assessment considering the materiality, geographic locations, a n d sectors of its exposures.
- At the operational level, the Bank will assess whether its facilities, operations and major outsourced arrangements may be prone to physical risks brought by extreme weather events and assess the resilience as part of its business contingency planning process.

EBTL will apply risk categorization based on the IFC framework. Equivalence against IFAD and GCF's risk categorization is provided in Table 3-2 below.

Table 3-2 EBTL Risk categorization alignment

Risk Level (Plain language)	IFAD SECAP Category	IFC Category	Equity Bank Classification	GCF Equivalence	Typical Characteristics / Disclosure Implications	EBTL list of typical characteristics per risk level
Very High Risk	High Risk	Category A	Category A (Direct)	Category A	Significant, diverse, irreversible E&S impacts; large-scale infrastructure; major land acquisition or resettlement; projects requiring full ESIA, RAP, and enhanced stakeholder engagement.	• Projects affecting indigenous peoples • Construction of dams and reservoirs • Projects involving resettlement of communities/families • Pesticides and herbicides: production or commercial use • All projects which pose serious socioeconomic concerns • Major irrigation projects or other projects affecting water supply in a given region • Projects associated with induced development (e.g. inward migration) • Domestic or hazardous waste disposal operations • Projects which impact on cultural property (e.g. religious and archeological sites) • Hazardous chemicals: manufacture, storage or transportation above a threshold volume • Projects which pose serious occupational or health risks • Oil and gas developments, including pipeline construction • Impacts on protected natural habitats or areas of high biological diversity including wetlands, coral reefs and mangroves

Risk Level (Plain language)	IFAD SECAP Category	IFC Category	Equity Bank Classification	GCF Equivalence	Typical Characteristics / Disclosure Implications	EBTL list of typical characteristics per risk level
						• Large infrastructure projects, including development of ports and harbors, airports, road, rail and mass transit systems • Forestry operations • Metal smelting, refining and foundry operations • Mining (open cast and pit) • Large thermal and hydropower developments
High Risk – Financial Intermediary	High Risk (FI)	FI-1	FI-1	Category A (FI)	FI portfolio exposed to Category A-type activities or lacking adequate ESMS capacity; requires robust FI ESMS, annual reporting, and intensive supervision.	An FI's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
Moderate Risk	Moderate Risk	Category B	Category B / B+ (Direct)	Category B	Site-specific, largely reversible impacts; manageable with standard mitigation measures; ESMP required; no large-scale resettlement.	The distinguishing factors B+ and B- include: • Level of regulations and maturity of the Industrial sector and/or projects in the country • Geographical location and impact on environmental and social impact including proximity to community • Extend of actual or potential environmental and social impact • Climate related risk • Occupational Health & Safety including risk of fatality and injuries • Increase in existing physical footprint

Risk Level (Plain language)	IFAD SECAP Category	IFC Category	Equity Bank Classification	GCF Equivalence	Typical Characteristics / Disclosure Implications	EBTL list of typical characteristics per risk level
Moderate Risk – Financial Intermediary	Moderate Risk (FI)	FI-2	FI-2	Category B (FI)	FI lending to MSMEs/smallholders with moderate risks; ESMS required; periodic reporting and supervision.	An FI's existing or proposed portfolio is comprised of, or is expected to be comprised of, business activities that have potential limited adverse environmental or social risks or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of business activities with potential significant adverse environmental or social risks or impacts that are diverse, irreversible, or unprecedented.
Low Risk	Low Risk	Category C	Category C (Direct)	Category C	Minimal or no adverse E&S impacts; no ESIA/ESMP required beyond screening and exclusion list compliance.	• Software development • Factoring Companies • Consulting firms • Share registries • Service industries • Stockbroking • Technial Assistance
Low Risk – Financial Intermediary	Low Risk (FI)	FI-3	FI-3	Category C (FI)	FI portfolio limited to low-risk activities; basic ESMS and screening sufficient.	An FI's existing or proposed portfolio includes financial exposure to business activities that predominantly have minimal or no adverse environmental or social impacts.

Risk categorization determines the level of Due Diligence to be undertaken in the appraisal of each loan. To screen ARCAFIM lending operations and determine the risk rating of each loan, EBTLwill deploy the following due diligence (DD) templates depending on clients and loan thresholds. All templates are available by EGHoffices or EBTL. Specific accommodation to the screening process have been made to comply with IFAD SECAP requirements (i.e. the creation of an ARCAFIM Rapid Checklist and a pre-screening process).

Table 3-3 ARCAFIM screening templates

ARCAFIM Loan Product	ARCAFIM Threshold	Equity Bank Due Diligence Template to use
Small producers loan	From 50 USD to 1,500 USD small producers' loans above 7,500 USD are eligible as SME loans	• Ineligibility list (including high risk loan features and ARCAFIM exclusion list)
	From 1,500 USD to 7,500 USD small producers' loans above 7,500 USD are eligible as SME loans	• ARCAFIM Rapid Assessment Checklist
Loans to SMEs	From USD 1,000 to 38,685 USD SME loans between below USD 1,000 and above USD 38,000 are ineligible for ARCAFIM finance	• ARCAFIM Rapid Assessment Checklist
	From USD 38,685 to USD 300,000 SME loans above USD 300,000 are ineligible for ARCAFIM finance	• Rapid E&S Assessment Checklist • Simplified Due Diligence Template
Loans to PFIs	From USD 50,000 to USD 3,500,000 loans to PFIs below USD 50,000 or above USD 3, 500,000 are ineligible for ARCAFIM finance	• Enhanced DD Template for Corporate Loans – Agriculture
Loans to VCCs	From USD 50,000 to USD 154,440 loans to companies below USD 50,000 are ineligible for ARCAFIM finance	• Rapid E&S Assessment Checklist
	From USD 154,739 to USD 765,958	• Simplified Due Diligence Template • Rapid E&S Assessment template
	From USD 765,958 to USD 1,000,000 loans to companies above USD 1,000,000 are ineligible for ARCAFIM finance	• Enhanced DD Template for Corporate Loans – Agriculture

3.1.2.2 Risk rating

The risk rating (ESRR) assigned through the Due Diligence process is based on an evaluation of impact multiplied by likelihood using a 5×5 matrix. It is assessed across four dimensions: Environmental Risks, Climate-related Risks, Social Risks, and Occupational Health & Safety and produces an overall score interpreted as follows:

Score	Rating	Required Action
>20	Very High	Outside Tolerance — escalate for decision, ESAP required, regular monitoring
11–19	High	Outside Tolerance — alert senior leadership, ESAP to reduce risks
6–10	Medium	Within Tolerance — ESAP to reduce risks, monitor
≤5	Low	Within risk appetite — monitor

Scoring and criteria guides are provided in EBTL's Environmental and Social Risk Management Procedures and follow IFC Standard categorisation, as illustrated in the tables below. As part of ARCAFIM's ESAP, EGH and EBTL will update this guide to define more specific risk thresholds per risk categories.

Impact Rating	Impact of the ESG Risk Negligible 1	Minor 2	Moderate 3	Major 4	Catostrophic 5
Environmental Risks	Minimal or no adverse impacts.	Limited impacts on biodiversity and key natural resources that are currently well managed.	Potential adverse reversible impacts on biodiversity and key natural resources - land, air, water etc	Significant but reversible adverse impacts on biodiveristy and key natural resources - land, air, water etc	Irreversible adverse impact on biodiveristy and key natural resources - land, air, water etc
Climate-related Risks	Activities potentially lead to minimal or no GHG emissions. Minimal or no Physical or Transitional Climate-related risks faced by the Industry.	Activities potentially lead to minor GHG emissions which can be mitigated. Minor Physical or Transitional Climate-related risks faced by the Industry.	Activities potentially lead to material GHG emissions which can be mitigated. Material Physical or Transitional Climate-related risks faced by the Industry.	Activities potentially lead to significant GHG emissions which can be mitigated. Major Physical or Transitional Climate-related risks faced by the Industry.	Activities potentially lead to significant GHG emissions which cannot be mitigated. Significant Physical or Transitional Climate-related risks faced by the Industry.
Social Risks	Minimal or no adverse social impacts.	Limited advserse social risks. Good system for risk identification and mangement in place.	Limited adverse but manageable social risks related to Labour working conditions and/or human right and adverse impacts on the community.	Major social risks related to Labour working conditions and/or human right and major adverse impacts on the community.	Significant social risks related to involuntary resettlements, cultural heritage, indigeneous people, labour working conditions and/or human rights and/or the community.
Occupational Health & Safety	Occupational health & safety hazards that could lead to potential minor isolated cases of injuries leading to lost-time.	Occupational health & safety hazards that could lead to injuries with limited adverse impact	Significant occupational health & safety hazards that could lead to potentially serious injuries that do not have permanent consequences on the individual	Major occupational health & safety hazards that could lead to potentially to one or more serious injuries with permanent consequences.	Significant occupational health & safety hazards that could lead to potentially to one or more fatalities.

Likelihood/Probability	1 Remote	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Criteria	< 10% change	10% to 35% chance of occurance	35% to 65% chance of occurance	65% to 90% chance	> 90% chances of occurrence

Likelihood of the event	5	Low = 5	Medium = 10	High = 15	Very High = 20	Very High = 25
	4	Low = 4	Medium = 8	High = 12	High = 16	Very High = 20
	3	Low = 3	Medium = 6	Medium = 9	High = 12	High = 15
	2	Low = 2	Low = 4	Medium = 6	Medium = 8	Medium = 10
	1	Low = 1	Low = 2	Low = 3	Low = 4	Low = 5
		1	2	3	4	5
		Impact				

The ESRR is included in the Environmental and Social Due Diligence (ESDD) report and must appear in the credit proposal summary.

3.1.2.3 Risk Management

Loans rated A after screening are ineligible for ARCAFIM resources. For loan applications falling under risk categories, B-, C and D, EBTL Relationship Manager in the credit team is responsible for preparing a draft ESDD report and climate risk assessment report including the proposed client Environmental & Social Action Plan (ESAP) and any proposed additional terms and conditions to be included in the facility agreement.

The draft ESDD should be completed within 3 working days of the site visit if the client is within the Branches locality and within 7 days if the client is outside the Branch locality. The draft ESDD report and proposed action plans is subsequently shared with the client for agreement. If there is no feedback from the client, within the stated period (maximum of 5 working days), then the action plan is deemed to be final.

The Bank will implement processes to monitor and report exposures to ESG & Climate-related risks to ensure that such exposures are consistent with their risk appetite. This includes enhanced monitoring and reporting for supplier or customers whose activities present material ESG and climate risk to ensure the risk is controlled at acceptable levels.

No application can proceed to credit underwriting without a final, approved ESDD. The credit proposal must include the E&S Risk Categorisation, a summary of key E&S risks and opportunities, the ESRR, and the ESAP where applicable. E&S covenants and ESAP commitments are embedded in the final approved facility agreement before disbursement.

3.1.3 Risk categorisation, rating and management for TTFIs

The ESRM Procedures apply a three-tier categorization to investments through financial intermediaries, distinct from the A–D categories used for direct investments:

- Category FI-1 — The FI's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse E&S risks or impacts that are diverse, irreversible, or unprecedented. This is the highest-risk FI category.
- Category FI-2 — The FI's portfolio is, or is expected to be, comprised of activities with potential limited adverse E&S risks or impacts that are few in number, generally site-specific, largely

reversible, and readily addressed through mitigation; or includes a very limited number of activities with potentially significant adverse E&S risks.

- Category FI-3 — The FI's portfolio predominantly has minimal or no adverse environmental or social impacts. This is the lowest FI risk category.

The Relationship Manager in the Credit team is responsible for initial categorisation of all FI transactions. The level of E&S assessment required is driven by two factors: the type of transaction (use of proceeds, facility amount, tenor) and the FI client's inherent E&S risk categorisation, taking into account contextual factors such as geographic location. Any FI-1, FI-2, or FI-3 application must be escalated to the Sustainability Sustainability team within 24 hours of identification.

Categories FI-1 are ineligible for ARCAFIM financing. The responsibility for the ESRR of FI-2 or FI-3 clients sits with the Sustainability Sustainability team, unlike Categories B-D which sit with the Relationship Manager. For TTFIs, the Relationship Manager retains responsibility for the client relationship (including information requests, organizing site visits, and timely completion of the ESDD process). An external consultant may required to complete the ESDD and ESAP for the client. The Relationship Manager from Credit teams is responsible for advising the client to select an external consultant from the Bank's panel, the cost of which should be borne by the client. The consultant prepares a draft ESDD report including the proposed client Environmental & Social Action Plan (ESAP) and including any proposed additional terms and conditions to be included in the facility agreement.

Risk rating for TTFIs applies the Enhanced DD Template for Corporate Loans – Agriculture. The template requires describing the "the system/procedure in place to identify, assess and manage the potential E&S risks and impacts related to the company's business activities/projects. (e.g. ESIA, Environment Audit, Fire Safety Audit, Risk Assessment and Occupational Health and Safety Audit)" and the identification of a "E&S Officer". Absence of these systems will lead to specific actions in the clients ESAP and E&S Covenants to the loan.

The Head of Sustainability reviews and signs off the final ESDD report. Once approved, the Manager, Climate, Environment and Social forwards the report to the Relationship Manager for inclusion in the credit application.
No FI application can proceed to credit underwriting without a final, approved ESDD. The credit proposal must include the E&S Risk Categorisation, a summary of key risks and opportunities, the ESRR, and the ESAP where applicable. E&S covenants and ESAP commitments are embedded in the facility agreement before disbursement.

3.1.3 Key ARCAFIM E&S risks in Tanzania

Risks linked to the specific eligible activities to be financed under ARCAFIM-supported loans in Tanzania are listed in Table 3-4. Each are expected to be of low to medium likelihood and largely reversible or temporary, and can be predicted through EBTL Risk Assessment process laid out in Section **Error! Reference source not found.**. Additional transversal risks in Tanzania include:

Land tenure insecurity and displacement	- Informal land tenancy is common in Tanzania; borrowers may invest on land they do not legally control.

	- As land become more productive, tenants or sharecroppers may be displaced and wealthier farmers may seek to consolidate land and buyout smallholders
Pastoralist-farmer land use conflict	- ARCAFIM-financed agricultural intensification (irrigation, fencing, crop expansion) in mixed agro-pastoral landscapes can accelerate conversion of communal grazing land to cultivation, disrupting pastoralist movement routes and generating inter-community conflict, particularly in northern and central Tanzania where Maasai, Datoga, and other pastoralist communities operate.
Human-wildlife conflict	- ARCAFIM-financed agricultural expansion near protected area boundaries may increase human-wildlife interface pressure, generating new or exacerbated HWC for borrowers and their communities. - Borrowers whose harvests or animals are destroyed by wildlife may default on ARCAFIM loans
Biodiversity risk in ecologically sensitive area	- Cultivation near protected areas (Serengeti NP buffer, Kilimanjaro, Ngorongoro) or sensitive ecosystems (Usambara wetlands) - Beekeeping near sensitive wildlife corridors - Fishing impacts on native species in lakes (Victoria, Nyasa)
Cumulative risks	- Over-abstraction of water where many farmers install small pumps drawing from the same shallow aquifer, seasonal river, or wetland system, particularly acute in semi-arid central and northern regions - Deforestation when many smallholders expand fields by a few metres each - Pollution accumulation from many dispersed small livestock or processing units - Conflicts between multiple users accessing the same water sources - Inequitable impacts on downstream communities
Exclusion	- Exclusion due to lack of land title, credit history and digital literacy (women, Maasai, Hazda, Datoga and other marginalised groups) - TTFI networks may not reach to traditionally marginalised communities - GRM mechanism inaccessible to communities with low literacy and limited phone access

Risks may also occur in the delivery of activities supported by the technical assistance grant. These risks have been identified in Table 3-5.

Table 3-4 Risks of EBTL lending operations with ARCAFIM products (Component 1)

Eligible loans		**Environmental risk screening**	**Social risk screening**
1.2.1.1.A CCA Irrigation	Small-scale sustainable irrigation solutions	- Over-abstraction of groundwater in drought-prone districts (e.g., Dodoma Region) - Soil salinisation from inefficient irrigation - Reduced downstream flow in shared water sources and seasonal rivers	- Exclusion of women/youth from irrigated plots - Conflicts between Water User Associations over water allocation - Increased workload for women collecting water when sources decline - Waterborne diseases from standing water, including mosquito breeding and vector borne diseases - Potential encounter with subsurface cultural heritage (burial grounds, scared sites, artefacts) in historically settled agriculture areas
	Dams and water conservation solutions	- Siltation from runoff in poorly managed irriga-tion and drainage channelsDisruption of aquatic ecosystems in rivers - Risk of dam failure from intense rainfall events	- Safety risks for downstream households - Resettlement or land displacement - Reduced water availability for downstream smallhold-ers - Potential encounter with subsurface cultural heritage (burial grounds, scared sites, artefacts) in historically settled agriculture areas
	Rainwater harvesting and reservoirs	- Soil erosion and slope instability - Localised flooding from poorly designed struc-tures	- Unequal access between male- and female-headed households - Conflicts over shared tanks in cooperatives
	Waterflow management infrastructure	- Altered stream hydrology affecting wetlands (e.g., the Usambara wetlands) - Barriers to fish movement in local rivers	- Impacts on downstream water access - Potential disruption to community washing/collecting water points

Eligible loans		Environmental risk screening	Social risk screening
		- Increased erosion and sedimentation from inadequate drainage in lowland and floodplain agricultural zones.	- Potential encounter with subsurface cultural heritage (burial grounds, scared sites, artefacts) in historically settled agriculture areas
1.2.1.1.B CCA Crop Resilient Inputs	Adapted seeds and seedlings	- Loss of local agrobiodiversity - Spread of seed-borne diseases in compact farming systems	- Reduced autonomy of women seed custodians - Marginalisation of Indigenous communities (e.g., Hazda and Sandawe) from seed access
	Shade house, shading and cover cropping	- Plastic pollution from degraded shade materials - Increased pest habitat if unmanaged	- Exclusion of poorer farmers due to high investment cost - Land access disputes in dense rural settlements
	Sustainable fertiliser solutions	- Nutrient runoff into wetlands and lakes (e.g., Lake Victoria) - Soil acidification from misuse of fertilisers	- Health risks for women and youth handling inputs without PPE - Unequal access to subsidised fertilisers
	Sustainable pest solutions	- Pesticide contamination in river ecosystems - Resistance build-up from overuse	- Health impacts on workers spraying chemicals - Child labour risks in pest-control activities
1.2.1.1.C CCA Livestock and Dairy	Genetic management for climate resilient traits	- Overgrazing pressure in semi-arid rangelands and pastoral transition zonesLoss of indigenous livestock breeds	- Exclusion of poorer farmers unable to maintain improved breeds - Increased labour burden on women managing livestock
	Sustainable pasture management	- Landscape degradation in already overgrazed areas (e.g., Dodoma Region) - Loss of biodiversity from pasture monocultures	- Access tensions between pastoralists and crop farmers - Inequitable grazing rights
	Climate-control infrastructure and technologies	- Waste accumulation from construction materials	- Land tenure disputes in densely populated rural areas - Exclusion of Indigenous communities from safe shelters
	Upstream water management infrastructure	- Siltation of downstream wetlands - Reduced water quality for aquatic life	- Downstream water scarcity - Community conflicts over water diversion

Eligible loans		Environmental risk screening	Social risk screening
	Resilient fodder production, conservation and use	- Spread of invasive forage species - Pressure on wetlands from fodder cultivation	- Unequal access to improved fodder for women/youth - Increased labour demands on caretakers (often women)
	On-farm processing of livestock products	- Effluent discharge into shared water resources, rivers and irrigation channels - Odour pollution affecting village settlements	- Food safety and public health risks - Labour risks in informal slaughter and processing
	Biosafety and health management	- Biomedical waste pollution - Antibiotic runoff affecting water bodies	- Community health risks from improper waste disposal - Equity issues in vaccine access for smallholders
	Emerging livestock	- Biosecurity risks in dense rural settlement patterns - Waste mismanagement	- Health risks for workers - Market exclusion for women/youth
1.2.1.1.D CCA Aquaculture	Climate resilient aquaculture solutions	- Pollution in lakes (e.g., Victoria, Nyasa) - Habitat loss if ponds encroach on wetlands	- Land use conflicts with crop farmers - Inequitable benefit-sharing in cooperatives
	Integrated farm systems with aquaculture	- Nutrient overload affecting downstream water resources and irrigation channels - Spread of fish diseases across smallholder ponds	- Risks to households using pond water - Land tenure insecurity for smallholders
	Water management infrastructure	- Increased erosion and sedimentation from inadequate drainage in lowland and floodplain agricultural zones.Blockage of natural drainage channels	- Risk of infrastructure failure affecting communities - Access conflicts around protected water zones
	Natural and artificial shading facilities	- Plastic waste from damaged shade materials - Soil erosion around shade structures	- Increased labour burden for women establishing shade
	Species selection	- Introduction of non-native fish species into lakes - Increased disease risks	- Loss of traditional fishing practices

Eligible loans		Environmental risk screening	Social risk screening
	On-farm processing of fish products	- Water pollution from effluents - Overuse of firewood for drying/smoking	- Food safety risks - Gender disparities in fish value chains
1.2.1.1.E CCA Climate Smart Infrastructure	Physical and biophysical flood protection	- Damage to riparian ecosystems	- Safety risks to nearby settlements - Unequal protection for poorer households
	Storm and flood-proof infrastructure	- Landscape modification affecting runoff patterns - Increased impermeable surface area	- Disruption to vulnerable households in flood plains - Labour safety risks
	Wind breakers and covers	- Spread of invasive shrub species - Increased fire risk in dry seasons	- Community disputes over boundary planting - Safety risks from poorly anchored covers
	Climate resilient shelters, logistics, construction	- Disposal of nutrient-rich wastewater into wetlands - Plastic waste from trays and pipes	- High entry cost limiting women/youth participation - Digital literacy barriers for automated systems
	Natural and artificial shading facilities	- Plastic waste from damaged shade materials - Soil erosion around shade structures	- Unequal access for poorer farmers - Increased labour burden for women establishing shade
	Hydroponic Agriculture	- Increased energy use if not renewable - Poorly sited systems affecting airflow in crowded settlements	- Unequal access among poorer farmers - Increased workload for livestock caregivers
	Heat stress reduction systems	- Increased energy use if not renewable - Poorly sited systems affecting airflow in crowded settlements	- Unequal access among poorer farmers - Increased workload for livestock caregivers
1.2.1.1.F CCA Natural Resource Management	Apiculture	- Bee poisoning from nearby pesticide use - Deforestation reducing forage zones	- Potential land disputes over hive placement - Stings affecting children near homes
	Product diversification and intercropping	- Soil nutrient depletion without rotation - Pest transfer between intercropped species	- Labour intensification (particularly for women) - Access inequalities in shared cooperative plots
	Agroforestry and silvopastoral solutions	- Use of invasive tree species - Overcompetition for water	- Land rights conflicts in densely populated areas - Reduced access to communal grazing land

Eligible loans		Environmental risk screening	Social risk screening
	Integrated pest management	- Pesticide contamination in rivers - Harm to pollinators (bees)	- Health risks for applicators
	Integrated soil fertility management	- Nutrient runoff into lakes and wetlands - Soil erosion if improper mulching	- Disputes over organic matter sources
	Terracing and contour farming	- Slope destabilisation if poorly engineered - Sediment runoff downstream	- Increased labour burden (especially for women/youth) - Land boundary disputes in terraced areas
	Sustainable pasture management	- Degradation of already overgrazed rangelands - Soil compaction and erosion	- Grazing conflicts between households - Unequal access for female farmers
1.2.1.1.G CCA Storage and Logistics	Postharvest and processing facilities	- Pollution from waste discharge - Smoke emissions from traditional drying	- Occupational health risks - Women's disproportionate workload in processing
	Climate resilient shelters, logistics, construction	- Disposal of nutrient-rich wastewater into wetlands - Plastic waste from trays and pipes	- High entry cost limiting women/youth participation - Digital literacy barriers for automated systems
1.2.1.1. H CCA Decision-making and advisory	Digital value-chain services	- Promotion of high-input farming models increasing chemical use - GIS based decision tools recommending agricultural expansion in ecologically sensitive areas	- Digital exclusion of women, youth, and remote communities - Barriers due to limited digital literacy - Privacy and data protection risks, collection and use of farmers' geodata and financial profiles
	Climate information services	- Misinterpretation of climate data leading to maladaptation	- Limited access for remote communities - Risks to privacy and data misuse
	Advisory services	- Promotion of unsustainable input-heavy practices - Advice misaligned with Tanzania's agroecological zones	- Exclusion of poorer farmers from consultations - Gender bias in extension outreach
	Data management and decision support tools	- Misleading environmental assessments if data incorrect	- Privacy risks for farmers' geodata - Exclusion of digitally illiterate groups

Eligible loans		Environmental risk screening	Social risk screening
		- Potential to promote unsuitable crop shifts	
1.2.1.3 A MFI CCA Wholesale Loans	Agriculture – Adaptation (1)	- TTFI wholesale loans disbursed without application of ARCAFIM CCA taxonomy eligibility screening - PFIs lacking capacity to detect cumulative environmental impacts (water abstraction, deforestation, aquaculture pollution) - MFIs, SACCOs and FinTechs in Tanzania have limited climate adaptation and E&S experience. Tools at TTFI level may lack environmental safeguard triggers	- TTFI networks may not reach to traditionally marginalised communities - Exclusion due to lack of land title, credit history and digital literacy (women, Hazda and Sandawe communities) - Company expanding into community land - MFIs, SACCOs and FinTechs in Tanzania have limited climate adaptation and E&S experience. Tools at TTFI level may lack environmental safeguard triggers - Privacy and data protection risks in digital credit scoring used by FinTechs
1.2.1.3 B SACCO CCA Wholesale Loans	Agriculture – Adaptation (1)	- TTFI wholesale loans disbursed without application of ARCAFIM CCA taxonomy eligibility screening - PFIs lacking capacity to detect cumulative environmental impacts (water abstraction, deforestation, aquaculture pollution) - MFIs, SACCOs and FinTechs in Tanzania have limited climate adaptation and E&S experience. Tools at TTFI level may lack environmental safeguard triggers	- TTFI networks may not reach to traditionally marginalised communities - Exclusion due to lack of land title, credit history and digital literacy (women, Hazda and Sandawe communities) - MFIs, SACCOs and FinTechs in Tanzania have limited climate adaptation and E&S experience. Tools at TTFI level may lack environmental safeguard triggers

Eligible loans		Environmental risk screening	Social risk screening
1.2.1.3 C Value Chain CCA Wholesale Loans	Agriculture – Adaptation (1)	- PFIs lacking capacity to detect cumulative environmental impacts (water abstraction, deforestation, aquaculture pollution)	- Marginalised communities excluded from outgrower contracts - PFIs lacking capacity to detect cultural heritage - Formal workers in facilities face OHS risks (machinery, chemicals, dust) - Informal labour arrangements

Table 3-5 Risks of EBTL capacity building activities under ARCAFIM grant (Component 2)

Activity	Environmental risk screening	Social risk screening
Capacity of Equity Bank & PFIs (CCA product development; PFI sensitisation; CCA risk management; digital finance for CCA; MIS strengthening; insurance product development; ESG & CC risk systems; CCA Lending Toolkits; M&E system; PFI training; CECAF certification; digital pilots)	- Inadequate integration of environmental screening into new CCA loan products. - Improper or inconsistent application of the CCA taxonomy, leading to misclassification of high-risk activities as eligible. - Weak adoption of ESG risk management systems, leading to downstream environmental harm from loans. - Digital tools being used without environmental safeguards, e.g., GIS-based decision tools recommending expansion into sensitive ecosystems. - PFIs lacking capacity to detect cumulative environmental impacts (water abstraction, deforestation, aquaculture pollution) or cultural heritage	- Exclusion of women and youth PFI staff from specialized training (e.g., CECAF). - Unequal capacity building across counties/regions, reinforcing existing rural–urban or gender divides. - Design of loan products without gender or social inclusion considerations, resulting in exclusion of vulnerable groups from CCA finance. - Digitalisation exacerbating exclusion for women, older adults, Indigenous Peoples, or low-literacy clients. - Inadequate safeguard training, leading to PFIs failing to identify risks such as GBV, child labour, labour rights, land tenure conflict. - Privacy and data protection risks in digital credit assessment tools (e.g., GIS mapping of farms without consent). - PFIs replicating harmful lending practices if training is inadequate (e.g., high collateral requirements that exclude women).

Capacity of smallholders & MSMEs (CCA awareness; financial literacy; producer group trainings; BDS for MSMEs; women empowerment training; bankability assessments)	- Promotion of maladaptive practices if training is misunderstood or poorly contextualised (e.g., irrigation in water-scarce zones). - Increased environmental impact due to heightened loan demand if safeguards are weak (e.g., more livestock, more aquaculture ponds, more fertilizer use). - Incorrect application of climate adaptation technologies (e.g., shade nets causing plastic pollution). - Exclusion of environmental content in training, leading to adoption of CCA practices without environmental mitigation (e.g., terracing without erosion control).	- Women excluded from training sessions due to timing, location, or cultural norms. - Youth excluded if training is perceived as targeting "experienced farmers." - Indigenous Peoples (e.g., Hazda and Sandawe in Tanzania) not meaningfully included in training or loan access. - Financial illiteracy increasing vulnerability if clients take loans without fully understanding repayment. - Elite capture within cooperatives—training benefits leaders but not ordinary members. - Risk of GBV and sexual exploitation in training settings, especially where trainers travel to remote areas. - Data privacy risks in digital financial literacy modules. - Exclusion of persons with disabilities due to inaccessible materials. - Child labour risks if CCA investments increase labour demand and families rely on children to meet it.

3.2 Organisation capacity and competency

EGH applies a Three Lines of Defence model to define roles and responsibilities for Environmental & Social (E&S) risk management:

- First Line of Defence - Business units and functions engaged in or supporting revenue-generating activities are responsible for owning and managing E&S risks within their operations.
- Second Line of Defence - The independent Risk Function provides oversight and challenge to E&S risk management practices.
- Third Line of Defence - The Internal Audit function offers independent assurance on the effectiveness of controls supporting the First Line's risk management activities and the processes maintained by the Second Line

At EBTL, Sustainability unit is embedded within the Commercial Department with close collaboration of Risk Management Department, ensuring integration of environmental and social risk oversight into core risk processes. Their work is managed by the EBTL Climate, Environmental and Social Risk Manager. Relationship Managers in the Commercial Department responsible for monitoring loans will receive training to support monitoring of environment and social action plans.

At the group level, the Sustainability Team provides independent assurance across all subsidiaries, verifying that ESG functions are effectively implemented through quarterly reporting. The team will also ensure full compliance with the Environmental and Social (ES) requirements of the ARCAFIM programme, in alignment with Equity Bank's policies and international standards

3.3 Emergency preparedness and response and incident management

The ESRM procedures provide guidance to ESG analysts on receiving E&S issues, complaints/grievances from stakeholders (including general public) for responding, addressing and/or resolving. EBTL Sustainability team maintains a Register for logging and tracking closures of received cases. Cases are either received through email (address: TZSustainability@equitybank.co.tz) or the Equity Call Centre: **+255 768 985 500** . Once a case is registered, it's immediately forwarded to appropriate departments for action and resolving. A response should be provided at least within 3 days (turn-around time) in accordance with the Bank's Communications policies and procedures.

The Bank's E&S Management Procedures ensure information available in the public domain regarding incidents, adverse impacts on local communities or the environment or adverse environmental or social performance associated with any proposed client operations is obtained, reviewed, and investigated. In addition, the Bank Management Procedures should provide the actions required where a client is not compliant with the Bank's E&S requirements.

3.4 Stakeholder engagement

3.4.1 Stakeholder engagement strategy

A key component of the ARCAFIM approach to stakeholder engagement, guided by the programme E&S standards is a transparent mechanism to identify, evaluate and address any complaints or feedback received from external stakeholders.

3.4.2 Internal stakeholders

The Bank's E&S Policy and Procedures is communicated to Staff through the appropriate channels such as emails, intranet, social media, memos, and circulars.

Appropriate sensitization and training is provided as part of the roll-out and implementation. Regular communication and training is provided to the appropriate Teams to ensure awareness level of the E&S requirements a n d topical E&S issues is maintained at a high level.

As per EBTL E&S Policies, staffs' views and suggestions on environmental and social risk management should be shared with the Sustainability team for recording and action.

3.4.3 External stakeholders

The Bank's Environmental and Social Risk Management Statement (providing the Bank's E&S commitments and grievance mechanism) is shared on the Bank's website and available publicly to all stakeholders. To facilitate stakeholder input, the Bank provides the email address TZSustainability@equitybank.co.tz on its website for receiving opinions, suggestions, and feedback on its environmental and social risk management approach.

The Bank also communicates its E&S performance as part of its Integrated Annual report and as part of the Annual Sustainability Report. The external reporting requirements reflect the requirements to report under specific standards or frameworks, for instance GRI, IFRS S1&S2.

In addition, the Bank meet any regulatory, legal, or contractual obligations to provide regular Sustainability performance reports, in line with agreed upon content and report format. All external communication ensure compliance with international, national and/or local laws and regulations for instance, data protection laws, which shall take precedence over other requirements to report.

3.4.4 Grievance Redress Mechanism

EBTL operates in alignment with the policies established by Equity Group Holdings Limited (EGH) and has adapted the Group-wide Environmental and Social (E&S) Policy to reflect its local regulatory, operational, and contextual requirements. The Bank’s Environmental and Social Risk Management Statement outlines the E&S commitments and grievance mechanism that is published on the Bank’s website and publicly accessible to all stakeholders. The Bank discloses its E&S performance through its Integrated Annual Report and Annual Sustainability Report. All external reporting complies with recognized standards and frameworks such as ISSB Standards (IFRS S1 & S2) and GRI (Global Reporting Initiative)

A formal grievance mechanism is embedded within the E&S Management Procedures. Stakeholders and the public may submit grievances or suggestions via TZSustainability@equitybank.co.tzor through the Equity Call Centre: +255 768 985 500. Matters raised by regulators are also covered under this procedure. The ESG team will review and classify all feedback, ensuring appropriate action is taken.

In addition, EBTL GRM should be aligned with ARCAFIM Programme-level grievance mechanism laid out in ARCAFIM ESMF and summarized in Annexe 1. The scope, scale and type of grievance response process will be proportionate to the nature and scale of the potential impact and risk of the FI/end beneficiary.

A grievance mechanism should broadly contain the following components:

1. Internal resource with designated responsibility for the grievance procedure and handling grievances (may not be feasible or necessary to have dedicated resource depending on the scale of participant or the sub-project)
2. Several grievance receipt channels that are appropriate to the specific ARCAFIM participants (e.g. in-person, telephonic, and a written grievance form, including options that allow the grievant to remain anonymous);
3. A process for recording and updating the status of grievances.
4. A process to categorise the severity of and investigate grievances, involving external parties as and when required; and
5. Defined timeframes to both acknowledge receipt of a grievance and to respond with an outcome.

3.5 Monitoring and reporting

EBTL will monitor and report on their direct borrowers to the Lender above them(EBKL or EGH). The depth and frequency of monitoring and reporting required for each participant will follow the process described under "Monitoring and Reporting at Equity Bank".

Reporting content will vary depending on the outcome of the loan's E&S due diligence process, the risk level and the covenants in the individual loan agreements. At a minimum, EBTL will collect the following data with respect to their portfolio/sub-projects/operation, as is currently the case under their routine quality assurance process:

- Non-conformances (e.g., non-conformance with national legal requirements or loan agreement covenants)
- E&S incidents and accidents (including Health and Safety, Environment, Labour, and Social/community incidents)
- Grievances (internal and external)
- Changes/updates to the ESMS
- ESAP progress

Additional data collection requirements for sub-projects and FIs with higher risk levels may include the collection of additional E&S data (e.g., waste quantities, water, and energy use quantities).

3.5.1 Monitoring and reporting at Equity Bank

Once the ESDD report is approved and the facility disbursed, the Relationship Manager initiates the E&S monitoring process based on the following triggers:

- The monitoring cycle (3 months, 6 months, 9 months and 12 months);
- The E&S Action Plan timelines;
- Information in the public domain including media attention to environmental and social issues related to the client;
- Environmental and social occurrences including major accidents or incidents associated with a client's operations;
- Any complaints submitted by stakeholders about a client.

The Relationship Manager sets up site visits, accordingly, requesting relevant information from the client prior to the visit based on the agreed ESAP. At the site, the Environmental and Social Risk Rating

is reviewed and all findings recorded in an Environmental and Social Risk Monitoring Report, which is forwarded to the Sustainability Unit for review, approval and sign-off.
The Sustainability team attends monitoring visits for all Category A, B+, FI-1, FI-2 and FI-3 transactions. Where determined as necessary by the Sustainability team and agreed with the client, an external consultant should also attend the monitoring visit. For all other categories, the monitoring visit can be conducted by the Relationship Manager with support from the Sustainability team as required.

Any revisions to the ESAP agreed during the monitoring process must be agreed with the Head of Sustainability in writing within the monitoring report. Where key ESAP actions are overdue, an escalation process to Management and the Group Sustainability team is triggered to ensure effective closure of the ESAP and management of the key risks identified.

Group Quarterly Quality Assurance Programme: On a Quarterly basis, the Head of Sustainability initiates the assurance process by selecting Category B-, C and D transactions for review, ensuring the selection covers all sectors, business segments and geographical areas, and includes a mix of recently disbursed facilities and those disbursed more than six months previously. A separate, broader assurance review covering all categories (including Category A, B+, FI-1, FI-2 and FI-3) is also conducted by the EBTL Sustainability Unit. The Head of Sustainability assigns the review to the relevant Climate, Environment and Social Risk Manager.

The Climate, Environment and Social Risk Manager gathers data from ESDD files and credit files, covering all phases of the financing process from screening through to monitoring and evaluation. Results are discussed with the relevant parties to ensure all appropriate information is considered. The Climate, Environment and Social Risk Manager prepares a Quarterly assurance report of findings and recommendations, which is forwarded to the Head of Sustainability for review.

The Head of Sustainability reviews the Quarterly assurance report and issues a summary of findings and recommended actions to the Group Director, Sustainability and to all relevant Relationship Managers and sector heads. Agreed recommended actions are tracked to closure.

3.5.2 Reporting for ARCAFIM

Informed by this internal reporting process, EGH submits Annual Monitoring Reports (AMRs) to IFAD for all TTFIs and end beneficiaries classified as Substantial – Moderate Risk (FI1-FI3). AMRs are expected to cover the following information as a minimum:

- Portfolio breakdown by sub-project category/lending channel (small-scale producers; micro enterprise; SME Agribusiness; either direct or indirect);
- CCA adaptation type and sub-sector;
- Sample ESDD reports;
- Update on progress achieved in E&S covenants;
- Update on ESAP project
- Cases of non-compliance and significant E&S accidents or incidents related to a sub-project;
- Information on the implementation of any changes to the FI's ESMS; and where relevant, the FI sub-projects' exposure to high-risk activities.

4. EBTL Environmental and Social Management Plan

This ESMP describes the E&S risks and impacts that have either been identified or are likely to be identified throughout the various lending tiers of the ARCAFIM programme in Tanzania. The ESMP also describes the measures to be taken during the implementation and EBTL lending operations using ARCAFIM loans and grants in Tanzania, to eliminate or offset adverse environmental, social and climate impacts, or to reduce them to acceptable levels, the measures to enhance environmental and social outcomes the actions needed (monitoring/supervision/reporting requirements), implementation arrangements, institutional responsibilities, time schedule and indicative cost ranges where these can be provided to implement the measures.

The ESMP actions are divided into the three tables which represent different layers of the ARCAFIM programme:

- ARCAFIM Programme: These actions focus on the integration E&S management systems throughout the ARCAFIM operations in Tanzania, the delivery of grant activities under Component 2, and may apply to the ARCAFIM Coordination Unit, EBTL, TTFIs and end beneficiaries (Table 4-1)
- Equity Bank: These actions focus specifically on addressing the gaps identified in the Equity Bank E&S Policies and the Tanzania subsidiary in particular. These actions are based on the ESDD undertaken of Equity Bank (Table 4-2)
- End Beneficiaries: These actions focus specifically on the proposed End Beneficiary CCA projects in Tanzania, the potential risks inherent in these types of climate adaptation investments in the country and how they can be mitigated Table 4-3. They will inform EBTL ESDD and the definition of ESAP for clients.

Some mitigation measures identified require additional management tools and guidelines to be used by EBTL and its clients to manage the risks identified. These are provided in annexes and should be used to inform the development of ESAPs and loan covenants, depending on the outcome of the screening. TTFS requesting loans associated with moderate risks to biodiversity, labour, health, cultural sites should develop plans to manage these risks using the outline and guidance in these annexes. For cumulative impact assessments across the portfolio, EBTL should use the guidelines in Annexe 9. Any loans to clients with potential risks to introduce or manage pests should be associated with a Pest Management Plan, as per Annex 3, in the loan covenants.

- **Annexe 2 - Biodiversity Action Plan:** It provides a structured framework for habitat screening, impact avoidance and mitigation measures, and monitoring commitments proportionate to the nature and location of the financed activity. Agricultural intensification, land clearance for crop expansion, agrochemical use, and irrigation development financed under TTFI and corporate loan categories all carry potential for adverse impacts on habitats, soil health, and water ecosystems.
- **Annexe 3 - Pest Management Plan:** The use of pesticides, herbicides, and other agrochemicals is a foreseeable feature of climate-adapted agricultural practice at micro, SME, and corporate/TTFI scales.
- **Annexe 4 - GBV/SEAH Action Plan:** ARCAFIM targets rural smallholder farmers, outgrower scheme participants, and SACCO members, a population that includes a high proportion

of women borrowers and farm workers. GBV and SEAH risks may be identified across all four loan product categories: seasonal and informal labour arrangements at farm and agri-processing level create unequal power dynamics, while group lending structures facilitated through PFIs and SACCOs may generate social pressure on individual women borrowers.

- **Annexe 5 - Labour, Community Health and Safety Requirements:** Given the outgrower scheme component and PFI on-lending, supply chain labour risks extend beyond direct borrowers. Seasonal and informal labour, child labour in smallholder contexts, OHS on farms and in agri-processing are all potential risks of lending at micro and SME scales.
- **Annexe 6 - Archeological Chance Find Procedure:** While the probability of chance finds is low for micro and SME agricultural lending, it is non-negligible for corporate/TTFI loans involving land development, irrigation infrastructure, or agri-processing facility construction. Required under IFC PS8 and IFAD SECAP Standard 7. A relatively short, standalone procedure is sufficient.
- **Annexe 7 - Abbreviated Resettlement Action Plan:** The aim of the Abbreviated Resettlement Action Plan (ARAP) is to synchronise resettlement planning in the implementation of the agricultural activities to be funded from the ARCAFIM in order to minimise negative social externalities. Involuntary resettlement is on the ARCAFIM exclusion list, which significantly reduces the likelihood of this being triggered. However, voluntary land transactions and economic displacement through loss of access to land or resources are possible in the context of outgrower scheme expansion or irrigation development under TTFI/corporate loans.
- **Annexe 8 - Conflict Analysis Plan:** Tanzania has a broadly stable political environment. However, intra-community tensions around land tenure, water access, and outgrower contract terms are plausible at a localised level, particularly in areas with overlapping claims between pastoralists and smallholders. The conflict analysis framework has value in informing ESAPs where such risks are identified through ESDD.
- **Annexe 9 – Cummulative Impact assessment**. Individual ARCAFIM loans, when considered in isolation, are unlikely to generate significant adverse environmental or social impacts given the predominantly micro and SME scale of financing. However, the aggregated effect of lending across a large number of smallholder borrowers, outgrower schemes, and PFI sub-borrowers operating within the same watersheds, landscapes, and value chains may give rise to cumulative impacts that are not captured at the transaction level. The Cumulative Impact Assessment provides EBTL with a framework for identifying, assessing, and monitoring these portfolio-level dynamics over the course of ARCAFIM implementation, and for adjusting lending practices or sector concentrations where cumulative risks are found to exceed acceptable thresholds.
- **Annex 10 -** Free, Prior and Informed Consent (FPIC) consultations are required under IFAD SECAP Standard 4 wherever lending may affect communal land use or pastoral access. Where ESDD identifies lending in proximity to marginalised communities at risk of being affected (particularly for irrigation, outgrower scheme, and TTFI loans in these areas), a

structured FPIC process is required to confirm that proposed activities do not affect community land use, resource access, or cultural sites without adequate prior consultation and documented consent.

The below ESMP only reflects risks and mitigation measures to be implemented in EBTL and not overarching mitigation measures to be implement by EGH. **These are provided in ARCAFIM-wide ESMF and in the Environment and Social Action Plan annexed to Equity Bank's Operations Manual.**

Table 4-1 ARCAFIM Programme Key Risks and Mitigations

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Timeframe	Cost estimate
ARCAFIM stakeholders in Tanzania are not familiar with the ESMF and their implementation responsibilities especially those stakeholders who are employed after programme inception)	Develop an induction programme on the ESMF to be provided to all stakeholders involved with the ARCAFIM programme in Tanzania.	Basic induction programme to be developed by the ARCAFIM Coordination Unit, in coordination with IFAD E&S personnel.	Training delivered at subsidiary – attendance sheet	As part of standard Onboarding process	Management time, Technical Assistance budget
Failure to provide requisite valid business activities permits and approvals (e.g. Water abstraction permit, ESIA permit, effluent discharge permit)	Ensure the client avails the requisite regulatory permits. Withold any loan disbursement in absence of required permits	• Host Bank ARCAFIM Coordination Unit • Tier 2 FI E&S Resource • EBTL Management team	ESIA permits and technical documents submitted and held at country office ESS M&E reports	Ongoing	Management time
TTFI ESMSs is not sufficient to identify and manage subproject E&S risks and impacts	• Capacity building of TTFIs using ARCAFIM grant • Address E&S gaps identified in DD/risk assessments and continually identify and manage emerging E&S risks. • Maintain complete ESMS • Maintain adequate in-house capacity for E&S risk management • Appointing adequate dedicated	• Host Bank ARCAFIM Coordination Unit • Tier 2 FI E&S Resource	TTFI ESMS and annual reports	Ongoing	• ARCAFIM TA Grant • Market related salary cost in Tanzania for appointment (part time or dedicated) of E&S resource to interface with ARCAFIM at

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Timeframe	Cost estimate
	internal resource for interface with ARCAFIM • Review of E&S risk management systems annually to identify any new risks or gaps • Ensure that sub-projects (including MSME projects) are covered under E&S risk management procedures				each Host Bank; Management time for ESMS updates
TTFI capacity is insufficient to implement FPIC protocol	• Ensure dedicated training by EBTL • Ensure risk is identified during ESDD screening of TTFI	• EBTL	Due diligence and M&E reports	Ongoing	• ARCAFIM TA Grant • Management time
E&S Risks of Sub-Projects are not identified or managed effectively	• Apply E&S risk management system and use appropriate screening templates to identify and manage E&S risks of subprojects • Apply new thresholds developed as part of EGH's ESAP implementation	• Country team credit officer	Due diligence and M&E reports	Ongoing	Management time
E&S risks' mitigations measures are not implemented	• EBTL monitors and advises the client according to the action plan agreed on during due diligence process	• End beneficiaries • Relationship Manager	Due diligence and M&E reports Loan covenants	Ongoing	Management time

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Timeframe	Cost estimate
	• Contractual obligation in loan covenant				
Women may not be capacitated to participate at different levels of the ARCAFIM programme. Poor marginalised communities may be excluded from consultations	*Refer to the Gender and Social Inclusion Action Strategy for recommendations on gender capacity building and technical assistance activities within ARCAFIM*	• ARCAFIM • Coordination Unit • Tier 1 Fis • Tier 2 Fis	Annual monitoring and reporting report	Ongoing	Management time

Table 4-2 Environment and Social Action Plan with Subsidiary Bank

Gaps identified	Agreed action	Responsibility	Completion timeframe	Cost estimate
Lack of an Environment and Social (E&S) Audit as well as Fire Safety Audit	Document and implement E&S Policy/Management System. Document and implement procedures to identify, assess and to manage the potential E&S risks and impacts.	• Client • In Country Management team	Already completed	Management time
Lack of an operational Human Resource system	Formulate and roll out of an HR Policy for the company, consistent with the National Labour laws. Provide all workers with valid contracts. Develop, document and implement policies and procedures for managing and monitoring the performance of third-party employee contractors in terms of labour and working conditions	• Host Bank ARCAFIM Coordination Unit • Tier 2 FI E&S Resource • In Country Management team	Already completed	Management time

Staff capacity	To support EBTL Climate, Environment and Social Risk Managerwith ESDD and ESRM reporting, and ensure monitoring visits are completed on time for all relevant clients, additional human resources are required. Where credit teams responsible for monitoring loans will also be requested to monitor clients' E&S compliances (for lower risk loans rated B- and below), E&S training should be provided to the credit officers.	• Client • In Country Management team	Ongoing	Management time for hiring; Technical Assistance Grant for training
Grievance Redress Mechanisms applied from EBTL needs enhancement to comply with ARCAFIM GRM principles	Review procedures following EBKL and EGH lead to ensure greater reach and accessibility of GRM for ARCAFIM operations	• Host Bank ARCAFIM Coordination Unit • In Country Management team	Ongoing	Management time updating procedures where required; Technical Assistance Grant for training
ARCAFIM's Programme ESAP actions are not carried across to EBTL operations	Build capacity on ARCAFIM ES tools and processes in to EBTL operations: : • New ARCAFIM Rapid Assessment Template for small loans previously not requiring ESDD • Enhanced exclusion list • Screening and rating thresholds	• Host Bank ARCAFIM Coordination Unit • In Country • Management team	Ongoing	Management time updating procedures where required; Technical Assistance Grant for training

Table 4-3 End beneficiaries risks and mitigations in Tanzania

*If the risks are identified through the screening process, responsibility for most mitigation actions will fall upon the client, except in some cases identified in the table. EBTL will be responsible for ensuring the right measures are recorded in the environment and social action plan accompanying the due diligence, and for monitoring implementation of the mitigation measures.

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
Biodiversity conservation				
Biodiversity risks - Loss of local agrobiodiversity - Spread of seed-borne diseases - Increased pest habitats - Nutrient runoff into wetlands and lakes (e.g., Lake Victoria) - Loss of habitat in wetlands - Soil acidification from misuse of fertilisers - Pesticide contamination in river ecosystems - Resistance build-up from overuse - Promotion of unsustainable input-heavy practices - Promotion of high-input farming models increasing chemical use - Disposal of nutrient-rich wastewater into wetlands - Nutrient overload affecting downstream shared water resources, rivers and irrigation channels - Harm to pollinators (bees) - Pest transfer between intercropped species	Apply the best management on the use of fertilizers and pesticides	Client	E&S screening, due diligence and M&E reports, ESAP reports	Borne by the client
	Adhere to Governmental regulatory guidelines on use of fertilizers and pesticides	Client & EBTL		Borne by the client
	Implement best practices in Agroforestry-afforestation and reforestation	Client		
	Implement habitat diversity plans	Client		
	Implement water resources planning and distribution	Client &EBTL		
	Implement sustainable land management practices	Client		
	Fish passage where relevant	Client		
	Ensure seeds are certified and appropriate for local agroecological condition	Client		
	Seed coating technologies should comply with local agricultural and environmental regulations	Client		
	Prioritise locally sourced genetic materials and species	Client		
	Organic or slow-release fertilisers	Client		
	Guidelines to prevent over-application	Client		
	Soil tests to ensure efficient use	Client		
	Bio-fertilizers comply with regulations	Client		

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Bee poisoning from nearby pesticide use - Deforestation reducing forage zones - Use of invasive tree species - Spread of invasive shrub species - Spread of invasive forage species - Introduction of non-native fish species into lakes - Barriers to fish movement in local rivers - Loss of indigenous livestock breeds - Human wildlife conflict	No chemical pesticide above WHO Class II	Client		
	IPM guidelines	Client		
	Pheromone traps, natural enemies and other control options specific to the target pest species	Client		
	Avoid reliance on synthetic inputs or monocultures	Client		
	Runoff barriers and check dams	Client		
	Riparian buffers to avoid sedimentation	Client		
	Silt traps	Client		
	Vegetative barriers	Client		
	Promote native forage species	Client		
	Use certified supplier	Client		
	Monitor for unintended pest impacts	Client		
	Avoid species with invasive potential	Client		
	Avoid advice pushing chemical-intensive models	Client		
	Fencing to protect regenerating areas	Client		
	Reseed bare patches regularly	client		
	Stabilize terraces with grass strips	client		
	Guidelines on application rate and timing	client		
	Combine compost, crop residues, and green manures	Client		
	Soil tests to tailor application	Client		
	Biological and physical barriers to keep species contained in managed environments	Client & National Environment Management Council (NEMC)		
	No ponds in wetlands	Client & National Environment Management Council (NEMC)		

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
	Screen and avoid approving loans on sensitive areas	EBTL		Management costs, with potential support from ARCAFIM Technical Assistance grant
	5-10m buffer distance between field and pond	client		Costs borne by the clients or the competent authorities
	Maintain minimum flow rate for aquatic life	Basin Water Boards		
	Avoid placing hives near pesticide-intensive farms	Client		
	Consider proximity to protected area boundaries and wildlife corridors in ESDD screening	EBTL		EBT overhead costs
	ESAP covenants for loans near protected area buffers should require clients to implement HWC mitigation measures (barrier crops, beehive fences, community alert systems) where relevant.	Client with support from EBTL		Borne by client
Natural resources risks (soil, water, air) - Soil erosion around shade structures - Soil erosion if improper mulching - Increased energy use if not renewable - Soil nutrient depletion without rotation - Over competition for water on steep slopes - Sediment runoff downstream - Degradation of already overgrazed rangelands - Soil compaction and erosion	Water meters, flow limiters, or periodic review to ensure sustainable water levels	Client & Basin Water Boards	E&S screening, due diligence and M&E reports, ESAP reports	Costs borne by the client or the competent authorities
	Drip or sprinkler irrigation to minimise water loss	Client		
	Avoid over-pumping from groundwater	Client		
	Ensure proper spillway sizing	Client		
	Reinforce embankments	Client		
	Drainage and erosion control structures	Client		
	Sediment traps to avoid reservoir siltation	Client		
	Vegetation around reservoir to reduce erosion	Client		
	Diversion channels with flow regulators			

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Smoke emissions from traditional drying - Landscape modification affecting runoff patterns - Increased impermeable surface area - Increased fire risk in dry seasons - Over-abstraction of groundwater in drought-prone districts (e.g., Dodoma Region) - Soil salinisation from inefficient irrigation - Reduced downstream flow in shared water resources and seasonal rivers - Siltation from runoff in poorly managed irrigation and drainage channelsRisk of dam failure from intense rainfall events - Altered stream hydrology affecting wetlands (e.g., the Usambara wetlands) - Reduced water quality for aquatic life - Overgrazing pressure in semi-arid rangelands and pastoral transition zones	Ensure breeding does not lead to overstocking	Client		
	Avoid exotic breeds requiring high resource inputs	Client		
	Rotational grazing	Client		
	Drought-resistant forage	Client		
Resource efficiency and pollution prevention				
Pollution risks - Effluent discharge into irrigation channels and rivers - Waste accumulation from construction materials - Biomedical waste pollution	Prevent run-off from plastic shade structures	Client	E&S screening, due diligence and M&E reports, ESAP reports	Costs borne by the clients or the competent authorities
	Use material resistant to UV degradation and heavy rainfall	client		
	Avoid discharge in or near water bodies	Client & National Environment Management Council (NEMC)		

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Antibiotic runoff affecting water bodies - Biosecurity risks in dense rural settlement patterns - Waste mismanagement - Plastic waste from damaged shade materials, trays and pipes - Water pollution from effluents Loss of biodiversity from pasture monocultures	Avoid asbestos-containing materials	Client		
	Waste management measures (grease traps and waste filters)	Client & National Environment Management Council (NEMC)		
	Prioritise renewable energy sources	Client		
	Avoid smoke emissions from open combustion	Client & National Environment Management Council (NEMC)		
	Use ventilated structures to avoid spoilage	client		
	Avoid bulldozing on steep slopes	Client & National Environment Management Council (NEMC)		
	Plastic mulches biodegradable or removed post-harvest	Client & National Environment Management Council (NEMC)		
	Organic and crop residue mulches must not include untreated or contaminated material	Client & National Environment Management Council (NEMC)		
	Sealed pits to dispose of medical waste	Client & National Environment Management Council (NEMC)		
	Monitor for antibiotic overuse	Client		
	Buffer zones	Ministry of Environment		
	Pond liners to avoid contamination	Client		
	Settling basins to manage effluent	Client		
	Riparian buffers to avoid sedimentation	Client		
	Runoff barriers and check dams	Client		

<table>
<tr><th>Risks/Impacts</th><th>Mitigation</th><th>Responsibility</th><th>Indicator of completion</th><th>Costs</th></tr>
<tr><td rowspan="7"></td><td>Silt traps</td><td>Client</td><td rowspan="7"></td><td rowspan="7"></td></tr>
<tr><td>Vegetative barriers</td><td>Client</td></tr>
<tr><td>Canals to direct pond effluent to field only after it passes through settling basins or buffer strips</td><td>Client</td></tr>
<tr><td>Irrigate with pond water after germination only</td><td>Client</td></tr>
<tr><td>Use passive cooling where possible</td><td>Client</td></tr>
<tr><td>Closed-loop water circulation system to minimise waste</td><td>Client</td></tr>
<tr><td>Treat nutrient-rich water before disposal</td><td>Client</td></tr>
<tr><td colspan="5">Cultural Heritage</td></tr>
<tr><td rowspan="3">Potential encounter with subsurface cultural heritage (burial grounds, scared sites, artefacts) in historically settled agriculture areas</td><td>Screen loans for potential cultural heritage site</td><td>EBTL</td><td rowspan="3">E&S screening, due diligence and M&E reports, ESAP reports</td><td rowspan="2">Management costs</td></tr>
<tr><td>Embed Chance Finds Procedure in loan covenant if screening returns risk</td><td>EBTL</td></tr>
<tr><td>Implement Chance Finds Procedure if screening returns risk</td><td>Client</td><td>Borne by the client</td></tr>
<tr><td colspan="5">Indigenous People and Historically Underserved Local Communities</td></tr>
<tr><td rowspan="4">Risk of exclusion or harm to marginalised communities’ livelihoods
- Resettlement or land displacement
- Marginalisation of communities (e.g., Hazda and Sandawe) from seed access, shelter access, etc
- Loss of traditional fishing practices
- Disruption to vulnerable households in flood plains</td><td>In case of commercial activities, recognize and uphold local and knowledge on managing, storing, and multiplying seeds</td><td>Client</td><td rowspan="4">E&S screening, due diligence and M&E reports, ESAP reports</td><td rowspan="4">Borne by the client</td></tr>
<tr><td>Promoting practices that can lead to knowledge sharing and community-based solutions</td><td>Client</td></tr>
<tr><td>Ensure shelters do not restrict mobility of herders or animals</td><td>Client</td></tr>
<tr><td>Ensure land titles are secured and do not encroach on land and territories legally claimed by others</td><td>Client and local authorities</td></tr>
</table>

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- High entry cost limiting women/youth participation - Digital literacy barriers for automated systems - Reduced access to communal grazing land - Risks to privacy and data misuse - Loan products and GRM instruments not accessible	Retain fair access to grazing land	Client and local authorities		
	Ensure fair access to digital tools, including app with offline functions	Client		
	Store data securely	Client		
	Avoid extraction of sensitive geodata without consent	Client		
	Marketing and communication activities targeted to marginalised communities	EB		Management costs with ARCAFIM TA and Grant support
	Implement FPIC protocol for loans in areas with marginalised communities affected, if screening identifies risks	Client, with EBUL monitoring		Borne by client
Gender risks - Gender Based Violence and SEAH Physical bodily harm including FGM - Exclusion of women/youth from irrigated plots - Unequal access between male- and female-headed households - Reduced autonomy of women seed custodians - Health risks for women and youth handling inputs without PPE - Increased labour burden on women - Unequal access to improved fodder for women/youth	Institute a Gender sensitive training and employment system across staff portfolios.	Client	E&S screening, due diligence and M&E reports, ESAP reports	Borne by the client, with potential support through ARCAFIM technical assistance
	Zero tolerance to gender-based violence In-built GBV risk mitigation systems such as staff signing a Code of Conduct, action plan to effect behavior expectation, accountability and reporting mechanism.	Client		Borne by the client
	Ensure sexual harassment Policy at all levels involved in the project	Client		Borne by the client

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Increased labour demands on caretakers (often women) - Market exclusion for women/youth - Gender bias in extension outreach				
Labour and working conditions				
Harmful child labor or forced labor - Child labour risks in pest-control activities - Labour risks in informal slaughter and processing	TTFIs and value chain companies required to monitor, keep records and report on terms and conditions related to labour management.	Client and EBTL for monitoring	E&S screening, due diligence and M&E reports, ESAP reports	Borne by the client
	Labor management including verification of worker's age and educational attainment	Client		
	Child safeguarding and protection policy on worksites	Client		
	Allowing freedom of association and collective bargaining. Reference to international labor organizations conventions; in particular 26 and 231 (on remunerations), 1 (on working hours) and 155 (on health and safety); ILO Declarations on Fundamental Principles and Right to Work, adopted in 1998 and covering: (i) freedom of association and the right to collective bargaining, (ii) elimination of forced and compulsory labour, (iii) the abolition of child labour, and (iv) the elimination of discrimination at the workplace.	Client		
	Loan Covenants prevent child labour and define minimum age	EBTL		Management
Community Health and Safety				
Occupational Health and Safety Issues - Temporary and permanent physical injuries	TTFIs and value chain companies required to monitor, keep records and report on terms and conditions related to labour management.	Client and EBTL for monitoring	E&S screening, due diligence	Borne by the client

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Bronchial diseases from dust - Diseases and illness from agricultural activities - Loss of life - Odour pollution affecting village settlements - Poorly sited systems affecting airflow in crowded settlements - Overuse of firewood for drying/smoking - Improper waste disposal - Increase in vector-borne diseases from irrigation and dam sites	A Health/Safety/Environment officer should be present during construction. All safety precautions must be enforced.	Client	and M&E reports, ESAP reports	
	Provide PPE to all workers.	Client		
	Institute dust and noise suppression measures.			
	Maintain a register to track on the collection and disposal of the empty hazardous chemical pesticide containers	Client		
	Ensure safe work practices and guidelines and adhere to safe work practices/procedures.	Client		
	Designate a secure lockable storage area for empty pesticide chemicals containers	Client		
	Use signage to warn staff and/or visitors in the construction activities of dangerous places and activities.	Client		
	Clear marking of work site hazards and training in recognition of hazard symbols,	Client		
	Strict instructions on safety must be given for drivers of heavy equipment to avoid accidents.	Client		
	Provide adequate OHS protective gear (PPEs) to construction workers, such as hearing protection, safety glasses, gloves; use body overall to protect against dust, Vapor, Splashes; use safety shoe and hard helmets to prevent injuries from falls and overhead material drop.	Client		

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
	Designate E&S Officer or contract a service provider to advise on E&S matters on periodical bases and assess areas of corrective action.	Client		
	Have formal health and safety procedures at the workplace and procedures for engaging with the local communities around the facility.	Client		
	Document an Emergency Response Plan and document Emergency drills conducted	Client		
	Document and maintain a register for injuries, occupational diseases, lost days	Client		
	Document and implement procedures to guide the monitoring of air emissions and conduct baseline and periodic air quality monitoring for Facility.	Client		
	Develop, document and implement procedures to guide the storage, handling, and disposal of solid wastes emanating from its business.	Client		
	Develop, document and implement a traffic management plan.	Client and Local government/authorities		
	Use material approved by biosafety authorities	Client		
	Use locally available non-toxic materials	Client		
	Ventilated shelters	Client		
	Avoid asbestos-containing materials	Client		
	Safety drills			
Physical and economic resettlement				
Conflict risks - Conflicts between Water User Associations over water allocation	Assess cumulative use	Client with support from EBTL	E&S screening, due diligence	Borne by the client and potential
	If shared, ensure fair access through consultations and user agreements	Client with support from EBTL to map other affected users		

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
- Reduced water availability for downstream smallholders - Conflicts over shared tanks in cooperatives - Potential disruption to community washing/collecting water points - Land access disputes in dense rural settlements - Land boundary disputes in terraced areas - Access tensions between pastoralists and crop farmers - Access conflicts around protected water zones	Inform downstream users	Client with support from EBTL to map other affected users	and M&E reports, ESAP reports	support from ARCAFIM technical assistance
	Support alternatives if flow diversion affects users	Client with support from EBTL to map other affected users		
	Inform affected groups of timing and scope of water releases	Client with support from EBTL to map other affected users		
	Ensure shelters do not restrict mobility of herders or animals	Client with support from EBTL to map other affected users		
	Ensure land titles are secured and do not encroach on land and territories claimed by others	Client Local Governments Support from EBTL to map other affected		
	Ensure ponds aren't located on land and territories claimed by marginalised communities	Client with support from EBTL to map other affected		
	Identify presence of pastoralist route and potential conflict in ESDD	EBTL		
	Apply conflict analysis framework in case risk is identified in ESDD	Client with support from EBTL		
Land tenure	Land tenure insecurity screening question and title required as part of ESDD process	EBTL	E&S screening, due diligence and M&E reports, ESAP reports	
	Screening for resettlement implications to confirm eligibility	EBTL		
	Apply FPIC protocol in case of customary land tenure claims	Client		
Financial Intermediaries and Direct Investment				

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
Financial Intermediaries - Privacy risks - Limited E&S implementation capacity	Must have undertaken safeguards training and appointed dedicated E&S officer for reporting	Client	E&S screening, due diligence and M&E reports, ESAP reports	Management costs, with potential support through ARCAFIM technical assistance
	Monitoring visits	EBTL		
	ESAP development, implementation and reporting	EBTL and client		
	Privacy and data protection clauses	EBTL and client		
	Loan covenants require reporting on E&S implementation to EBTL	EBTL and cleint		
Climate Change				
Negative impact to business because of climate-related physical and transition risks - Seasonal river flooding in densely populated riverbanks - Agroadvisory misaligned with climate and agroecological zones - Misinterpretation of climate data leading to maladaptation - Localised flooding from poorly designed structures	Conduct climate Risk identification, measurement, and management	EBTL	E&S screening, due diligence and M&E reports, ESAP reports	Management costs, with potential support through ARCAFIM technical assistance
	Conduct climate Risk monitoring and reporting	EBTL		
	Elevate structures in flood zones	Client & National Environment Management Council (NEMC)		Borne by the client
	Align advisory with agroecological zoning	EBTL & Client		Management costs and client
	Use verifiable and up to date climate and environmental data relevant to the specific location	EBTL & Client		
	Secure artificial covers to prevent wind litter	Client		Borne by the client
	Use drought resistant seed, fodder and tree varieties	Client		Borne by the client

Risks/Impacts	Mitigation	Responsibility	Indicator of completion	Costs
	Correct spacing to avoid shading and ensure air circulation	Client		Borne by the client

5. Capacity building

Of the total ARCAFIM grant envelope, USD 14.5 million has been allocated specifically to a Technical Assistance (TA) Facility administered by Equity Bank Kenya (EBK) and Equity Group Foundation (EGF), with EBTL as an implementing entity for Tanzania.

The TA Facility is structured around two complementary activity streams.

- The first (Activity 2.1) is directed at strengthening the climate change adaptation (CCA) finance capacity of Equity Bank Group and its partner financial institutions (PFIs), including SACCOs and MFIs that access wholesale lending. Support under this stream includes development of CCA lending products and strategies, staff training, digital finance integration, Environmental and Social Governance (ESG) systems strengthening, and enrolment of relevant staff in the Certified Expert in Climate Adaptation Finance (CECAF) programme through the Frankfurt School of Management and Finance.
- The second stream (Activity 2.2) targets end-borrowers — smallholder farmers, rural MSMEs, and Farmer Cooperatives — providing financial literacy training, CCA investment awareness, and business development services to small producers and agribusinesses.

For EBTL specifically, capacity building activities are coordinated through EGF and implemented by Equity Bank Tanzania as a Local Financial Partner (LFP). This includes both the upskilling of EBTL staff on CCA lending, ESRM standards, and digital finance tools, as well as the delivery of client-facing training to Tanzanian smallholders and MSMEs in target value chains. Training content will be country-specific, reflecting Tanzania's particular environmental and agricultural context, and aligned with IFAD's safeguards and GCF requirements. Staff capacity built under ARCAFIM directly supports EBTL's obligations under its ESRM Policy, including environmental and social due diligence, climate risk management, and grievance redress.

Annual TA Work Plans and Budgets are submitted to IFAD each November for prior approval, and IFAD conducts annual supervision missions to assess implementation progress. Reporting on capacity building activities is integrated into EBTL broader ARCAFIM semi-annual and annual reporting obligations, including tracking of trainees who subsequently access ARCAFIM finance.

6. Monitoring and document review

To ensure continued effective management of E&S risks throughout the ARCAFIM programme in Tanzania, the ESMF structure and implementation should be regularly reviewed and revised as appropriate. The ARCAFIM Coordination Unit, in coordination with IFAD E&S personnel, will conduct an annual review of the ESMF. This review will comprise:

- Assessment of the quality and comprehensiveness of the documentation that is completed andsubmitted throughout the various levels of the ARCAFIM implementation structure (e.g., ESMS documentation, ESDDs, E&S management plans, monthly monitoring reports, training records, etc.)
- Review of any major changes to the ARCAFIM structure and portfolio (e.g., hange in Tier 1 FI, change in the overall risk profile of sub-projects)

- Review of any changes to international standards and/or ARCAFIM stakeholder E&S standards

An annual ESMF monitoring report will be submitted to GCF in accordance with the Monitoring and Reporting procedure in the Operations Manual.

Based on the results of the review, The IFAD Project Management team will update the ESMF procedures and associated documentation. The results from the review will also feed into the development of the Annual Training Plan.

7. Stakeholder engagement

7.1 Summary of stakeholder consultations

Multiple consultations have taken place in the development of the ARCAFIM programme, including directly with stakeholders in Tanzania. Consultations were held during the main workstreams of the ARCAFIM design i.e. climate change vulnerability analysis; Climate Adaptation Finance Markets Review; environment and social management framework and the gender assessment. Consultations were conducted through field visits and both physical and virtual interviews in each of these workstreams. A summary of each consultation process is provided below. Details are available in ARCAFIM ESMF.

Table 7-1 ARCAFIM Programme consultations at design

Workstream	Objectives	Summary findings
Consultations regarding climate adaptation finance markets	• Understand current climate/agri-finance market conditions, products, and terms. • Compare commercial vs. con-cessional finance. Interviews were semi-structured, following a pre-designed survey template. Respondents also had the option of completing the survey and sending this electronically	• Agricultural finance remains limited; products are not well-tailored to smallholders. • High interest rates and collateral demands constrain access; concessional lending lowers rates. • Climate impacts are widely felt and willingness to adopt adaptation is high. • Very few adaptation-specific finance products exist beyond irrigation. • Strong unmet demand for flexible, smallholder-appropriate loans. •
Consultations regarding climate vulnerability analysis in various commodities	• Assess climate risks and identify priority adaptation options across sectors (crops, aquaculture, water management, livestock)	• Crop analysis shows nine key adaptation practices; groundwater availability remains adequate, especially for low-input systems. • Aquaculture adaptation priorities respond to heat, dissolved oxygen, and wind risks; options include pond deepening, shading, species selection, and water-movement systems. • Livestock vulnerability varies by climate zone; priority measures include heat-stress

Workstream	Objectives	Summary findings
		reduction, improved feed, water management, and disease control (e.g., prophylaxis for Rift Valley Fever).
Consultation in the development of the Environment and Social Management Framework	• Establish framework for identifying and managing E&S risks. • Define procedures and good-practice principles for lenders and borrowers.	• Consultations confirmed major risks: weak FI E&S systems; land degradation; biodiversity loss; pollution; human and animal health hazards; climate vulnerability; labour abuses (child labour, GBV, unsafe work); insecure land tenure. • ESMP outlines required mitigation measures, monitoring, roles, and reporting structures.
Consultation in the development of the Environment and Social Management Framework	• Integrate gender and social inclusion into ARCAFIM operations. • Build capacity of programme partners on gender-smart climate finance.	• Women, youth, and Indigenous Peoples are most vulnerable and require targeted support. • Persistent challenges include limited access to land, credit, financial services, and agricultural technologies. • Youth unemployment and child labour remain widespread. •

8. Annexes

Annexe 1 ARCAFIM Grievance Redress Mechanism

GENERAL

This grievance redress mechanism (GRM) is a process for receiving, evaluating and addressing programme related concerns of, and complaints by, programme affected communities or persons. The ARCAFIM Grievance Redress Mechanism allows affected complainants to have their concerns resolved in a fair and timely manner through an independent process. The GRM requires i) working proactively with the affected parties to resolve complaints; ii) ensuring that the complaints procedure is responsive and operates effectively; and iii) maintaining records of all complaints and their resolutions.

The key steps for grievance management are:

i. Publicising grievance management procedures so that the mechanism is accessible to everyone.
ii. Receiving (i.e., collecting, recording, and registering) and keeping track of grievances.
iii. Reviewing and investigating grievances to assess the nature of the grievance, its severity and legitimacy.
iv. Developing resolution options commensurate with the nature of grievances and preparing and communicating a clear response and closing out cases when agreement with the complainants is reached.
v. Monitoring grievances through tracking to ascertain effectiveness, adapting the mechanism to correct inefficiencies, using the results of monitoring for feedback and lessons learned.

OPERATION OF THE GRIEVANCE REDRESS MECHANISM

The programme-wide grievance redress mechanism (GRM) is a system by which queries or clarifications about the programme will be responded to, problems with implementation will be resolved, and complaints and grievances will be addressed efficiently and effectively.

PURPOSE OF THE GRM

The GRM will serve the following purpose:

- to be responsive to the needs of all participating partners down to beneficiaries and to address and resolve their grievances.
- to serve as a conduit for soliciting inquiries, inviting suggestions, and increasing participation.
- to collect information that can be used to improve operational performance.
- to enhance the programme’s legitimacy among stakeholders.
- to promote transparency and accountability.
- to deter fraud and corruption and mitigate project risks.

STRUCTURE OF THE GRM

The GRM consists of a small number of components:

- The access point for impacted/concerned people
- Grievance log

- Acknowledgement stage
- Assessment stage
- Passing of resolution
- Response
- Room for appeal
- Case closure

The following key steps must be followed for all complaints received by ARCAFIM staff:

i) Receive, classify & log

All potential issues must be captured and classified for escalation, review and action as required.

a) Receiving the Grievance:

The access points will be as close to the users as possible. Thus for the programme, an easily accessible and well publicized focal point or user-facing 'help desk' will be the first step. This will be established in each participating country and at every sub-project Offices so that it will be seen as credible and accessible. The mai issues for the access point include the following:

- Uptake channels should include some or all of the following:
    1. phone hotline,
    2. email,
    3. mail,
    4. SMS,
    5. webpage,
    6. or face-to-face.
- The uptake channels will be publicized and advertised via local media and the implementing agency.
- Verbal complaints should be recorded by staff for them to be considered.
- Many complaints may be resolved 'on the spot' and informally by the ARCAFIM staff but should also be logged in order to (i) encourage responsiveness; and (ii) ensure that repeated or low-level grievances are being noted in the system.
- The GRM should have the ability to handle anonymous complaints.

Typically, the complainant will be provided with a receipt and 'roadmap' telling him/her how the complaint process works and when to expect further information.

b) Logging and classifying:

Any complaint, issue or negative stakeholder interaction (whether this is formally logged by the complainant or not), must be logged and classified for action (Grievance Log). All of these complaints must be formally logged using the standard forms and all complaints must be prioritized as follows:

- **Priority 1 – urgent**. These pose potentially high health and high business impact. **These require a response to the Complainant within three (3) working days.** This should be used (sparingly) for major health issues where the complain may have disastrous impacts on either human, the environment or ARCAFIM itself.Also, this could be used in a situation where the complainant may be in a position to influence or make public statements that would impact upon the ARCAFIM reputation.
- **Priority 2, - non-urgent**. These pose lower health environmental and social impact. **These require a response to the complainant within 2 working weeks**. This should be used for most complaints with individual stakeholders, as this allows a reasonable time to collect information and produce a balanced response. Discretion and flexibility should be exercised in prioritizing all complaints.

The staff member logging the complaint should review the complaint and its priority with the Sub-project/ARCAFIM Programme Country Manager before proceeding to the next step.
The Sub-project/ ARCAFIM Programme Country Manager will decide on the appropriate person(s) to carry out subsequent steps, including the investigation.

All Priority 1 complaints must be escalated immediately to the ARCAFIM Programme Manager.

ii) Acknowledge

Ensure that every complaint receives a formal written acknowledgement, containing an expectation of when they will receive a response, and the person dealing with it. All complaints, regardless of priority, should receive a pro forma acknowledgement sent out 1st class mail on the day of receipt.

iii) Assess &Investigate

Follow up all aspects of the complaint, both internal and external, to ensure that the key facts are identified and clarified.

- The priority of the complaint will drive the timescale for completion (3 days for urgent or 2 weeks for non-urgent).
- All areas of interaction and communication should be established (who, what, where, when why etc.) and documented where possible.

iv) Resolve & Confirm

Ensure that the final resolution is clear and fair. Also confirm the proposed action and resolution with another senior person (ARCAFIM Management).

- Ensure that the proposed resolution meets corporate guidelines and does not prejudice ARCAFIM in any unnecessary legal or financial manner.
- Document the proposed action and discuss and agree with the ARCAFIM Project Manager.
- Discuss and review the solution from both the corporate and complainant viewpoint to ensure fairness and clarity.
- The review should include recognition and documentation of any underlying issues that have contributed to the complaint and recommendations for actions to prevent further occurrence.
- This should then be reviewed as part of the bi-monthly quality assurance reviews.

v) Respond to Complainant

Provide the Complainant with the resolution within the timescales promised.

- The details of the findings and proposed resolution should be clearly explained (in written or verbal form as appropriate) to the complainant- within the agreed timescales.
- If this cannot be done on time the Complainant should be contacted by telephone to request further time.

vi) Appeal & Follow

Ensure that complaints are followed up to confirm that the complainants are satisfied with the response given. If not satisfied the Complainant is advised on the route for Appealing

- All Priority 1 complaints and 95% of priority 2 complaints must be followed up within a reasonable timescale.
- This will be carried out by ARCAFIM Administration team / ARCAFIM Programme Manager's office.
- The follow-up should identify the following:
    i. Is the complainant satisfied with the response?
    ii. Did they feel that their complaint was properly and fairly handled?
- Any negative responses to these questions should be referred to ARCAFIM Programme Managers for action and direct follow up with the complainant.

- The complainant is given room for appealing to the Ministry of Agriculture or Courts of Law, if he is not satisfied.

vii) QA & Close

Ensure that the ARCAFIM as a whole is aware of the complaints and any underlying issues. Plan actions to remove these and prevent future recurrence.

- All complaints should be reviewed monthly as part of the quality assurance review meetings.
- Any complaints where action can be taken to avoid recurrence must be acted upon and raised with the appropriate managers/teams across the ARCAFIM.

OPERATION MODALITIES OF GRIEVANCE REDRESS MECHANISMS IN ARCAFIM

Communities and individuals who believe that they are adversely affected by ARCAFIM can submit complains through the grievance redress mechanism of the programme. The mechanism ensures that complaints are promptly reviewed in order to address concerns related to ARCAFIM.

Establishment of Grievance redress Committees

ARCAFIM Programme will put in place the strategies to monitor and resolve complaints that may arise during and after the Project implementation by the affected people. For better performance and sustainability of ARCAFIM project the committees on GRM have to be established at the different levels of operations. The Grievance Redress Mechanism (GRM) ensures that complaints are received, reviewed and addressed by the elected Grievance redress committees.

Project Grievance Log

The Grievance Redress Mechanism Committee will ensure that each complaint has an individual reference number and is appropriately recorded and tracked. The project grievance log form will contain record of the person responsible for an individual complaint received, and records dates for the following events:

1. Date of the received complaint.
2. Name of the PAP complaining
3. Status of the complaint
4. PAP Confidentiality/Identity
5. Signatures of the PAP complaining
6. Signature of committee representative
7. How and who addressed the complaint
8. Dates when the complaint was addressed.

Grievance prevention/Alternative Dispute Resolution

There are ways to proactively solve issues before they even become grievances. Project implementers should be aware and accept that
grievances are likely to occur. Dealing with them is part of the work and they should be considered in a work plan. Project implementers can prevent complaints by the following:

- Providing sufficient and timely information to communities
- Conducting meaningful community consultations involving all stakeholders
- Building capacity for project staff, particularly in community facilitations and other field-related issues
- Negotiation, Meditation and reconciliation

ARCAFIM GRIEVANCE RESPONSE MECHANISM GUIDANCE

All ARCAFIM Participants should establish a process for receiving and responding to stakeholder grievances, which will feed into the ARCAFIM Programme-level grievance mechanism. The scope, scale and type of grievance response process will be proportionate to the nature and scale of the potential impact and risk of the FI/end beneficiary.

A grievance mechanism should broadly contain the following components:

- Internal resource with designated responsibility for the grievance procedure and handling grievances (may not be feasible or necessary to have dedicated resource depending on the scale of participant or the sub-project)
- Several grievance receipt channels that are appropriate to the specific ARCAFIM participants (e.g. in-person, telephonic, and a written grievance form, including options that allow the grievant to remain anonymous);
- A process for recording and updating the status of grievances.
- A process to categorise the severity of and investigate grievances, involving external parties as and when required; and
- Defined timeframes to both acknowledge receipt of a grievance and to respond with an outcome.

Annexe 2 Biodiversity Action Plan

A Biodiversity Action Plan (BAP) is a plan which includes a set of actions that lead to the conservation or enhancement of biodiversity for a specific site or project. The Biodiversity Management Plan (BMP) forms part of the BAP and provides the delivery mechanism for actions given within it. Specifically, the BAP and BMP are needed to ensure that a given Project/Programme:

- Implements the mitigation, compensation and biodiversity protection measures within the ESIA;
- Complies with national legislation/policy requirements; and
- Complies with international environmental requirements and best practice, including IFADs safeguard requirements as outlined in the SECAP.

An annotated outline/template of a BAP that meets the requirements of the SECAP is provided below:

1. **Aims and Objectives of the Biodiversity Action Plan:** This section of the BAP should outline what the key aims and objectives of the BAP are, given the context specific nature of the project/programme**.** Generally, the aim of a BAP is to achieve no net biodiversity loss as a result of a given Project/Programme by ensuring that the biodiversity is protected and enhanced where possible. The BAP must be developed in consultation with stakeholders, conservation NGO's/CSOs and biodiversity experts and shall confirm that appropriate measures are in place to be successfully implemented. The objectives of a BAP should include, inter alia;
   - The review of existing biodiversity baseline information for the project area
   - The findings of the screening exercise or from the ESIA and to undertake further detailed biodiversity monitoring surveys;
   - The implementation of a consultation process with relevant stakeholders and biodiversity experts to inform priorities and actions for biodiversity conservation;
   - Identification of priorities and actions for biodiversity conservation, in consultation with stakeholders and biodiversity experts;
   - Actions to be undertaken within a BMP to benefit biodiversity; and
   - A monitoring and evaluation program for biodiversity allowing for the performance of the BAP interventions to be assessed.

   A BAP should provide a biodiversity baseline, conservation actions and mitigation measures which will supplement information provided in the projects ESIA/ESMF.

2. **Formulation of the Project/Programme BAP:** The purpose of this section of the BAP is to provide a snapshot/overview of the BAP formulation process, outlining key resources that have been used and the specific tasks that have been undertaken. Following GIIP[2], a BAP

[2] IFAD Guidance Note for ESS1 of the SECAP, Cross- Sector Biodiversity Initiative Guidance tool published by the International Petroleum Industry Environmental Conservation Association (IPIECA, 2013), and IFC Guidance Note 6 (IFC, 2012b)

should include eight specific tasks that should be highlighted in this section and will be further elaborated throughout the document. These include:

- Task 1: Determination of the legal, regulatory, planning, permitting and third-party requirements
- Task 2: Desktop assessment of the project
- Task 3: Biodiversity baseline survey
- Task 4: Biodiversity Impact Assessment
- Task 5: Establishment of priorities for conservation and identification of conservation actions
- Task 6: Implementation of the BAP
- Task 7: Monitoring and evaluation
- Task 8: Reporting, communication and verification of BAP performance

3. **Consultation with Key Stakeholders and Experts:** This section of the BAP should provide an overview of the consultations that have been undertaken in the formulation of the BAP. Consultations for a BAP should build off of the consultations that have already occurred as part of the project ESIA/ESMF, with the additional consultations being undertaken for the BAP to; update the biodiversity baseline, identify priorities for biodiversity conservation, and develop the consequent conservation actions.

   3.1 **Key stakeholders:** This subsection should clearly outline which stakeholders have been (and will continue to be) consulted as part of the project/programme BAP. As outlined in ESS1 of the SECAP (and the corresponding Guidance Note), key stakeholders that should be consulted as part of the BAP include; local communities within (and surrounding) the project area; government departments and ministries; academia; and NGOs/CSOs. This section of the BAP should also clearly articulate how access to information, grievance redress mechanisms and BAP monitoring/supervision will occur.

   3.2 **Study Area:** A short outline/delineation of the geographical scope of the project should be presented in this subsection. When considering the scope of the BAP, it is important to consider surrounding areas that may be affected by either direct or indirect impacts from project/programme activities[3].

4. **Legal and Regulatory Requirements:** This section should outline the legal and regulatory requirements that are of direct relevance to the project/programme (and in turn the BAP).

   4.1 International Legislation and Policy: This subsection should outline key international laws and conventions that have been ratified by the project country. Examples of such include:

   - Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973);
   - United Nations (UN) Framework Convention on Climate Change; and

[3] A general rule of thumb is taking into account the areas within 5km of the project boundary

- UN (Rio) Convention on Biological Diversity (1992)

4.2 **National Legislation and Policy Framework:** An outline of the requisite National policies/laws should be presented here. This should include national requirements on ESIA, as well as any relevant requirements concerning biodiversity conservation.

4.3 **Planning and Permitting Requirements:** The requirement for a BAP/BMP should have been initiated by impacts/risks that were identified in the project screening and/or as part of the ESIA. For projects that are required to have a BAP, it is likely that a detailed ecological impact assessment has already been undertaken as part of the project/programme ESIA. This ecological impact assessment should identify a number of mitigation and compensation measures that are necessary to ensure that there will be no net loss in biodiversity (a requirement of ESS1 of the SECAP). The BAP and BMP should supplement and update the information In the ESIA to reflect the refinement and development of the Project design, the additional biodiversity baseline information collected since the ESIA, and to include further assessment, mitigation and conservation actions, where necessary, to comply with IFAD's SECAP requirements.

5. **Direct and Indirect impacts of the Project/Programme on Biodiversity:** A summary of the likely significant direct and indirect impacts of the project/programme on biodiversity (as determined in the ESIA and project screening) should be presented here. These could be presented in a table, such as the example below, which presents sensitive habitats and protected species that have been identified or are known to likely occur within the wider Project Area, as well as the types of impacts that may occur.

Phylum/Taxa	**Project Biodiversity Risk**	**Likely impacts**	**Project Phase (i.e. Design/Construction, Implementation, decommissioning)**

6. **Third Party Requirements:** The project, and entities engaged, must meet the requirements and standards of IFAD, including those of ESS1 of the SECAP. Third parties engaged in the project should be outlined here, with specific detail on how their performance and adherence to the requirements of IFAD will be ensured.

7. **Biodiversity Baseline Survey for Priority Habitats and Species:**

7.1 **Desk Study**: A desk study should be undertaken that determines the existence of potential conservation importance. In certain circumstance this may have already been undertaken as part of the ESIA. A robust desk review should rely on the following key sources; The International Union for Conservation of Nature and Natural resources (IUCN) Red List of Threatened Species (https://www.iucnredlist.org/); refereed journals, and expert national/local knowledge.

7.2 Field Survey (s): The BAP should also include a detailed field survey that is conducted by an ecological expert in the given project/programme context. Terrestrial biodiversity indicators developed by the WB[4]can support the findings. This section of the BAP should outline the key findings from the field survey and capitalize on existing tools. The field survey must cover all major taxa within the project area and should follow the requirements as established in the SECAP. A detailed assessment of habitat conditions should also be undertaken in order to assess the suitability of the habitats within the Study Area to support endangered species.

8. **Biodiversity Action Plan:** This section shall set out the proposed actions to be undertaken for the habitats and species of conservation value identified above, with the aim of achieving 'no net loss' to biodiversity in accordance with ESS1 of IFAD's SECAP. The proposed actions should be developed for each priority biodiversity feature or groups of features to ensure the systematic implementation of the mitigation hierarchy. Action plan objectives for the different phases of the project should be summarised and presented. One such way to present these specific actions could be through a table such as the following:

Action 1:	
Target	
Indicator	
Start Date	
End Date	
Frequency	
Brief Description	
Responsible Party	

9. **Biodiversity Management Plan:** A BAP will be implemented through a BMP. This section of should outline the BMP, which should be summarised and included as part of a project/programme level ESCMP as well. The BMP should include (at a minimum) three main aspects; Biodiversity Monitoring, Socialisation and Mitigation/management measures

9.1 Biodiversity Monitoring: This subsection identifies monitoring objectives and specifies the type of monitoring, with linkages to the biodiversity actions and mitigation measures. It shall also describe parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where

[4] available here: https://datacatalog.worldbank.org/dataset/terrestrial-biodiversity-indicators

appropriate), and definition of thresholds that will signal the need for corrective actions. It shall also establish a reporting schedule and format.

9.2 Socialisation: A socialisation programme should be implemented and outlined as part of the BAP/BMP. In most cases it should cover two main aspects, i.e. staff induction and training, and local community engagement.

Staff/contractor induction and training

Inductions and trainings should be held for both staff and contractors working on the project/programme to raise awareness on the ecological issues affecting the Project/Programme. This section should outline the frequency and methodology of such trainings.

Local community engagement and awareness raising

The subsection should outline the plan to engage in meaningful, effective and informed consultations with relevant stakeholders, including locally affected groups. It shall Include information on the means used to inform and involve affected people and a description of effective processes for receiving and addressing stakeholder concerns and grievances regarding the project's social and environmental performance.

9.3 **Mitigation/management measures:** This should outline the key mitigation/management measures that will be implemented to reduce/manage the impacts/risks as outlined in *section 8. Biodiversity Action Plan*. It could be presented in a table form such as the following:

Phylum / Taxa	Project Biodiversity risk	Impacts (direct/indirect, design/construction/implementation)	Recommended mitigation measure	Responsible party	Estimated cost

10. Key Project Staff: This section should outline the key Biodiversity related staff that are within the project/contractor team. This may vary from project to project, however, for projects that have a high risk to biodiversity the following roles should be included as part of the project team.

External Ecological/Social Consultant

Overall ecological and social coordination for the implementation of the BAP and BMP should be undertaken by an external ecological/social consultant. This role would also include additional support that would be given for the preparation of the ESMP, mapping and socialisation programs.

Biodiversity experts

The biodiversity monitoring surveys, expert stakeholder advice and assistance with the implementation of the socialisation programme should be undertaken by biodiversity experts.

HSE Manager

The implementation of project mitigation and management measures will be undertaken by the Health, Safety and Environment Manager.

11. References

12. Annexes: These could include (depending on the project specific context) the following:

- Ecological Assessment
- Critical Habitat Assessment
- Invasive species management plan

Annexe 3 Pest Management Plan

A Pest Management Plan (PMP) is a concise implementation plan for the pest management aspects of a given project/programme, which is used to communicate with relevant stakeholders to ensure that they are informed about important details of the pest management strategy and are given the opportunity to react. The PMP includes the results of a given impact assessment but also describes the full rationale of, and justification for, the application of biocides or other pest management techniques, and the respective institutional and regulatory framework. It provides a comprehensive description of the proposed technique, associated risks and appropriate measures to minimize or mitigate those risks.

The PMP needs to be disclosed and discussed in at least two steps. A draft version of the plan must be shared at the earliest possible stage with potentially affected parties and other stakeholders, in a form and language understandable to them, and their views must be taken into account during revision of the draft. The final version of the plan must be publicly disclosed prior to project approval, including on the IFAD website.

For projects that involve the use of synthetic or natural biocides (or bio-pesticides) adherence to the following requirements should be demonstrated**:**

i. Evidence that available options to avoid the use of biocides have been rigorously considered, such as biological or physical means, and that none is viable for the specific context and objective.
ii. Any use of biocides or bio-pesticides must be guided by the associated technical guidelines provided by the manufacturers of the respective product and the respective national regulatory authority and comply with recommendations and minimum standards as described in the WHO and FAO (2014) and associated guidelines.[5]
iii. Preference should be given to products that are less hazardous and persistent in the environment, and to methods of application and equipment that minimize the risks to users, local communities and the environment.

The following 6 steps should assist in effective pest management planning:

1. Understand the pest issues
2. Develop a draft pest management plan
3. Consultations
4. Finalize and implement the plan
5. Monitoring
6. Evaluate and review the overall results

An annotated outline/template of a PMP that meets the requirements of the SECAP is provided below:

1. **Overview/Background on the intended project/programme:** This section should present a brief overview of key project/programme information. This section should include the following elements:

[5] World Health Organization and United Nations Food and Agriculture Organization, 2014. *International Code of Conduct on Pesticide Management*. Available at http://www.fao.org/agriculture/crops/thematic-sitemap/theme/pests/code/en/

1.1 Title of the project/programme.
1.2 Countries/regions/territories where the pest management technique will be implemented/applied.
1.3 Name of the executing entity (with the name, position title contact information of the main project personnel responsible for the PMP).
1.4 Summary of the project/programme.
1.5 Date of preparation of the PMP.

2. **Rationale and objectives of the Pest management Plan:** This section should outline the main objectives and rationale behind the choice of pest management technique. It should include a detail description of the following elements:
    2.1 Current impacts caused by the pest (which is being proposed for management by the project/programme), and anticipated future changes to said impacts.6
    2.2 Current management measures/practices applied to the pest, if relevant, and rationale behind the proposed changes
    2.3 Borrower/grant recipient's experience with pest management.

3. **Description of Pest Management Practice:** This section should outline the specific pest management technique that has been chosen. If the application of biocides is being proposed, the following elements must be addressed and included as part of the PMP:
    3.1 Identity, class, and application rate/quantity of biocides/pesticides that are to be used by the project.[7]
    3.2 The form and method used for the given pest management practice.[8]
    3.3 The specific geographic range where the pest management practices will be applied (GIS Coordinates).
    3.4 Name and address of the supplier of selected biocides, or information on the facilities where the products will be stored.

4. **Institutional, Legislative and Regulatory framework:** This section should provide a concise description of the legal and regulatory framework that the biocide or other pest management technique will be used in.
    4.1 National regulatory framework and the legal status of the product or technique. This should also outline/address any required documentation and standards that would be required under national law and Good International Industry Practice (GIIP), and international agreements/conventions.
    4.2 Where a biocide is not regulated under national law, the PMP should identify international laws for either the actual product or similar products, that could be used as a guide. In such cases, the PMP should also explain why this given biocide/technique is necessary despite the absence of national standards/regulation.

[6] Such a those caused by climate change and other planned interventions
[7] Including chemical, trade and common names, likely dilution rates, application rates per ha etc
[8] For example; pellet, liquid, paint-on, back-pack or aerial spraying, rodenticides dropped from aircraft, permanent bait stations etc

4.3 Analysis of institutional capacity for control of the distribution, use and disposal of biocides, in particular the product selected by the project and the institutions responsible at the project site.

4.4 Any measures proposed to strengthen regulatory frameworks and institutional capacity, where relevant.

5. **Technique/Practice Risk Assessment:** This section of the PMP should assess potential environmental and social risks of undertaking the chosen pest management practice/technique. It should also outline potential mitigation measures that will be used to minimize identified risks. It should include the following:

   5.1 Assessment of risks to communities and individuals that are related (both directly and indirectly) to the use of a given pest management product/technique. The assessment should take the real circumstances of application into account, including the capability of operators to handle products within acceptable risk margins and their access to and use of protective gear and appropriate application equipment.

   5.2 Assessment of risks posed to the environment, based on the use of a given technique/product (based on the expected levels of use of a given biocide/product). The assessment should include potential impacts to all components of the biophysical environment, including but not limited to soils, surface waters, groundwater, marine run-off, habitats, plant communities, and non- target species, particularly native, endemic and threatened species.

   5.3 Assessment of risks that could be posed prior to and after the use/application of the chosen technique/product. This could include assessments of the transport, storage, handling and disposal of such products/chemicals. It should consider the capacity of the "handling entity" to undertake the requisite tasks.

   5.4 Effective measures should be identified to reduce and mitigate the risks, such as training for workers applying biocides and for people coming in contact with the substances, effective personal protective equipment, development of standard operating procedures, upgrading of storage facilities etc. Mitigation measures should include activities for monitoring effectiveness of application and early identification of needs for corrective actions (e.g. tracking of damage to and/or deaths of non-target species).

   5.5 An assessment of potential alternatives (i.e. to the use of the chosen technique) should be presented. This should establish that there is no less risky alternative to the one being proposed by the project/programme.

   5.6 The assessment should conclude with a comparison of the selected approach and its expected result with the current situation, and provide clear evidence of the benefits justifying the selection of the approach.

6. **Mitigation and Emergency Preparedness Actions/Plan:** This section of the PMP should outline, in detail, the recommended mitigation measures as established in the Technique/Practice Risk Assessment. It should include the specific resources required for such actions, with a detailed schedule and the responsible party being nominated. It should outline an emergency preparedness plan for unforeseen events with negative environmental or social/health/pandemic impacts. The Emergency preparedness plan should include: planned

responses to unforeseen natural events; procedures for first aid and medical attention cases; and, include a mechanism to observe and record any such unforeseen impacts/events.

7. **Consultation, Disclosure, and Grievance:** This section should outline where, when and how the PMP will be disclosed. Consistent with the requirements of the SECAP, the PMP should be disclosed in a timely and culturally appropriate manner to project affected parties. This section should also specify the dates, results and feedback that were received during consultation with local communities and owners of land adjacent to the project/programme area. It should also provide evidence of consultations held with relevant authorities (indicating who and when) and evidence that appropriate EIA procedures were followed and licenses and permissions, where relevant, were obtained. This section should link to and explain in further detail IFAD's grievance redress system and the requirements as outlined in the SECAP.

Annex 4 GBV/SEAH Action Plan

This is a GBV/SEAH and Child Protection Prevention and Response Action Plan for ARCAFIM Operations in Tanzania.

1.0 INTRODUCTION

This Action Plan has been developed to ensure that the Project does not have any negative impacts or further perpetuate GBV/SEA. It presents operational activities as well as recommendations for GBV/SEAH risk mitigation that build on existing mechanisms in the partner states.

2.0 CONTEXT OF GBV

Incidence of GBV and SEAH in the Partner States presents a significant and persistent challenge. Despite important gains in advancing more equitable gender norms, challenges in the promotion of gender equality across all spheres persist and incidence rates of GBV/SEAH remain high.

Drivers of GBV/SEAH include entrenched social norms. Harmful socio-cultural practices such as early and forced marriage, as well as female genital mutilation or circumcision (FGM/C), also persist in some parts of the region, while alcohol and substance abuse further contribute to GBV. Poverty and unemployment are also key drivers of GBV, as associated stress and frustration often manifest in negative coping behaviours including aggression and violence, particularly in the home.

A culture of silence around experiences of GBV prevails across the region. This is influenced by socio-cultural norms that both stigmatize survivors, justify and normalize perpetration of violence, particularly in the home. Feelings of shame and fear also deter survivors from seeking care or reporting incidents to justice or security actors. As such understanding of incidence is often impaired and the magnitude of the challenge is likely even more significant. Over half of women (53 percent) who experience sexual violence never seek care nor tell anyone about their experiences of violence, while 42 percent of those who experience physical violence never seek care or tell anyone. It is notable that there is limited understanding of male experiences of physical or sexual violence, however, several studies highlight experiences particularly of sexual assault among adult men and boys. Actual and perceived stigmatization is often even more pronounced for male survivors; thus, the scope and extent of the challenge remains underreported and poorly understood.

The National Government have developed critical legislation, legal instruments and policy frameworks that seek to address and mitigate the consequences of GBV. These include enacting Sexual Offenses Laws, establishing National Gender and Equality Commissions (NGEC), and laws that Prohibit Female Genital Mutilation.

3.0 CATEGORIZATION OF GBV/SEAH

GBV/SEAH is an ‘umbrella term for any harmful act that is perpetrated against a person’s will and that is based on socially ascribed gender differences.**’** GBV/SEA can occur in a variety of ways, including through the infliction of physical, mental, and sexual harm or suffering threats of such acts, as well as coercion and other deprivations of liberty, such as early or forced marriage, economic abuse and denial of resources, services and opportunities, trafficking and abduction for exploitation, or IPV perpetrated by a former or current partner.

It can also be defined as any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes. This includes, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. In IFAD financed operations/projects, sexual exploitation occurs when access to or benefit from IFAD financed
goods, works, non-consulting services or consulting services is used to extract sexual gain. Sexual abuse is defined as the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.

Sexual harassment (SH) is understood as unwelcome sexual advances, requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature. SH differs from SEA in that it occurs between personnel/staff working on the project, and not between staff and project beneficiaries or communities. The distinction between SEA and SH is important so that agency policies and staff training can include specific instructions on the procedures to report on both. Both women and men can experience SH.

Four key areas of GBV/SEA risks can be defined:

1. *SEA* - exploitation of a vulnerable position, use of differential power for sexual purpose; actual or threatened sexual physical intrusion,
2. *Workplace sexual harassment* - unwanted sexual advances; requests for sexual favors, sexual physical contact,
3. *Human trafficking* - sexual slavery, coerced transactional sex, illegal transnational people movement; and
4. *Non-SEA* - physical assault, psychological or physical abuse, denial of resources, opportunities or services and IPV.

The broader definition of GBV/SEAH will be applied to this project. This approach will ensure that a wider set of acts are covered in order to guarantee the protection of project affected persons.

3.1 Potential Project-related GBV/SEAH Risks

There are several GBV-related negative impacts anticipated from this project. There is a risk of GBV against potential project beneficiaries from project and workers. There is also potential risk among co-workers contracted by the ARCAFIM and among the primary suppliers. GBV could spill over to the communities in the form of sexual favors sought by service providers (e.g., by contractors and primary suppliers) to benefit from the project interventions. Specifically, the following forms of abuse are likely to occur:

- *SEA* - exploitation of workers and community members by the project workers (direct, contract and primary suppliers) using their differential power. This could lead to rape/defilement of of women engaged in project activities as workers and service providers, and,
- *Workplace sexual harassment*: this may occur among the workers within the ARCAFIM, contract workers and primary suppliers in the form of unwanted sexual advances; requests for sexual favors, sexual physical contact.

3.2 Key GBV/SEA Mitigation Measures

Reporting of GBV/SEA cases committed by contract workers or other workers engaged by the project will be critical. EBTL will require clients, contractors/suppliers to report instances involving credible allegations of GBV/SEA accurately and fully by contract workers, primary suppliers, and/or third parties; and sharing of best practices and lessons learned on addressing GBV/SEA with other stakeholders.

When working with Primary Suppliers, adequate safeguards should be established by EBTL client, and appropriate actions taken on GBV/SEA. This should include screening, cooperative arrangements, monitoring, and termination of arrangements where applicable. The Relationship Managed and Sustainability team has the overall responsibility for the implementation of prevention of SEA policies and activities and will report regularly to the Head of Sustainability, IFAD and EGH.

GBV/SEA programming guiding principles are outlined below.

- ***Confidentiality:*** at all stages of the intervention, the privacy and confidentiality of survivors will be assured, prioritizing the well-being of survivors, and ensuring that the delivery of services and support will not compromise the privacy or identity of the individuals involved.
- ***Respect:*** respect of the wishes, dignity and choice of the survivors will be always observed and during all stages of any intervention. Survivors will be supported to give their free and informed

consent, based on a clear understanding of the facts, implications, risks, and consequences of an action, before information is shared or action is taken.

- ***Safety and security:*** awareness and consideration of any risks or safety concerns that might compromise the physical safety of individuals affected by GBV/SEA will be sufficiently addressed and factored into any GBV/SEA intervention or initiative.
- ***Non-discrimination:*** all GBV/SEA interventions will be designed to ensure access and the same level of quality of care and assistance for all persons seeking support, or persons affected by GBV/SEA, without regard to sex, gender, age, ethnicity, religion, or other status.

3.3 Community awareness

Practice within IFAD funded projects prescribes that beneficiary awareness raising efforts are undertaken on SEA in beneficiary communities. Information will be provided on the ARCAFIM's standards of conduct and reporting mechanisms; community-based complaints mechanisms will be set up in project sites and offices as appropriate, including mechanisms for monitoring and reviewing the complaints mechanisms. An incident reporting form is an integral part of the complaints and investigation mechanisms.

3.4 GBV/SEA Referral Pathways

IFAD advocates for survivor centered approach to managing all GBV/SEA cases. The security and safety of the survivor should take precedence with any actions taken once the case is reported. EBTL aims to provide avenues for comprehensive GBV/SEA services including GBV/SEA case management, psychosocial support and referral mechanisms for survivors, among others, as illustrated in the table below

<table>
<tr><td colspan="3">TELLING SOMEONE AND SEEKING HELP (REPORTING)</td></tr>
<tr><td>Survivor/client tells family, friend, community member or service provider; that person accompanies the survivor to the health or psychosocial entry point</td><td colspan="2">Survivor/client self-reports to any service provider</td></tr>
<tr><td colspan="3">IMMEDIATE RESPONSE
The service provider must provide a safe, caring environment and respect the confidentiality and wishes of the survivor/client, learn the immediate needs, and give honest and clear information about the services available. If agreed and requested by survivor/client, obtain informed consent and make referrals, accompany the survivor/client to assist her/him in accessing services</td></tr>
<tr><td>Medical/health care entry point- GBV/SEA</td><td>Psychosocial support entry point - GBV/SEA Adult</td><td>Psychosocial support entry point-GBV/SEA Child-under 18</td></tr>
<tr><td>List of health facilities or other entities offering GBV/SEA care and support at the district level.</td><td>Agencies (list agencies operating in the district.)</td><td>The Children Services and other organizations involved in child protection.</td></tr>
<tr><td colspan="3">If the survivor/client wants to pursue police/legal action or if there are immediate safety and security risks, for example, if the survivor is a minor (under 16 years), refer and accompany survivor to police/security or to legal assistance for information</td></tr>
<tr><td>Safety and Security</td><td colspan="2">Legal Assistance Counselors</td></tr>
<tr><td colspan="3">AFTER IMMEDIATE RESPONSE, FOLLOW-UP AND OTHER SERVICES</td></tr>
</table>

Over time and based on survivor's/Client's choices **can** include any of the following:			
Healthcare	**Psychological services/Case management**	**Protection, security, and justice actors**	**Basic needs - children's Services, safe shelter**
Refer to facilities identified as able to handle GBV/SEA cases (each District has facilities that manage GBV/SEA)	This could be accessed at health facilities or through partners (CSOs, CBOs or FBOs)	Agency Name: The Mounted Police, Ministry of Labor and Social Protection, National Gender Commission. **SERVICES:** * Arrest perpetrator – Police, * Gather evidence and complete file for case, * Inform survivor and witnesses on court hearing, * Provide physical protection/safe shelter. **SERVICES:** * Provide legal counselling, * Transport, accommodation and meals for survivor/witness and family to attend court.	Agencies: Children Services (among other providers depending on the district) **SERVICES**: *Livelihood program, life skills/vocational training/ entrepreneurship.

4.0 ACCESS TO JUSTICE

The provision for a project based GRM does not in any way limit the aggrieved party from seeking recourse from the courts of law in the country. Information will be provided to the project beneficiaries on the legal system that they could use as needed including the sources outlined below.

- The Judiciary system has in the past invested in strengthening the National Police Force to establish gender desks in most police stations across the region. Specific police officers have also been trained to manage survivors and ensure that all necessary information and evidence is gathered to facilitate prosecution of offenders/perpetrators, as necessary.
- The National Gender Commissions, which have a GBV/SEA mandate, have offices across the member countries which can be used to facilitate access to justice for survivors and their families.
- There are many organizations (both local and international) operating across the member countries although not evenly distributed) which render support to survivors in the pursuit of justice.

5.0 PREVENTION OF SEXUAL EXPLOITATION AND ABUSE

This Plan aims to facilitate a consistent approach across all potential GBV/SEA complaints received from every possible channel established to manage GRM on the project (email, call center/hotline, phone calls, in-person reports, etc.). The IFAD has SEA misconduct response systems, which will apply and ensure that

all parties engaged in the project respond to the misconduct of project staff or any worker of contractors and primary suppliers. These responses will follow the different organizational set-ups, but will all comply with the relevant IFAD protocols on SEA.
All clients, contractors and suppliers for this project are obligated to create and maintain an environment that prevents GBV/SEA. They are also required to develop systems that maintain this environment, including but not limited to the following.

- *Adoption of the Core Principles of the IFAD's GBV/SEA policy*
- *Prevention of Child Labor:* The project shall not engage anyone aged below 18 years of age (as per ILO guidelines to prevent Child Labor).
- *Media:* The arcafim will ensure that images of children are not used without the consent of both the parent/guardian/caregiver and the child (assent based on the age), and any pictures should have children fully dressed and none should depict them as victims including in captions.

5.1 Mitigation of SEA

Several mitigation measures will be implemented by the project to ensure the protection of all people involved in the project.

- *Community awareness and disclosure of CoC:* The CoC will be made available to the public in the project areas, especially to identified project stakeholders. Education and raising of awareness for communities on SEA and their legal rights will be done. Project beneficiaries will be made aware of the laws and services that can protect them and provide redress in case of an incident.
- *Community awareness on child protection concerns:* Communities will be informed that in case project and partner staff abuse children, they should refer such complaints to child protection partners and any other agencies engaged in GBV/SEA prevention without recording the survivor's details.
- *Gender and child sensitive communication channels:* Disclosure will take place through different communication channels taking into consideration child and survivor safety when designing and distributing information by EBTL and/or the respective clients.
- *Training of Workers and Partners:* the ARCAFIM and all clients will ensure their direct workers, partners, suppliers and others are trained in CoC, GBV/SEA and child protection risk issues as part of their induction (and refreshers will be offered regularly). They will roll out direct training activities for all contracted, as well as community workers deployed for their activities – prior to the start of such. Clients will ensure that records of all inductions are kept and shared with EBTL. EBTL, EGH and IFAD Team will further review training materials and make suggestions for revision if there are gaps.
- *Cases of GBV/SEA can be reported through the general Project GRM:* the GRM focal points for the project will be trained to receive GBV/SEA cases in an appropriate manner. Beneficiaries and communities will generally be encouraged to report all GBV/SEA cases through the dedicated GBV/SEA referral system and complaints resolution mechanism. Contact information will be made explicit in all community awareness sessions, as well as be part of the publicly disclosed information. All information will be made accessible to all project beneficiaries. The GBV/SEA referral system will ensure that survivors receive all necessary services, including medical, legal, counselling, and that cases involving children aged 16 years and below are reported to the police where applicable.

Cases of GBV will require immediate attention. If such cases are reported through the Project GRM, the GRM focal point will report the case immediately to the EBTL and the ARCAFIM team at EGH, as they are obligated to report any cases of GBV/SEA to IFAD within 24 hours. Furthermore, cases need to be reported to the respective clients, if they concern direct workers or workers from a contractor, NGO partner or even community workers.

5.2 Response to GBV/SEA

The Project team has established a separate GBV/SEA response mechanism that will be used in line with the IFAD Guidance. Responses will include the implementation of sanctions for violations of worker CoC.

All partners and contractors will be required to develop organizational whistleblowing policies that encourage workers to report concerns or suspicions of misconduct by colleagues by offering protection from retaliation for reporting. The definition, scope, and protection measures may differ between organizations. General principles apply to whistle-blowers, as they would to any complainant, and internal agency policies will protect whistle-blowers on GBV/SEA from retaliation, so long as the report is made in good faith and in compliance with internal agency policies (this obligation is also contained in the CoC which is signed with all workers engaged on project activities).

All cleints will commit to timely and expeditious action to provide assistance to survivors and to comply with all timelines for action laid out in this Action Plan.

6.0 INVESTMENTS IN GBV/SEA SERVICE PROVISION AND REFERRAL PATHWAYS

This GBV/SEA Action Plan provides general guidance and recommendations for improving existing mechanisms, specifically in rural areas and the historically marginalized communities. Where services are not available, training will be provided to frontline health providers on basic response (e.g., psychosocial first aid and basic care). This will be done in consultation with other agencies engaged in project activities as appropriate.

- *Safety audit and GBV/SEA assessments* to understand specific GBV/SEA risks in project sites that relate to workers and beneficieries as well as changes in community gender dynamics.
- *GBV/SEA risk assessments:* This assessment will serve to understand possible negative impacts in gender dynamics in schools and communities in implement appropriate mitigation measures. Examples of activities include the engagement of key stakeholders in the community, psychosocial support to workers, community members, etc.
- *Mapping and delineation of GBV/SEA referral services in project areas:* In order to complete existing information on referral pathways in project areas, a community and stakeholder consultation on GBV/SEA referral pathways assessment will provide information on the functioning and effectiveness of referral pathways in place. Consultation will take place during the Project Inception Phase and will serve to update this GBV/SEA Action Plan.
- *Provision of a package of GBV/SEA services* (medical, legal, mental health, psychosocial and materials support) in project areas as per results of the GBV/SEA mapping of services. GBV/SEA services will be provided through either mobile health outreach teams and/or community/district health centers depending on the project area needs.
- *Training on GBV/SEA and Survivor Centered Response for community and district health professionals.* The training of key community structures will include GBV/SEA guiding principles and referral pathways. Also, training on WHO guidelines for Clinical Management of Rape (CRM) and psychosocial support.
- *Provision of hygiene/dignity kits* for vulnerable girls including GBV/SEA survivors and pregnant girls.
- *Provision of relevant GBV materials*, including fliers on referral pathways to be used in case of violation, school reentry guidelines, and legal redress mechanisms.
- *Strengthen coordination and collaboration:* This will be done at national and district levels by involving the government's relevant units in strengthening of the GBV/SEA package of services and referral systems in project areas.

7.0 PARTNERSHIP AND COLLABORATION

The project will seek partnership with several partners at the Regional, national and sub- national levels. These will include the Health Ministries, Department of Gender, Children's department, Police Service, Judiciary, Probation and Office of the DPP to ensure that perpetrators are arrested, tried in court and sentenced accordingly. The Department of Children's Services has the capacity to rescue abused children and secure them while court proceedings are ongoing to prevent perpetrators from interfering with the judicial process. Further, faith-based organizations, NGOs and various charity organizations also offer support services and rescue efforts countrywide.

8.0 GBV/SEA CAPACITY BUILDING, MONITORING AND EVALUATION.

The project will put in place monitoring tools to ensure adherence to the provisions made in this plan.

8.1 Response to GBV/SEA

EBTL, as well as its clients, will use the existing GBV/SEA referral pathways as well as expand the availability of the basic package of multi-sectoral GBV/SEA services at the district level. Also, the project will build capacity of service providers to deliver quality GBV/SEA services in line with best practices, with a focus in counties that might not have GBV service providers. The project will ensure that affected women, men, boys and girls receive psychosocial support and safe referral Services.

8.2 Monitoring and Supervision

The Project safeguards team will monitor all GBV/SEA reported cases through the various reporting mechanisms and report back to the EBTL. The monitoring will adopt a mixed-methods approach, including the utilization of perception surveys and community-based monitoring to enable an in-depth understanding of the impact of project activities on community members. This is a particularly pertinent approach given the sensitivities of the interventions that center on children.

Continuous monitoring: new complaints and ongoing cases and complaints will be followed closely by the GBV/SEA focal points at the sub-national and national levels.

Monthly review of services: EBTL will conduct monthly review of services to ensure the continuous availability of services, continued access to services by survivors, dissemination of correct information to survivors during case management and to women, girls and the community at large during awareness on available services

Quarterly monitoring: EBTL will monitor the implementation of this Action Plan on a quarterly basis. Quarterly reviews will focus on:

- Ensuring that all activities (as listed above) have been undertaken and/or are on track,
- Reviewing all referrals made in specific cases, and assessing whether complaints have been handled and/or resolved appropriately,
- Monitoring and reporting on the effectiveness of the implementation of the GBV/SEA Action Plan, and
- Reporting on progress on all activities and re-assessment of risks and monitoring of the situation as appropriate.

Non-compliance: where quarterly reviews identify non-compliance with the GBV/SEA Action Plan, the matter will be reported to the Relationship Manager in case of client's non- compliance and to the IFAD in case of EBTL non-compliance. EBTL and IFAD will then seek clarification from the respective client or Relationship Manager and jointly develop plans on how to assist to bring activities back on track. Serious cases can lead to the termination of contract with the client.

Monitoring and evaluation of SEAH activities will include the following measures:

- EBTL will ensure that all TTFIs sign the CoC developed for this project. Spot checks will be done at funded facilities to monitor adherence to this provision,
- All staff will be trained on SEA, CoC and the relevant protocols. All GBV/SEA related complaints will be received and handled in a manner that safeguards the well-being of the survivor,

- It is expected that all clients, contractors, and sub-contractors will disclose their CoC, and that cleints will report all related activities to EBTL for monitoring purposes,
- EBTL will monitor that clients have a GBV/SEA free environment and implement safety audit recommendations regarding lighting, signing of CoC, information on GRM and referral pathways, and
- EBTL will monitor the project implementers bimonthly on their implementation of the GBV/SEA action plan via reports, community-based monitoring, and field visits.

On GBV/SEA programming, EBTL will monitor that:

- Communities, including children, are aware of the risks of GBV/SEA, their rights, and the mechanisms available to them to report GBV/SEA cases,
- Appropriate GBV/SEA services and referral pathways are provided to survivors,
- Referral pathways are in place and functional,
- Percentage of first responders who are trained/oriented on the referral pathway,
- Standard intake and referral forms are developed and utilized by service providers; and
- Percentage of GBV/SEA survivors who were referred for comprehensive care, within a given period.

Annexe 5 Labour, Community Health and Safety Requirements

Clients involved in hiring labour (TTFIs, value chain companies) will be required to require that contractors monitor, keep records and report on terms and conditions related to labour management. The contractor must provide workers with evidence of all payments made, including social security benefits, pension contributions or other entitlements regardless of the worker being engaged on a fixed term contract, full-time, part- time or temporarily.

The application of this requirement will be proportionate to the activities and to the size of the contract, in a manner acceptable to EBTL and IFAD:

- Labour conditions: records of workers engaged under the Project, including contracts, registry of induction of workers including CoC, hours worked, remuneration and deductions (including overtime), collective bargaining agreements.
- Safety: recordable incidents and corresponding Root Cause Analysis (lost time incidents, medical treatment cases), first aid cases, high potential near misses, and remedial and preventive activities required (for example, revised job safety analysis, new or different equipment, skills training, and so forth).
- Workers: number of workers, indication of origin (expatriate, local, nonlocal nationals), gender, age with evidence that no child labour is involved, and skill level (unskilled, skilled, supervisory, professional, management).
- Training/induction: dates, number of trainees, and topics.
- Details of any security risks: details of risks the contractor may be exposed to while performing its work—the threats may come from third parties external to the project.
- Worker grievances: details including occurrence date, grievance, and date submitted; actions taken and dates; resolution (if any) and date; and follow-up yet to be taken grievances listed should include those received since the preceding report and those that were unresolved at the time of that report.

Every Safety File is ‘site-specific’. It will be compiled following the client’s and the site’s safety specifications. The overall information requirements remain the same, and the site- specific documents will be added.

Annexe 6 Archeological Chance Find Procedure

1.0 INTRODUCTION

The purpose of the Archaeological Chance Finds Procedure is to address the possibility of archaeological deposits, finds and features becoming exposed during earthmoving and ground altering activities that will be associated with the Africa Rural Climate Adaptation Financing Mechanism Programme, (ARCAFIM) and to provide procedures to follow in the event of a chance archaeological find.

The objectives of these procedures, are to identify and promote the preservation and recording of any archaeological material that may be discovered and notify the relevant District Authority, the Environment Management Authority and the Institution responsible for Museums in the particular country of the discovery, to resolve any archaeological issue that may arise.

2.0 ARCHAEOLOGICAL CHANCE FINDS PROCEDURE

During the project induction meeting/training, all contractors/construction teams will be made aware of the need to be on the lookout for objects of archaeological interest as they carry out their earthmoving and excavation activities.

Generally, the following procedure is to be executed in the event that archaeological material is discovered:

- All construction activity in the vicinity of the find/feature/site will cease immediately.
- The discovered find/ feature/ site will be delineated immediately.
- Record the find location, and make sure all remains are left in place.
- Secure the area to prevent any damage or loss of removable objects.
- Contact, inform and notify the District Administrator (DA), District Environmental Officer (DEO), the Environment Management Authority and the Institution responsible for Museums in the particular country of the discovery,
- The Authorities so notified will avail an archaeologist.
- The archaeologist will assess, record and photograph the find/feature/ site.
- The archaeologist will undertake the inspection process in accordance with all project health and safety protocols under the direction of the District Health and Safety Officer.
- In consultation with the DA, DEO, the Environment Management Authority and the Institution responsible for Museums, the Archaeologist will determine the appropriate course of action to take.

Finds retrieval strategy:

- All investigation of archaeological soils will be undertaken by hand, all finds, osteological remains and samples will be kept and submitted to the National Museum as required. In the event that any artefacts need to be conserved, the relevant license (License to Alter) will be sought from the National Museum Department.
- An on-site office and finds storage area will be provided, allowing storage of any artefacts or other archaeological material recovered during the monitoring process.
- In the case of human remains, in addition to the above, the Local Leadership will be contacted and the guidelines for the treatment of human remains will be adhered to. If skeletal remains are identified, an osteoarchaeologist will be available to examine the remains.

Conservation:

- A conservator should be made available to the project, if required.
- The on-site archaeologist will complete a report on the findings as part of the licensing agreement in place with the Department of Culture.

- Once authorization has been given by the responsible statutory authorities, the client will be informed when works can resume.

Annexe 7 Abbreviated Resettlement Action Plan

The following table presents the organizational sections and expected content of a (abbreviated) resettlement action plan (RAP) and resettlement action framework (RAF).[9] The (abbreviated) RAP/RAF is prepared by the client and reviewed by EBTL.

Section	*(Abbreviated) Resettlement action framework*	*(Abbreviated) Resettlement action plan*
Introduction	• Purpose of the framework • The process for preparing and approving resettlement plans • Explanation of why a resettlement plan cannot be prepared at this stage	• Purpose, scope and content of the plan • How the plan was prepared and approved and by whom
Project description	• Brief description of the project and its components which will/may require land acquisition	• General description of the project and description of the project components and activities that will require land acquisition and cause physical/economic displacement
Project impacts	• Potential project impacts/ losses associated with all project components/phases	• Expected project impacts/losses associated with the project components/phases covered by the plan • Explanation of all activities and alternatives considered to avoid or minimize displacement
Legal framework	• National legal framework (expropriation, land tenure) and provision of resettlement/livelihood-restoration assistance) • IFAD requirements • Gap analysis between national legislation and IFAD requirements and measures to bridge any gaps between them	• If necessary, a more detailed gap analysis addressing the specific legal requirements that pertain to the displacement caused by project components in question

Affected people and assets	• Estimated population displacement and likely categories of displaced persons, to the extent feasible at the time of framework development	• Results of the socio-economic survey and any other tools used, such as focus groups, covering, for example:
		  • People/households who will be physically displaced and their land-ownership status
		  • People/households/businesses that will be economically displaced and their land-ownership status
		  • Standard characteristics of displaced people/households
		  • Businesses and baseline information
		  • Information on vulnerable groups

[9] Adapted from European Bank for Reconstruction and Development, *Resettlement Guidance and Good Practice* (London: EBRD, 2017), p. 17, http://www.ebrd.com/publications/resettlement-guidance-good-practice.pdf.

Section	*(Abbreviated) Resettlement action framework*	*(Abbreviated) Resettlement action plan*
		• Social networks and social support systems, and how they will be affected by the project • Description of affected assets, including natural resources, public infrastructure and services
Key compensation and assistance principles	• Key principles of compensation, resettlement and livelihood restoration that the client is committed to implementing	• Key principles of compensation, resettlement and livelihood restoration that the client is committed to implementing
Eligibility	• Eligibility principles	• Description and results of the census • Cut-off date for eligibility • Eligibility of categories of displaced persons for compensation and other resettlement assistance
Entitlements matrix	• Entitlements matrix addressing the principles of entitlements associated with the project	• Entitlements matrix addressing categories of losses and entitlements pertaining to the project components/phases in question
Compensation and assistance	• Methods of valuing affected assets • Implementation principles and process	• Description of the methodology for valuing losses to determine their replacement cost • Description of compensation and assistance measures • Description of process for executing compensation and assistance • Description of organized resettlement programme (selection of locations, design of housing, planned infrastructure, improvements for host community), if applicable
Organizational arrangements	• Roles and responsibilities for delivery of entitlements	• Procedures for the delivery of entitlements and the roles and responsibilities of all involved agencies/organizations (client, authorities, various service providers), including coordination arrangements
Time frame	• Estimated time frame for preparation of resettlement/livelihood-restoration plans for various project components	• Implementation time frame covering all activities from preparation of the plan through implementation, including monitoring and evaluation
Disclosure of information and consultations	• Description of engagement activities undertaken as part of developing the framework • Description of mechanisms for stakeholder engagement throughout the planning, implementation and monitoring process	• Description of engagement activities undertaken as part of developing the plan, its finalization and approval • Summary of the views expressed and how these were taken into account in preparing the plan

Section	*(Abbreviated) Resettlement action framework*	*(Abbreviated) Resettlement action plan*
		• Description of planned stakeholder engagement during implementation
Grievance mechanism	• Description of grievance mechanism	• Description of grievance mechanism with contact details of those responsible for grievances for the project component/phase in question
Monitoring and reporting	• Objectives of monitoring and evaluation • Indicative indicators • General reporting principles	• Description of the internal and external monitoring and evaluation arrangements • Monitoring indicators to measure inputs, outputs and outcomes for resettlement/livelihood-restoration activities • Reporting on implementation of the plan – including disaggregated data such as gender, age, type of resettlement (physical and economic)
Implementation costs	• Arrangements for funding resettlement (which source will fund which component) • Estimated budget	• Tables presenting expected costs for all resettlement activities and sources of funds

Annexe 8 Conflict Analysis

1.0 INTRODICTION

The Conflict analysis Process follws three stages:

- Preparation.
- Creating ownership and committing partners
- Darta gathering and analysis.

2.0 PREPARATION

2.1 DEFINING THE OBJECTIVE OF THE CONFLICT ANALYSIS

Convene a meeting involving major representatives from the sensitive area and start by defining the objectives, benefits, and eventual outcome of the Conflict Analysis. The main reasons for conducting the Conflict Analysis include the following:

- To get a better understanding of the possible conflicts and their dynamics to ensure more targeted interventions.
- To enable staff, stakeholders, and other international organisations working in the project area to have an in-depth view of potential conflicts in the region.
- The results of the Conflict Analysis will provide EBTL and the relevant client with the necessary background information that will enable it to integrate greater conflict sensitivity into its approach and it will allow for organisational adaptation to accommodate the sensitive issues.
- The Conflict Analysis will provide the necessary baseline data against which future evaluations regarding impacts and effects could be measured.

2.2 OVERALL CONTEXTUAL ANALYSIS

Conduct a literature review prior to the main data collection exercise, to obtain a more focussed understanding of the main conflict-lines in the region. This will also streamline the subsequent data collection process and helps define more precise terms of reference for the study teams who will be collecting and analysing the data.

The main areas for the contextual analysis will include:

- Research on conflict history in the region,
- Review of secondary literature
- Determination of key issues
- Brainstorming on possible issues for conflict

2.3 SELECTION OF LOCAL STUDY TEAMS

The quality and value of data and information is related to the competency of the study teams selected, so it is necessary to pair local personnel with competent NGOs. The local personnel will ensure that their local knowledge is made use of whilst the NGO will provide the necessary analytical skills.

The criteria for selecting the study teams includes the following:

- People or organisations which are well accepted by local community.
- Proof that the organisation understood what local conflict analysis is all about.
- Proof of current capacity to conduct Conflict Analysis.

- Evidence of what follow-up steps the organisation will undertake after completion of the Conflict Analysis.

The local study teams/organisation will conduct seminars and meetings with focus groups, undertake media monitoring, collect statistics, process, and analyse the primary data, and finally draft the main conflict analysis report.

2.4 DESIGNING THE CONFLICT ANALYSIS IMPLEMENTATION APPROACH.

Inclusive meetings should be held between EGH, FIs, EBTL, Local NGOs, representatives of clients, etc to design and agree on the Conflict Analysis approach to be taken. The TORs should contain a detailed implementation or action plan. The inclusive meetings should be held regularly to synchronise the approach among the teams and exchange any information and experience.

3.0 CREATING OWNERSHIP

The main objectives of the second stage of the Conflict Analysis process is to develop a team who will have the same vision, approach and understanding necessary to successfully implement the conflict analysis.

3.1 CONCRETE OBJECTIVES AND LATER USE

Prior to conducting an "in the field" conflict analysis, clear and concise objectives must be agreed upon with the local stakeholders. This should include potential areas of intervention and related follow-on activities. This should emphasis the goals of the conflict analysis and the future use of the insights gained from the analysis. The objectives may include the following:

- Gain an understanding of the conflicts.
- Identify the main areas of conflict.
- Develop an awareness of conflict dynamics
- Include a base for further activities directed at strengthening local capacities for conflict
- transformation
- Monitor future developments and the impact of programme activities on the conflict dynamics.
- The further use of the Conflict analysis results must be agreed upon at the start of the process
- because the publication of such information can lead to or even escalate conflicts. Generally, it can be
- agreed that the results would be used to:
- Initiate discussions/editing group meetings on specific issues identified and analysed in the
- Conflict Analysis
- Develop together with all partners a peace and conflict impact assessment tool.
- Reflect and adjust ARCAFIM' approaches.

3.2 AGREEING FINAL TORS AND THE ANALYTICAL SCHEME

At this stage, the final TORs are agreed upon. Some issue to include are:

- Developing conflict profiles, the, what, where and when of the conflict. What is the conflict about, what is its extent, and what are its impacts? When and how did it start? How did it develop? Where exactly is it taking place and what are the main demographic and geographic indicators of conflict?
- Developing stakeholder analysis and detailing the "who is who" in the conflict. Who are the conflict actors? How are they related to each other? What are their roles in the conflict? What is their desired outcome of the conflict?
- Analysis of conflict processing institutions at the official and social level, analysing the way in which stakeholders deal with the conflict, their formal. Informal and traditional ways as well as the implications of the process used to manage conflicts on further developments.

- Conflict source analysis, which identifies the “root causes” and the trigger factors.
- Conflict trend and scenario analysis, which detail the development of the conflict and the actions that could mitigate conflicts and tensions.

3.3 ROLES AND RESPONSIBILITIES OF PARTICIPATING ORGANIZATIONS.

EBTL will have to work with the client to carry out such an analysis. In view of this and the spatial dimensions of the Conflict Analysis, EBTL must make sure that all organisations clearly understand their roles and responsibilities, eg collection of primary data whilst EBTL supervises the process. The different local organisations who will be involved in primary data collection require a lot of training so that they will conduct the data collection in a standard way.

4.0 IMPLEMENTATION

This stage will involve the actual field work which will be implemented by the local organisations. ARCAFIM programme’s technical assistance provides capacity building, advising, and monitoring.

4.1 CAPACITY BUILDING FOR LOCAL PARTNERS

The local partners will require extensive training in:

- General concepts of conflict analysis
- Methodologies,
- Interview and survey techniques,
- Group discussion approaches,
- Training in conflict transformation
- Identifying key stakeholders
- Topics to be addressed during interviews,
- Structuring of questions, to be shot and precise,

A careful appraisal should be taken of the questions to be asked to avert any possible negative sentiments, mistrust or fear being created.

4.2 DATA GATHERING

A variety of data gathering methods can be used. These can be grouped into quantitative and qualitative methods.

Quantitative methods. These can include:

- General statistical information from official national and local sources.
- Administering a focused questionnaire

Qualitative methods. These can include:

- Focus Group meetings
- Individual native interviews with representatives of focus groups.
- Guideline interviews with local key stakeholders.
- Professional interviews with local experts.

The qualitative methods can focus primarily on the way in which the stakeholders deal with conflicts, their perceptions of others and rends.

The data gathering will be complemented by physical observations and monitoring of local and national media and other sources of public opinion.

4.3 PROCESSING OF DATA

All the data collected by the local partners can be brought to one central place for processing. The data can be analysed using various qualitative and quantitative methods, ranging from statistical calculations to sociological interview analysis.

4.4 PREPARING THE CONFLICT ANALYSIS REPORT

Experts can then draft the first draft report structured in line with the various conflict aspects defined in the second stage of the process and reflecting the findings of the analysis. This should include the general information about the conflict parties and stakeholders as well as specific information on conflict fields.

The draft can go through various review stages together with all stakeholders.

Annexe 9 Guidance and an Outline for Cumulative Impact Assessment

Cumulative Impact Assessment (CIA) shares the same basic analytical process as ESIA, and it therefore consists of the following steps:

(a) Choose a set of development alternatives and variants to assess.
(b) Choose endpoints (VECs[10]) for comparative analysis of the development alternatives, and the terms in which performance of each alternative will be expressed (indicators).
(c) Assess the expected impact of each development alternative in terms of each VEC's indicators.
(d) If no alternative performs adequately, redesign one or more alternatives (e.g., mitigation measures) with the express intention to improve performance.
(e) Examine the results of analysis, weight the impacts on VECs, and synthesize the results of analysis into an information package for decision makers

What follows is a detailed outline of the steps and tasks that are required to be undertaken for a robust rapid cumulative impact assessment[11]:

1. **Overview/Background on intended Project/programme:** As part of a robust Rapid Cumulative Impact Assessment (RCIA), it is important to accurately present a brief overview of key project/programme information. This should include the following elements:
    - 1.1 Title of the project/programme
    - 1.2 Countries/regions/territories where project activities will occur
    - 1.3 Name of the executing entity
    - 1.4 Summary of the project/programme

2. **Objectives:** The RCIA analysis has two objectives:
    - To determine if the combined impacts of: the project, other projects and activities, and natural environmental drivers will result in VEC conditions that may put the sustainability of a VEC at risk (i.e., exceed a threshold for VEC condition which is an unacceptable outcome); and
    - To determine what management measures could be implemented to prevent unacceptable VEC conditions. This may include additional mitigation of the project being assessed, additional mitigation of other existing or predictable future projects, or other regional management strategies that could maintain VEC conditions within acceptable limits.

3. **Process/Conduct of a RCIA:** International best practice for CIA[2], generally describes a six-step process that should be adopted:
    - Scoping phase I – VECs, spatial and temporal boundaries
    - Scoping phase II – Other activities and environmental drivers

[10] Valued environmental components (VECs) are defined as fundamental elements of the physical, biological or socio-economic environment, including the air, water, soil, terrain, vegetation, wildlife, fish, birds and land use that may be affected by a proposed project.
[11] The information provided has been extracted and amended from international best practice, most notably from; International Finance Corporation, *Good Practice Handbook on Cumulative Impact Assessment and Management,* 2013. Accessible at : https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_cumulativeimpactassessment

- Establish information on baseline status of VECs
- Assess cumulative impacts on VECs
- Assess significance of predicted cumulative impacts
- Management of cumulative impacts – design and implementation

4. **Scoping Phase I- VECs, spatial and temporal boundaries:** During this phase the following tasks must be undertaken:
   4.1 Identify the VECs to include in the RCIA.
   4.2 Identify the spatial boundaries of the RCIA.
   4.3 Identify the temporal extent of the RCIA.

VECs to include are those that would be affected by the project. Thus, VECs for which an impact was deemed insignificant in the ESIA are not to be included in the CIA. If the number of VECs is too large to conduct an analysis of all, then priority for analysis should be given to those for which there is existing regional concern.

5. **Scoping Phase II**- **Other activities and Environmental Drivers:** During this phase the following tasks must be undertaken:
   5.1 Identify other existing and reasonably predictable project and human activities that do/would affect the VECs to be included in the RCIA. (Developments that could be reasonable expected to be induced by the projects are considered to be reasonably predictable)
   5.2 Identify natural environmental drivers that also impact the condition VECs identified in section 4.1.

Where there is a significant potential for further development, but not specific development proposals in place, a scenario of potential development may be considered.

6. **Establish Information on Baseline status of VECs:**
   6.1 Collect available information on the impacts of the other activities and natural drivers on the condition of the VECs.
   6.2 Collect available information on trends in VEC conditions.
   6.3 Collect available information on regional thresholds for VEC conditions.

If regional thresholds for VEC conditions have not been established, they may have to be estimated based on estimates from other regions. When feasible, the estimation should be peer reviewed.

7. **Assess Cumulative Impacts on VECs:** A wide variety of methods have been used for CIA analysis. Methods chosen for the analysis should be chosen to be compatible with the information available for the analysis and that can provide, whenever possible, a quantitative estimate of cumulative impact. If qualitative estimates of cumulative impact are to be developed, they should be based on the consensus estimate of a panel of experts rather than on the opinion of an individual expert. During this phase the following tasks must be undertaken:
   7.1 Establish indicators for expression of VEC conditions. This may already be reflected in the information collected on VEC baseline status (in

Section 6). If not, then indicators will need to be established that can be estimated from the baseline information.

7.2 Estimate the "future baseline" for condition of the VECs—i.e., the condition of VECs as affected by the other projects, human activities, and natural drivers.

7.3 Estimate the project impact on VEC condition. This estimation is done with the effects of planned project mitigation included.

7.4 Estimate the cumulative impact on VECs—the total impact on the VECs when the impacts of the development are combined with the future baseline

8. **Assess the significance of the cumulative impacts:** The main task of this phase is to determine the significance of the cumulative impacts. When the cumulative impact on VEC condition will approach, be near to, or exceed a threshold, the impact is significant. The analysis may reveal that significant cumulative impacts will exist without the project.

9. **Management of Cumulative Impacts- design and implementation:** Identify, when necessary, additional project mitigation (beyond that identified in the project ESIA) to reduce an estimated unacceptable cumulative impact on a VEC to an acceptable level (iteration with the tasks described in Sections 7 and 8 will be necessary to assess the value of such additional mitigation). This should represent effective application of the mitigation hierarchy[12] in environmental and social management of the specific project contributions to the expected cumulative impacts. Other aspects of this phase include:

   9.1 If necessary, identify the potential, or need for, additional mitigation of other existing or reasonably predictable future projects.

   9.2 Identify the potential for other regional strategies that could maintain VECs at acceptable conditions.

   9.3 Undertake best efforts to engage, enhance, and contribute to a multi-stakeholder collaborative approach for the implementation of management actions that are beyond the capacity of the project proponent.

10. **Stakeholder Engagement:** Stakeholder engagement is critical to the success of RCIA. As outlined in the Framework for Operational Feedback from Stakeholders, approved by the Executive Board in 2019, IFAD is committed to engage key stakeholders and mobilize their feedback in its supported projects.[13] Engagement should start early in the process, i.e., in Scoping (Sections 4 and 5) and continue throughout the RCIA process. It will be essential to collect the information needed for

[12] For IFAD supported projects, The mitigation hierarchy is applied by: (a) anticipating and avoiding risks and impacts; (b) where avoidance is not possible, minimizing or reducing risks and impacts; (c) once risks and impacts have been minimized or reduced, mitigating them; and (d) where residual adverse impacts remain, compensating for or offsetting them, where technically and financially feasible

[13] See also How to Do Notes on: (i) "How to set up, implement, monitor and assess project target group engagement and feedback processes"; (ii) "How to develop project target group engagement and feedback plans"; and (iii) "How to conduct contextual and capacity assessment and develop capacity-building plans for enhanced project target group engagement and feedback".

the RCIA analysis and likely also to secure cooperation in implementation of mitigation of the impacts of other projects, and or identification and design of regional cumulative impact management strategies that may be needed to avoid unacceptable cumulative impacts. Stakeholder engagement should be designed and implemented to clarify stakeholder roles and responsibilities in the RCIA process, and to establish and maintain a constructive relationship with government and other stakeholders. The second point is essential when additional mitigation is needed for other projects. Engaging in assigning blame for cumulative impacts is likely to be counterproductive. Cumulative impacts are, by their multiparty nature, a collective responsibility and in this regard maintaining a constructive relationship will be essential.

Annexe 10 FPIC Protocol Outline

A. Executive summary

Including significant findings and recommended actions, if any.

B. Description of the project

General description of the project, the project area and components/activities that may lead to impacts on indigenous peoples and historically underserved local communities.

C. Description of indigenous peoples and historically underserved local communities if identified at this stage

Description of indigenous people(s) and their locations, including:

- Description of the community or communities constituting the affected peoples (e.g. names, ethnicities, dialects, estimated numbers);
- Description of the resources, lands and territories to be affected and the affected peoples' connections/relationship with those resources, lands and territories; and
- Identification of any vulnerable groups within the affected peoples (e.g. uncontacted and voluntarily isolated peoples, women and girls, the disabled and elderly).

D. Summary of substantive rights and legal framework

Description of the substantive rights of indigenous peoples and historically underserved local communities and the applicable legal framework, including:

- Analysis of applicable domestic and international laws affirming and protecting the rights of indigenous peoples and historically underserved local communities (include general assessment of government implementation of the same); and
- Analysis as to whether the project involves activities that are contingent on establishing legally recognized rights to lands, resources or territories that indigenous peoples and historically underserved local communities have traditionally owned, occupied or otherwise used or acquired. Where such contingency exists (see SECAP standard 4, paragraph 8), include:
    - Identification of the steps and associated timetable for supporting legal recognition of such ownership, occupation or usage, with the support of the relevant authority. This should include the manner in which delimitation, demarcation and titling shall respect the customs, traditions, norms, values, land tenure systems and effective and meaningful participation of the affected peoples, with legal recognition granted to titles with the full FPIC of the affected peoples; and
    - List of the activities that are prohibited until the delimitation, demarcation and titling are completed.

E. Specify procedures for screening, assessment and development of consultations once the project components, subprojects and/or activities have been fully defined. FPIC implementation plan will seek to identify types of anticipated potential adverse social and environmental impacts.

F. Participation, consultation and FPIC processes

Description of the mechanisms to conduct iterative consultation and consent processes throughout implementation of the project. Identify particular project activities and circumstances that require consultation and FPIC.

G. Appropriate benefits

Identification of the measures to be taken to ensure that indigenous peoples and historically underserved local communities receive equitable social and economic benefits that are culturally appropriate, including a description of the consultation and consent processes that led to the determined benefit-sharing arrangements.

H. Capacity support

Description of measures to support social, legal and technical capabilities of indigenous peoples and historically underserved local communities' organizations in the project area to enable them to better represent the affected indigenous peoples and historically underserved local communities.

I. Grievance redress (see Guidelines on Target Group Engagement, Feedback and Grievance Redress)

If available, a description of the procedures to address grievances brought by the affected indigenous peoples and historically underserved local communities arising from project implementation, including the remedies available, how the grievance mechanisms take into account indigenous peoples and historically underserved local communities' customary laws and dispute resolution processes, as well as the capacity of indigenous peoples and historically underserved local communities under national laws to denounce violations and secure remedies for the same in domestic courts and administrative processes.

J. If available, monitoring, reporting and evaluation, including:

- Mechanisms and benchmarks appropriate to the project for transparent, participatory monitoring (including independent experts), evaluating and reporting, including a description of how the affected indigenous peoples and historically underserved local communities are involved; and

- Definition of the mechanisms put in place to allow for periodic review and revision of the Indigenous Peoples Plan in the event that new project circumstances warrant modifications developed through consultation and consent processes with the affected indigenous peoples and historically underserved local communities.

K. Implementation arrangements

Description of arrangement responsibilities and mechanisms for seeking FPIC, as well as the role of independent, impartial entities to audit and conduct social and environmental assessments, as required.

L. Budget and financing

An appropriately costed plan, with itemized budget sufficient to satisfactorily undertake the activities described.

Annexe 11 ARCAFIM Exclusion list

IFAD will not knowingly finance, directly or indirectly, projects involving the following:

i. Production or activities involving harmful or exploitative forms of forced labour[14], or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
ii. Production or activities involving harmful or exploitative forms of child labour[15];
iii. Production or trade in weapons and munitions[16];
iv. Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples;
v. Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources, cultural heritage or other legally protected areas[17];
vi. The production, trade in or use of any product or activity deemed illegal under host country (i.e. national) laws or regulations, international conventions and agreements, or subject to international phase-out or bans, such as:
    a. Products containing polychlorinated biphenyls (PCBs);
    b. Pharmaceuticals, pesticides, herbicides and other hazardous substances subject to international phase-outs or bans[18];
    c. Ozone-depleting substances subject to international phase-outs regulated by the Montreal Protocol[19];
    d. Wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)[20]; and
    e. Transboundary trade in waste or waste products as defined by the Basel Convention[21];
vii. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
viii. Production or trade in wood or other forestry products other than from sustainably managed forests;
ix. Production or trade in alcoholic beverages (excluding beer and wine), tobacco or drugs;
x. Unsustainable fishing methods, including blast-fishing, drift-net fishing or trawling in the marine environment, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;

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[14] Forced labour is work exacted under the threat of penalty and for which the worker has not offered himself or herself voluntarily. It can involve threats of dismissal or physical violence, the withholding of identity documents or wages, threats to denounce workers to immigration authorities and entangling workers in fraudulent debt.

[15] Child labour includes: (i) labour below the host country's minimum age of employment; and (ii) any other work that may be hazardous, may interfere with a child's education, or may be harmful to a child's health or physical, mental, spiritual, moral or social development. If national laws or regulations provide for employment of children at least 16 years (in line with ILO's 1973 Minimum Age Convention), on the condition that their health, safety and morals are fully protected, and they have received adequate instruction or vocational training in the relevant branch of activity, then child labour means employing children for work that does not comply with these laws and regulations.

[16] This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

[17] Relevant international conventions include the: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; and Convention on Biological Diversity.

[18] Relevant international conventions include the: United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; and WHO Classification of Pesticides by Hazard. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at http://www.pic.int.

[19] A list of the chemical compounds regulated by the Montreal Protocol, together with details of signatory countries and phase- out target dates, is available from UNEP.

[20] A list of CITES species is available from the CITES secretariat.

[21] See http://www.basel.int.

xi. Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit;
xii. Production of, trade in or use of unbounded asbestos fibres;
xiii. All mining, mineral processing and extraction activities;
xiv. Production or trade in radioactive materials;[22]
xv. Gambling, casinos and equivalent enterprises, trade related to pornography orprostitution;
xvi. Contribute to money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion;
xvii. Production and distribution, or investment in media that are racist, antidemocratic orthat advocate discrimination against an individual, group or part of the population;
xviii. Activities prohibited by host country legislation or other legally binding agreements regarding genetically modified organisms (GMOs);
xix. Production of or trade in palm oil unless from growers and companies with internationally recognised certification[23], or undergoing certification[24]
xx. Production of soy in the Amazon region or trade in soy produced in the Amazon region, unless from growers with internationally recognised certification[25]
xxi. Shipment of oil or other hazardous substances in tankers, which do not comply with IMO requirements.
xxii. Production and distribution of ammunition and weapons, and weapons carriers.
xxiii. Investments into search, extraction, production, distribution, processing and promotion of fossil fuels (coal, oil, natural gas and peat).
xxiv. Activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist.
xxv. Biofuel projects if they are:
    a. Based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value;
    b. Using a feedstock for production of liquid biofuels, where the overall climate and development benefits would be higher by using the same feedstock unprocessed for, e.g., direct combustion in a co-generation plant.
    c. Using solid biomass fuels from forests, planted or natural, having a carbon cycle incompatible with the Paris Agreement.
    d. First generation biofuel projects with production area over 75ha.

[22] This does not apply to the purchase of medical or veterinary equipment, quality control (measurement) equipment and any similar equipment where the radioactive source is trivial and/or adequately shielded.
[23] For example Round Table on Sustainable Palm Oil (RSPO)
[24] This includes growers and companies that have initiated such certification process
[25] For example Round Table on Responsible Soy Association (RTRS)