REPUBLIC OF IRAQ
Ministry of Finance (MoF)
The Implementing Entity

German Corporation for International Cooperation GmbH Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ
(CARP)

P174273
Environmental and Social Management Framework (ESMF)

Updated May 05, 2022

Abbreviations and Acronyms

ASHRI-2	Advanced Survey of Hydrogeological Resources in Iraq
BP	World Bank Procedures
CARP Project	Coronavirus Disease 2019 Adaptation and Recovery Pilot Project: Supporting Firms Resilience, Access to Finance and Growth in Iraq
CBI	Central Bank of Iraq
Constitution	Article 117 of the 2005 Constitution of Iraq
Convention	Convention 183 – Maternity Protection Convention, 2000
COVID-19	Coronavirus Disease 2019
CSOs	Civil Society Organizations
E-waste	Electronic Waste
E&S	Environmental and Social
EHS	Environmental, Health and Safety
EIC	Engineering Inspection Committee
EPID	Environment Protection and Improvement Directorate
ESF	Environmental and Social Framework
ESHS	Environmental, Social, Health and Safety
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESCP	Environmental and Social Commitment Plan
ESS	Environmental and Social Standards
GAP	Gender Action Plan
GBV	Gender-based violence
GDP	Gross Domestic Product
GIIP	Good International Industry Practice

GIZ	German Corporation for International Cooperation GmbH Deutsche Gesellschaft für Internationale Zusammenarbeit
GOI	Government of Iraq
GM	Grievance Mechanisms
GRS	Grievance Redress Service
I3RF	Iraq Reform, Recovery and Reconstruction Fund
IDPs	Internally Displaced Persons
IEA	International Energy Agency
IIA	Iraqi Innovation Alliance
ILO	International Labor Organization
IMFN	Iraqi Microfinance Network
IPF	Investment Project Financing
IQD	Iraqi Dinar
ISIL	Islamic State of Iraq and the Levant
ISIS	Islamic State of Iraq and Syria
KPI	Key Performance Indicator
KRG	Kurdistan Regional Government
KRI	Kurdistan Region of Iraq
LMP	Labor Management Procedure
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MF	Microfinance
MFIs	Microfinance Institutions
MGF	Mashreq Gender Facility
MOF	Ministry of Finance

MOP	Ministry of Planning
MoU	Memorandum of Understanding
MSMEs	Micro Small and Medium Enterprises
NGO(s)	Non-Governmental Organization(s)
OHS	Occupational Health and Safety
OP	Operational Policies
PIE	Project Implementing Entity
PM	Particulate Matter
PMT	Project Management Team
POM	Project Operation Manual
PDO	Project Development Objective
SEP	Stakeholder Engagement Plan
SGBs	Small and Growing Businesses
SMEs	Small and Medium Enterprises
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
US$	United States Dollar
WB	The World Bank
WeFi	Women Entrepreneurs Finance Initiative
WHO	World Health Organization

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Executive Summary

This document presents an Environmental and Social Management Framework (ESMF) for the Coronavirus Disease 2019 ("COVID-19") Adaptation and Recovery Pilot Project: Supporting Firms Resilience, Access to Finance and Growth in Iraq (the "CARP Project" or the "Project"). The proposed Project is aimed at supporting the resilience of viable Micro Small and Medium Enterprises ("MSMEs") and the sustainability of their intermediaries in the aftermath of the COVID-19 pandemic. To realize the Project in a pragmatic manner, this ESMF fully examines and addresses the steps involved in identifying and mitigating the potential Environmental and Social ("E&S") impacts.

The Project Development Objective ("PDO") is to test the effectiveness of selected financial and firm-level interventions in providing liquidity, building capacity for targeted small and growing businesses, and mobilizing private investment. The objective will be measured by the following indicators:
1. 1,360 MSMEs receiving financing through the project (disaggregated by gender);
2. Up to 4 financial intermediaries improving their operations;
3. 135 beneficiary MSMEs adopting a new business solution or product (disaggregated by gender); and
4. United States Dollar ("US$") 4.35 millions of private capitals mobilized through the project.

By meeting the PDO and achieving the above indicators, the project is expected to limit firms' closures, protect employment, help firms recover their revenues, and stimulate innovation in COVID-19 related sectors. The Project will also increase participating firms' and entrepreneurs' resilience and their access to liquidity (grants, microfinance, investment) and digitization opportunities (fintech, tech adoption, consumer internet access, digital enterprise solutions) to avoid persistent negative effects of COVID-19 on the private sector.

The key beneficiaries to receive financial and non-financial support in the proposed Project will be MSMEs that currently do not have access to the traditional banking sector. This includes private firms, micro, small and medium formal firms as well as Small and Growing Businesses ("SGBs"), a subset of Small and Medium Enterprises ("SMEs") which are small businesses with innovative, scalable business models and significant potential for growth. Critical MSMEs intermediaries will also benefit from Project activities. This includes Microfinance Institutions ("MFIs"), business development services providers, and early-stage investment programs (such as angel networks and seed/early-stage funds managers) who have traditionally had minimal access to finance. The Project can also leverage their expertise and capital to contribute to achieving the PDO.

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The Project will consist of the following 4 main components:

Component 1: Financial Inclusion (US$ 4 Million)

This component will support the strengthening of MSME finance in Iraq, with a particular focus on providing liquidity support to MFIs on the one hand and strengthening the legal and regulatory framework governing MSME finance in Iraq on the other. Two main interventions are being considered i) short-term liquidity support to the private sector through direct funding to eligible MFIs in the form of grants; and ii) supporting the Central Bank of Iraq ("CBI") to develop Microfinance ("MF") guidelines, establish and operationalize a MF unit with a focus on strengthening its institutional infrastructure.

Component 2: SME Support Measures (US$ 9.1 Million)

This component aims to support the strengthening of the SME sector in Iraq, with a particular focus on SGBs, a subset of SMEs which is key to providing quality employment opportunities and solutions to critical development challenges in Iraq. Two main interventions are being considered: i) enhancing SME capabilities and resilience through blended learning, vouchers, and matching grants; and ii) catalyzing private investment into Iraqi SGBs through ecosystem support grants.

Component 3: Project Management (US$ 1.9 Million)

This component will finance project management costs over the project life. German Corporation for International Cooperation GmbH Deutsche Gesellschaft für Internationale Zusammenarbeit ("GIZ") will be the Project Implementing Entity ("PIE"). Costs of the PIE include management and consultancy fees and operations and administrative costs for the management and supervision of the project activities. Project funds will also support the PIE and public stakeholders' costs.

Component 4: Contingent Emergency Response Component

This component is a contingency component to be considered in the case of a relevant emergency event, as it is currently unfunded.

Several E&S risks are expected as a result of the Project which was given an overall risk rating of Moderate and Substantial, respectively. Given that the Project will not direct or indirectly finance small works, nor require the construction of infrastructure to facilitate the implementation, the environmental risks are i) predictable and expected to be temporary and/or reversible, ii) low in magnitude, and iii) low probability of serious adverse effects to human health and/or the environment. On the other hand, the social risks are more apparent and can range in magnitude. This is expected as a result of weak capacity of MFIs and the current economic and political situation in Iraq that creates a difficult and unstable business environment. The following is a summary of specific impacts and risk that will potentially arise from the Project, as well as its mitigation measures:

<u>Potential Environmental Risks and Impacts</u>

External Environmental Key Challenges
- Extreme drought events could disrupt business continuity
- Absence of reliable electrical power sources that would disrupt business continuity
- Absence of modern, efficient waste handling and disposal infrastructure
- Unreliable water supply can lead to poor sanitation, further resulting in transmission of diseases that may disrupt business continuity
- Water scarcity may lead to business interruption
- Impacts of climate change: including frequency of dust storms, lead to increase in epidemiological outbreaks e.g. water-borne or vector-borne diseases

Potential Environmental Impact
- Improper management and use of alternative electrical power sources, such as electric generators
- Improper management and disposal of solid waste stemming from business operations
- Improper management and disposal of end-of-life-equipment stemming from the business and the Project activity

Environmental Mitigation Measures
- Investigate the potential to invest in renewable energy generation
- Maintenance of electrical appliances to ensure efficiency
- Invest in a backup generator in the event of a power outage
- Train employees in proper ways to use generators and other electrical appliances:
  - Perform energy saving practices at the office
  - Implement energy efficient lighting system and use energy efficient bulbs
  - Adopt timer or plug load controller
  - Only use equipment when necessary and required
  - Adopt appliances and servers with energy labels
- Implement office waste management plan
  - Develop tracking log to monitor incoming and outcoming waste
  - Train employees in proper ways to dispose of waste and dedicated waste disposal area
  - Set-up designated areas for recycling bins affixed with clear signs
- Source licensed recycling contractors or outlets for the removal, transportation and disposal of waste and e-waste.
- Conduct water supply/accessibility research and analysis on prospective office location(s)
- Install rainwater collection system technology to collect and store rainwater

- Explore innovative solutions on water generations, such as atmospheric water generation with solar power
- Establish workplace procedures to respond to dust storms events and epidemics

Potential Social Risk and Impacts

- Poor labor working conditions
- Hiring of unskilled and unqualified labor
- Exclusion of vulnerable/ disadvantaged groups and/or by unconscious discrimination
- Risk of hiring child and forced labor
- Risk of gender-based violence in the workplace
- Risk of data security breach that leads to the theft and exposure of confidential information and theft of intellectual property
- Exposure to workplace office hazards including fire hazards, equipment malfunction, electrocution, slippage and falling
- Risk to labor other than OHS such as from unlawful actions by employer, injury in the workplace mainly electrocution
- Lack of access to international markets for growth and development
- Bribery, exploitation and unethical business behavior from political corruption
- High cost and time to set-up a business due to opaque regulatory environment
- Lack of consumer protection regulations for financial services
- Social community conflict and insecurity (e.g. poor social cohesion and fatalities due to conflict)
- Health risks of transmission of COVID-19 in the workplace
- Impact on labor income through the loss of earnings due to sickness, reduced hours and/or lower salaries, or unemployment
- Decrease demand on selected good and services
- Insufficient access to treatment and healthcare
- Service disruptions, such as the closure of schools and associated school feeding programs, a lack of access to public health-care facilities as a result of COVID-19 pressures, and disruptions in the mobility required to access services due to lockdowns
- Lack of protection of worker's basic rights and lack of free speech (clashing of company's morals and values with the state's)

Social Mitigation Measures

- Adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting
- Maintenance of a high standard of housekeeping at all times
- Conduct thorough hiring checks that considers the individual's education qualification and past work experience

- Establish an equal opportunity hiring process that does not discriminate based on sex, nationality, marital status, disability or religious belief
- Maintain an employee tracker log
- Employment contract to include a clause that ensures that child and forced labor are not hired
- Abide by specific Iraqi labor laws determining the minimum wage and minimum working age for children and to comply with working conditions and hour
- Identification verification checks during recruitment such as Iraqi identity cards and address proof
- In-house rules and policies that prevents hiring of child and forced labor
- Avoid hiring "at the gate" to discourage spontaneous influx of job seekers
- Establish whistle-blowing mechanism and channels that and is made known to employees
- Train all employees on GBV risks, the applicable laws and regulations, and what type of behaviors are inappropriate for work
- Ensure that management and security staff are adequately trained to identify and eradicate all forms pertaining to GBV
- Introduce strict sanctions (i.e. dismissal) for workers involved in any form of abuse, inappropriate behavior or GBV
- Implement policies detailing systematic approaches to safeguard information using company supplier computer resources including, back up procedures, user account management, software and network access controlling mechanisms.
- Explore possibility on placing encryption technology is employed for sensitive data transmission
- Conduct training to be familiarized with the location of fire alarms, fire-fighting equipment, fire escape route and emergency response protocols.
- Safety equipment including first-aid boxes, earmuffs and trolleys for heavy goods are made accessible in the workplace.
- Place appropriate signs and instructional banners within the site to inform workers of key rules and regulations to follow
- Materials and equipment are tidily stacked, organized and covered where necessary
- Workers to abide by a Code of Conduct
- Establish and implement a GRM for any internal or external complaints

In addition to the specific mitigation measures established for these E&S risks, appropriate risk management mechanisms have been developed aimed at addressing issues that may arise during the Project implementation phase. The risk management mechanisms consist of a stakeholder consultation process, Grievance Mechanism ("GM"), Chance Finds Procedures, Labor Management Procedure ("LMP"), as well as a Gender Action Plan ("GAP").

<u>Stakeholder Consultation</u>

Stakeholder consultation throughout the Project is crucial to integrate opinions and concerns into alternative arrangement and mitigation measures. During the project preparation, consultation meetings were conducted by engaging over 200 different stakeholders. A final high-level consultation of 20 selected organizations, representative of the diversity of all previously consulted stakeholders, took place online, through a survey, e-mail feedback and a virtual consultation session. The virtual public consultation was conducted on 16th of November 2020 to gather opinions regarding the Project setup. In addition, concerns were also received through survey and e-mail feedback. The main points raised included the need for adequate support to the CBI for setting up a Microfinance Unit (as foreseen under Component 1.2 of the CARP), the active consideration of the Kurdish Region (related to different regulations or understandings of regulations applicable to MFIs), the engagement of "actually" interested SMEs in Capacity Development efforts and the clarification of details with regard to the grant schemes. Overall, the stakeholders expressed a very clear understanding of the planned project and confirmed the CARP to have the potential to achieve the planned Impact in its current form. According to the online survey conducted 72% of the participants rated the CARP project and feasible. Moreover, 81.8% were positive about the fact that all relevant areas of supporting firm's resilience, non-bank access to finance and growth are being addressed through the project.

Of particular importance, vulnerable groups were identified as relevant as they do not often have the channels to raise their concerns, which includes unemployed women, young jobseekers, low-income population and Internally Displaced Persons ("IDP"). Proposed stakeholder engagement strategies have been developed for maximum engagement throughout the project life cycle, including the enhancement of existing institutional structure headed by CBI, formation of an Iraqi Microfinance Association, collaboration with Iraqi Innovation Alliance ("IIA") and the Iraqi Microfinance Network ("IMFN").

The speed and urgency with which this project has been developed to meet the growing threat and consequences of COVID-19 in the country has limited the project's ability to develop a complete Stakeholders engagement plan. Due to the proven efficiency and effectiveness of virtual consultation meeting, it is planned to hold similar consultation meetings throughout the project on a bi-annual basis. The participants invited to these meetings shall vary in order to allow as many stakeholders to engage as possible. In addition, we foresee to hold topic/component specific consultation meetings, with the group of stakeholders relevant to that specific component.

In addition to the planned virtual consultation meetings with different stakeholders on a regular basis, other stakeholder engagement strategy will be applied. GIZ will follow an approach that allows to tap into different existing networks, which ensures the engagement of the largest number of diverse stakeholders as possible as well as avoids recreating on-top mechanisms, which will disappear once the project finishes.

A virtual consultation meeting with Iraqi MFIs also took place on April 7th 2021. During this meeting the E&S standards and the related processes were discussed. Moreover, the exclusion list was presented, which will allow the MFIs to avoid risks that cannot be effectively

managed by microenterprises as well as reputational risks for the MFIs themselves. Furthermore, the list will help MFIs to avoid sectors or products that might be too difficult and sensitive to be managed by them. During the consultation, the reporting procedures were also presented as well as the importance of reporting for the MFIS, GIZ and the World bank in order to manage reputational risks, maintain a good relationship between all parties and comply with contractual arrangements. Moreover, it was agreed that the MFIs will designate a representative of MFI's senior management for accountability and implementation that will get trained in order to get a better understanding of these issues.

During the Q&A sessions, the participating MFIs have raised questions regarding the geographical areas that will be covered by the project. It has been recalled that the project was developed as a direct response to the Covid-19 crisis. After assisting the SMEs in the aftermath of the crisis, there will be a possibility to target new geographic areas. Moreover, several examples of products that cannot be financed according to the exclusion list were presented and discussed.

Grievance Mechanism

The Project will establish and maintain the GM throughout its operation to provide channels and processes for stakeholders, including potential beneficiaries and communities to file their grievances and seek resolution with no intimidation or coerciveness. These channels will be communicated to all stakeholders and laborers through communication campaigns and training sessions. Dedicated grievance measures have also been created for laborers to report on Gender-based Violence ("GBV") concerns. Other grievances that might arise include occupational health and safety ("OHS") risks, poor labor working conditions, disputes over breach of contract, discrimination, inappropriate and unfair treatment by staff, sexual harassment, sexual exploitation and abuse, incomplete or no service and use of person data without consent.

Labor Management Procedure

The purpose of the LMP is to facilitate the planning and implementation of the Project by identifying the main labor requirements, the associated risks and to determine the resources necessary to address the Project-related labor issues. Upon highlighting the key labor legislations in Iraq, potential labor risks were identified, including but not limited to unfair or unclear contract terms and conditions regarding wages, overtime, compensation, benefits and working hours; occupational health and safety risks; child or forced labor and hiring of unskilled or unqualified labor, among others. Subsequently, relevant policies, procedures, terms and conditions were drafted, and the key personnel responsible for implementing said items were identified.

Gender Action Plan

With an aim to promote opportunities, drivers of change and positive gender dynamics, the GAP ensures the integration of a consistent gender-perspective in the CARP Project. It contains specific gender elements to be considered in the Project lifecycle and helps to monitor the implementation of gender-related measures and activities.

Procedures for Implementation of the ESMF

To identify businesses eligible for the financial scheme, a robust screening process will be conducted to all applicants. This screening checklist is in accordance with GIZ's Safeguards+Gender Management System (refer to ANNEX 3), a tool that ensure that all E&S aspects are systematically considered both strategically and operationally in the Project, as well as the exclusion list developed by WB (refer to ANNEX 4), that classified 14 areas of business involvement that are exempted from funding. The scoring system within the screening checklist requires officials to provide detailed and comprehensive description of the risk and impacts, as well as the extent to which the activities of the subprojects are dependent or independent of these criteria. In cases where the justification or explanation from the official assessment is deemed insufficient, the official(s) responsible for the assessment may be required to undergo an interview process that gathers a deeper understanding of both parties' perspective on E&S risks.

Continuous Monitoring

On a quarterly basis, GIZ is responsible for preparing an Environmental and Social Safeguards Monitoring Report throughout the Project implementation phase. These regular monitoring reports on Environmental, Social, Health and Safety ("ESHS") performance of the Project with aggregate data on number of subproject applications received, number of subprojects assessed according to the ESMF framework, number of subproject eligible after assessment, and total ratio of subproject based on scoring category and total amount of funding based on scoring category. Throughout the lifecycle of the Project, a monitoring and evaluations ("M&E") specialist will be responsible for facilitating the main monitoring activities to regulate and track the progress of ESMF implementation into the sub-projects. Focus will be paid to the reporting of incidents/ accidents, regulatory compliance issues, implementation of the GM, facilitation of stakeholder engagement, implementation of E&S program during the operation phase and provision of respective recommendations, and training awareness activities.

Budget for Project Implementation

A preliminary cost estimate for the implementation of sub-project specific ESMF has been proposed. The total budget for the implementation of the ESMF project is estimated to be USD$ 40,000. The budget includes cost of research and impact assessment, proposal of mitigation measures, capacity building trainings, preparation and audit of quarterly and annual E&S monitoring reports, as well as contingency cost.

1.0 Introduction

1.1 Purpose and Objectives of the ESMF

The Environmental and Social Management Framework ("ESMF") is an instrument that examines the risks and impacts when a project consists of a program and/or series of subprojects, and the risks and impacts cannot be fully determined until the program or subproject details have been identified. The purpose of this particular ESMF is to ensure that works carried out under the Coronavirus Disease ("COVID-19") Adaptation and Recovery Pilot Project: Supporting Firms Resilience, Access to Finance and Growth in Iraq (P174273) ("CARP Project" or the "Project") fully addresses the ways in which Environmental and Social ("E&S") impacts can be avoided and minimized, and where they cannot be avoided, the ways in which the impacts are adequately mitigated.

The objective of this ESMF is to develop an E&S management process that can serve as a practical tool to ensure that all E&S aspects are duly considered during the Project lifecycle, including formulation, design, planning, implementation and monitoring phases. It describes the steps involved in identifying and mitigating the potential E&S impacts of the Project and guarantees that all relevant institutional capacity building and training needs are established for effective implementation of the mitigation measures outlined in the ESMF. The detailed objectives of the ESMF are as follows:

- To address E&S concerns during the identification, design and implementation phases of all project interventions in order to ensure that they are environmentally sustainable and socially feasible;
- To ensure compliance with national laws and regulations, and WB requirements;
- To establish clear procedures and methodologies for the E&S planning, categorization and typology, review, approval and implementation of sub-projects to be financed under the Project;
- To specify appropriate roles and responsibilities and to outline the necessary reporting procedures for managing and monitoring E&S concerns related to sub-projects;
- To determine the training, capacity building and technical assistance needed to successfully implement the provisions of the ESMF;
- To establish the Project funding required to implement the ESMF requirements; and
- To identify practical resources for implementing the ESMF.

1.2 Rationale of the ESMF

In order to achieve these objectives, this ESMF sets out the principles, guidelines and procedures required to assess the E&S risks and impacts of the CARP Project. It contains

measures and plans to reduce or mitigate adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information about the agencies responsible for addressing project risks and impacts. It also includes adequate information about the area(s) in which parts of the Project are expected to take place, including any potential E&S vulnerabilities of such locations, as well as the potential impacts that may occur or the mitigation measures that should be adopted. Not only is this ESMF intended to certify compliance with the relevant E&S policies, laws and regulations of Iraq and the WB Environmental and Social Standards ("ESS"), but also to ensure that the proposed Project will be environmentally and socially sound and sustainable.

As outlined in the ESMF objective, the ESMF will provide the necessary background research for all E&S considerations, a checklist of potential issues derived from project activities to be considered and built into the design of the Project, as well as step-by-step procedural guidelines on the screening of subprojects and preparation of site-specific plans. This ESMF will serve as the reference guide for all E&S issues related to the CARP Project and will be reviewed and updated, in the event of changes in project design and activities, updates, or project restructuring.

2.0 Project Context and Description

The World Health Organization declared COVID-19 outbreak as a pandemic in March 2020[1]. Originating from Wuhan, Hubei Province, China, the pandemic has rapidly spread to over 210 countries and territories and currently emerges as a global health crisis. As of 11 March 2022, the outbreak has resulted in over 480 million cases and 6 million deaths worldwide[2].

The consequences of the COVID-19 pandemic are especially severe for populations living in fragile countries where health systems, government structures and social safety nets are weak. In fragile contexts, such as Iraq, the impacts of COVID-19 both highlight and deepen social inequalities, particularly hitting vulnerable populations such as the poor, the refugee population and private sector enterprises. The COVID-19 outbreak is stressing an already strained healthcare and private sector and setting back Iraq's efforts in its fight against poverty. This is coupled by the fact that the country is undergoing high levels of conflict and a drop in oil revenues, which will further devastate livelihoods, raise prices, disrupt essential services such as education and health care, increase extreme poverty, and severely damage the broader macroeconomic environment[3]. As of 30 March 2022, there have been 2,318,865 confirmed cases and 25,160 associated deaths in Iraq[4].

The proposed CARP Project aims to test the effectiveness of selected financial and firm-level interventions in providing liquidity, building capacity for targeted small and growing businesses, and mobilizing private investment. It is aimed at supporting the resilience of viable Micro Small and Medium Enterprises ("MSMEs") and the sustainability of their intermediaries in the aftermath of the COVID-19 pandemic. Mobility restrictions, liquidity pressures and uncertainty have had a devastating effect on private sector livelihoods, particularly for unbanked private firms and micro and small formal firms. The proposed approach is to therefore focus on firms' recovery from COVID-19 on the one hand, while laying the foundations for a much larger growth program around financial inclusion and SME-support measures on the other hand. The design and implementation of the Project will be further informed or complemented by the ongoing work under the Iraq Reform, Recovery and Reconstruction Fund ("I3RF") bank-executed Financial and Private Sector Technical Assistance.

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[2] World Health Organization. (2022). WHO Coronavirus (COVID-19) Dashboard. Retrieved from: https://covid19.who.int

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2.1 Project Components

The CARP Project is comprised of the following components:

Component 1: Financial Inclusion (United State Dollar ("US$") 4 Million)

This component will support the strengthening of MSME finance in Iraq, with a particular focus on providing liquidity support to Microfinance Institutions ("MFIs") on the one hand and strengthening the legal and regulatory framework governing MSME finance in Iraq on the other. Two main interventions are being considered i) short-term liquidity support to the private sector through direct funding to eligible MFIs in the form of grants; and ii) supporting the CBI to develop guidelines for Non-Banking Financial Institutes (NBFI), establish and operationalize a NBFI unit with a focus on strengthening its institutional infrastructure.

Component 2: SME-Support Measures (US$ 9.1 Million)

This component aims to support the strengthening of the SME sector in Iraq, with a particular focus on Small and Growing Businesses ("SGBs"), a subset of Small and Medium Enterprises ("SMEs") which is key to providing quality employment opportunities and solutions to critical development challenges in Iraq. Two main interventions are being considered: i) enhancing SME capabilities and resilience through blended learning, vouchers, and matching grants; and ii) catalyzing private investment into Iraqi SGBs through ecosystem support grants.

Component 3: Project Management (US$ 1.9 Million)

This component will finance project management costs over the Project life. German Corporation for International Cooperation GmbH Deutsche Gesellschaft für Internationale Zusammenarbeit ("GIZ") will be the PIE. Costs of the PIE include management and consultancy fees and operations and administrative costs for the management and supervision of the Project activities. Project funds will also support the PIE and public stakeholders' costs for the following: training and capacity building activities; marketing; conducting assessments and analysis; setting up a coordination mechanism among related national and international programs; outreach specifically to the regions (website, conferences); citizen engagement activities; monitoring and evaluation; safeguards monitoring and review; legal; accounting, auditing, and financial management.

Component 4: Contingent Emergency Response Component

This component is a contingency component to be considered in the case of a relevant emergency event, as it is currently unfunded.

3.0 Legislative and Institutional Framework

This section highlights all WB and National requirements that are anticipated to be relevant to the Project.

3.1 The World Bank's Environmental and Social Framework

Since October 2018, all WB funded Investment Project Financing ("IPF") operations are required to follow the Environmental and Social Framework ("ESF"), as a means of better managing E&S risks of projects and improving development outcomes. The ESF consists of ten ESS, which sets out the E&S requirements and responsibilities of the borrowers throughout the life cycle of the Project, including the identification and assessment of E&S risks and impacts associated with the Project.

The Bank has undertaken an initial screening of the proposed Project activities to determine the Environmental and Social Risk Classification of the Project and to identify the specific ESS that are relevant to the Project. Based on the initial screening, the Environmental risk is rated as Moderate, while the Social risk is rated as Substantial. The overall Environmental and Social Risk of this Project is rated as Substantial. The initial screening process has also established that six of the ten ESSs are relevant to this Project. The relevant ESSs and their objectives are given below. The requirements for each ESS can be found in the respective Guidance Notes at https://www.worldbank.org/en/environmental-and-social-framework/environmental-and-social-standards.

Table 2: The World Bank ESS Relevant to the Project

ESS	Objectives
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	● Sets out the Borrower's responsibilities for assessing, managing and monitoring E&S risks and impacts associated with each stage of a project supported by the WB through IPF, in order to achieve E&S outcomes consistent with the ESS.
ESS2: Labor and Working Conditions	● Recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the Project fairly and providing safe and healthy working conditions.

ESS3: Resource Efficiency and Pollution Prevention and Management	● Recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. This ESS sets out the requirements to address resource efficiency and pollution prevention and management throughout the Project life cycle.
ESS4: Community Health and Safety	● Addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.
ESS9: Financial Intermediaries	● Recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth, and poverty reduction. The Bank is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.
ESS10: Stakeholder Engagement and Information Disclosure	● Recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the E&S sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

3.2 The World Bank Environmental, Health and Safety Guidelines

In addition to the relevant ESS, the WB Environmental, Health and Safety ("EHS") Guidelines are also relevant to this Project. The EHS Guidelines are technical reference documents with general and industry-specific examples of Good International Industry Practice ("GIIP") and contain the performance levels and measures that are normally acceptable to the WB. The General EHS Guidelines are designed to be used together with the relevant Industry Sector EHS Guidelines which provide guidance to users on EHS issues in specific industry sectors. A complete list of industry-sector guidelines can be found at www.ifc.org/ehsguidelines.

The relevant General EHS guidelines are listed below:

Table 3: The World Bank General EHS Guidelines Relevant to the Project

Topic	General EHS Guidelines
Environmental	• Air Emissions and Ambient Air Quality • Energy Conservation • Wastewater and Ambient Water Quality • Water Conservation • Waste Management
Occupational Health and Safety ("OHS")	• General Facility Design and Operation • Communication and Training • Personal Protective Equipment • Monitoring
Community Health and Safety	• Water Quality and Availability • Life and Fire Safety • Traffic Safety • Disease Prevention • Emergency Preparedness and Response

3.3 National Legislations and Regulations

National legislation and regulations in Iraq address the majority of the potential E&S issues associated with the Project. This section will highlight the key national legislation and regulations in Iraq that are material to the Project.

It shall be noted that in addition to the Iraqi legislations, this section will also touch upon legislations in the Kurdistan Region of Iraq ("KRI"). According to Article 117 of the 2005 Constitution of Iraq ("Constitution"), it recognizes the KRI as a federal region, while Article 53 of the Transitional Administrative Law (2004) ("TAL") states that the Kurdistan Regional Government ("KRG") was recognized as the official government of the governorates of Diyala, Duhok, Erbil, Kirkuk, Nineveh, and Sulaymaniyah. Article 54 of the TAL further stipulates that the KRG had the right to continue to perform its current functions, including its right to exercise executive, legislative, and judicial powers in accordance with the Constitution, except with regard to those powers which fall within the exclusive competence of the federal government. According to Human Rights Watch, in general, the effectiveness in terms of law enforcement in the KRI is higher compared to south and central Iraq.

3.3.1.　　　General Environmental Legislation

Law No.27 of 2009 on the Protection and Improvement of the Environment aims to protect and improve the environment and natural resources, by preserving public health, biodiversity and cultural and natural heritage, and by encouraging sustainable development and international and regional cooperation. The Law establishes a Council for the protection and improvement of the environment by referring to the Ministry of Environment and cooperating with other Ministries. The Law also sets forth provisions for the regulation of air pollution and noise reduction; earth protection; biodiversity protection; management of hazardous waste; protection of the environment from pollution resulting from exploration and extraction of oil wealth and natural gas; establishment of an environmental protection fund; rewards; compensation for damages; and penal provisions.

An environmental protection and improvement law has also been established in the KRI, namely Law No. 20 of 2008. This Law, consisting of 48 Articles and divided into five sections, aims at protecting and preserving the environment, particularly considering the problems of urban expansion and population increase and lack of awareness among the population. Main objectives of the Law are: maintaining the environment of the region, protecting, improving and preventing it from pollution; protecting the environment and public health from dangerous activities and harmful works; maintaining and developing the natural resources and rationing their utilization; making the environmental policy a part of general development planning; raising the level of environmental awareness, and establishing individual and community responsibility to environmental protection. To achieve these objectives, rules of protection and improvement of the environment are provided by the Law, banning possible pollutants, radioactive, hazardous and harmful substances, in the following fields: water (surface, ground, and drinking water), air (including noise level), soil, biodiversity, recycling of the wastes and dangerous substances, pesticides and chemical compounds. An Environmental Protection and Improvement Fund in the Region together with an Environmental Protection and Improvement Council in the Region is also required to be established under the Law.

3.3.2.　　　Water

Article 3 of Law No.2 of 2001 stipulates that it is prohibited to discharge or throw any kind or amount of waste into public waters irrespective of the entity (public and private). Entities are prohibited from discharging wastes, unless they obtain an approval to discharge wastes as per the criteria and specifications set out by the Environment Protection and Improvement Directorate ("EPID"). In addition, Article 4 prohibits discharging any polluted items, including toxic or radiated materials, into public waters, while Article 5 authorizes the EPID to issue environmental regulations and restrictions pertaining to the quality of public water as well as the quality of water discharged into public water, sewage systems, or rainwater.

3.3.3.   Hazardous Substances and Wastes

Law No. 27 of 2009 provides provisions for the handling of hazardous substances and wastes and stipulates that they should conform to international standards and best practices. Furthermore, consisting of 5 Articles, instruction No. 2 of 2014 aims at protecting the urban environment by organizing the management of hazardous wastes. The instruction stipulates that the Ministry of Municipalities and Public Works and the Municipality of Baghdad are responsible for collecting and transporting waste materials in places for treatment and disposal; for creating the necessary supplies and equipment; for identifying appropriate locations and the development of containers to throw municipal waste; for distributing of special bags for waste producers; and for identifying waste collection dates. The Ministry and Municipality will also need to decide how to treat reusable materials. Special provisions are further established for waste weighing more than 50 kg and for farms owners and investors in farming.

3.3.5.   Occupational Health and Safety

Labor Law No.37 of 2015 and Ministerial Instruction No.12 of 2016: Occupational Health and Safety Requirements Regulations are the main OHS legislation. They govern employment relationships in most of the country, however, in the KRI, Law No. 71 of 1987 remains in force, as Law No. 37 of 2015 is pending its endorsement by the local Parliament of the KRI.

Law No. 37 of 2015 highlights the rights, duties and commitments of employers and employees. Containing 18 chapters and 171 Articles, its purposes are to protect and support both the work force and employers; to help workers find appropriate work through training; to help employers recruit the right workers for the right job; to protect Trade Unions and Workers Associations; and to organize foreign workers who are interested in working in Iraq.

The Law regulates the health and safety of employees and stipulates that the National Center of Occupational Health and Safety is to oversee the planning and inspecting the implementation of health affairs, in a manner that guarantees the safety of employees at work sites from occupational diseases and injuries. Notably, the Law prohibits all types of compulsory and child labor and any discrimination or harassment, whether direct or indirect. Article 6, chapter 3 of the Law states that the minimum age for employment is 15 years old. However, Iraq is also signatory to the 1989 International Convention on the Rights of the Child, which defines everyone under the age of 18 as a child who must have special protection and care.

Instruction No.12 of 2016 states that a committee shall be established at the National Center for Occupational Health and Safety, called the Engineering Inspection Committee ("EIC"). The EIC shall include the objectives stipulated in Article 115 (2) of Law No. 37 of 2015. The Committee shall also be responsible for examining steam boilers, various pressure vessels,

electrical elevators, lifting tools of all types and devices, and shall grant an annual inspection certificate.

3.3.6. Women Employment

Chapter 10 of the Iraqi Labor Law No. 37 of 2015 concentrates on the protection of the female worker. Crucially, the Law aims for gender equality, specifically regarding wages, hiring and working conditions. It requires employers to provide onsite childcare, and increases paid maternity leave to 14 weeks, with the option of additional unpaid leave for up to a year. Employers must also allow women workers to return to their jobs or equivalent positions. Law No. 37 further stipulates that sexual harassment and any other behavior that is offensive or results in intimidation or hostility in employment and occupation, whether at the level of job search, vocational training, recruitment or work conditions and terms is strictly prohibited.

Furthermore, in October 2019, Iraq ratified the International Labor Organization ("ILO") Convention 183 – Maternity Protection Convention, 2000 ("Convention"). The Convention applies to all employed women, whereas earlier ILO conventions applied only to industrial and commercial undertakings. Of particular note is that the Convention applies to women who are casual, temporary, part-time, sub-contractor and home-based workers, as well as self-employed and family workers. Amongst other things, the Convention prohibits a pregnant or breastfeeding woman from performing work that would pose a risk to her health or that of her child. Moreover, it calls for all employers to implement appropriate measures to ensure that pregnancy and maternity do not form a basis for discrimination in employment.

3.3.7. Human Rights

Adopted by the Transitional National Assembly of Iraq, the Constitution guarantees fundamental rights to all Iraqi citizens, including equality before the Law, equal treatment before the Law (Article 14); treatment with justice in judicial proceedings (Article 19(6)); participation in public affairs (Article 20); right to work (Article 22); and the preservation of the family, the protection of motherhood, childhood and old age, and the prohibition of child labor and violence in the family (Article 29). In particular, the Law proclaims that all Iraqis discrimination based on gender, race, ethnicity, origin, color, religion, creed, belief, opinion, or economic and social status is prohibited. The Constitution also guarantees to all Iraqis, especially women and children, social and health security, basic requirements for living a free and decent life, income and housing (Article 30), health care (Article 31), care for the persons with disabilities (Article 32), and education (Article 34).

Article 2 of the Constitution declares Islam as the official religion of the state. The Constitution stipulates that no law may be enacted that contradicts established provisions of Islam, yet the Constitution also reflects the religious and ethnic diversity of Iraq and stresses the protection of rights among different groups.

Furthermore, the Constitution also stipulates that no law may be enacted that contradicts the principles of democracy (Article 2 (1)). Currently, Iraq is a party to eight of the nine core international human rights instruments, including: the International Covenant on Civil and Political Rights (ICCPR), the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), the Convention on the rights of the Child (CRC) and its Optional Protocol on the involvement of children in armed conflict; the International Convention for the Protection of All Persons from Enforced Disappearance (ICPPED), and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT). The country has further established a Penal Code, Law No. 111 of 1969, which stipulates basic penalties for offences, including death, life imprisonment, imprisonment for specific periods, penal servitude, detention, fines, confinement to a center for young offenders and confinement to a reformatory.

4.0 Environmental and Social Baselines

This section provides a general overview of the relevant E&S characteristics of Iraq.

4.1 General Project Location

Iraq is located in the southwestern Asia region, bordered with Turkey, Islamic Republic of Iraq, Saudi Arabia, Kuwait, Jordan and Syrian Arab Republic (Figure 1). Topographically, Iraq is shaped like a basin, consisting of the Great Mesopotamian alluvial plain of the Tigris and the Euphrates rivers. This plain is surrounded by mountains in the north and the east, which can reach altitudes of 3,550 m above sea level, and by desert areas in the south and west, which account for over 40% of the land area.

Figure 1 – Map of Iraq (Source: FAO AQUASTAT 2008[5])

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[5] FAO (2008). Country Profile - Iraq 2008

Table 4: Fast Facts About Iraq

Capital City	Baghdad
Population	39,309,783[6]
Land Area	434,128 km^2
Currency	Iraqi dinar
Official Languages	Modern Standard Arabic, Kurdish
Urban Population (% of Total Population)	71[7]
Urban Population Growth (Annual %)	2.5[8]
Age Dependency Ratio (% of Working-age Population)	71[9]

4.2 Land Environment

4.2.1 Drought

Iraq has been severely affected by successive years of drought conditions, with all governorates being considered as drought prone areas. Whilst some governorates are currently experiencing droughts such as Ninewa, Salah al-Din, Kirkuk, Missan, Anbar, other governorates such as Baghdad and Basrah are considered as highly vulnerable to it. According to United Nations Educational, Scientific and Cultural Organization ("UNESCO"), major drought events occurred in 2000, 2006, 2008 and 2009[10]. Overtime, these drought events have deteriorated from normal to extreme levels with its severity projected to increase overtime. During the past 12 years, the highest drought magnitude was recorded in the governorates of Ninewa, Kirkuk, Basrah, Babil, and Diyala. The longest frequency and severity of droughts was experienced in Baghdad for the last 31 years. Overall, the frequency of

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[6] The World Bank. (2019). Population, Total - Iraq. Retrieved from: https://data.worldbank.org/indicator/SP.POP.TOTL?locations=IQ

[7] The World Bank. (2019). Urban Population. Retrieved from: https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=IQ

[8] The World Bank. (2019). Urban Population Growth. Retrieved from: https://data.worldbank.org/indicator/SP.URB.GROW?locations=IQ

[9] The World Bank. (2019). Age Dependency Ratio. Retrieved from: https://data.worldbank.org/indicator/SP.POP.DPND?locations=IQ

[10] UNESCO (2014). Integrated drought risk management—DRM—National framework for Iraq: an analysis report.

droughts was higher in western, central and southeastern parts of Iraq compared to northern and southern governorates[11].

The Ministry of Agriculture indicated that between 40-50% of what used to serve as agricultural land in the 1970s is now prone to desertification. These droughts have led to the deterioration of livelihoods through affecting water quality and quantity, undermining food security, increasing poverty and exacerbating health issues.

Extreme drought episodes that occurred between 2007-2008 greatly affected the hydropower generation in main dams of the KRI, since production depends on the pattern of precipitation and the availability of water in the Dohukan Lake and Diyala River. The expected hydropower generation losses in the coming years may result in electricity generation resorting to the combustion of fossil fuels and non-renewable resources, such as oil, gas, and coal. Hence, in a drought scenario, increase in CO_2 is expected.

4.2.2 Dust Storms

Sand and dust storms are a common meteorological hazard in arid and semi-arid regions like Iraq. As the country is directly affected by the southern and southeasterly winds between April to early June and again from late September through November, violent dust storms do occur and may rise to heights of several thousand meters[12].

4.3 Air Emissions and Air Quality

In accordance with the World Health Organization ("WHO") guidelines, the air quality in Iraq is considered unsafe. The worsening of air quality in Iraq has been linked to the continual flaring of associated and natural gas in oil fields, as well as the use of low-quality fuel in transport, power generation, and the industrial sectors, as well as emissions from industrial facilities, dust storms, open burning of waste and an increase in illegal logging[13].

The concentration of particulate matter ("PM") is a key air quality indicator since it is the most common air pollutant that affects short term and long-term health, producing symptoms such as breathing problems, chronic diseases and even premature mortality. The WHO's air quality guidelines recommend that the annual mean concentrations of PM2.5 should not exceed 10

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[11] Al-Timimi, Y. K., & Al-Jiboori, M. H. (2013). Assessment of spatial and temporal drought in Iraq during the period 1980-2010. *Int. J. Energ. Environ*, *4*(2), 291-302.

[12] Sissakian, V., Al-Ansari, N. and Knutsson, S., 2013. Sand and dust storm events in Iraq. *Journal of Natural Science*, *5*(10), pp.1084-1094.

[13] The World Bank Group. (2017). Iraq Systematic Country Diagnostic. Retrieved from:
http://documents1.worldbank.org/curated/en/542811487277729890/pdf/IRAQ-SCD-FINAL-cleared-02132017.pdf

$\mu g/m^3$. The most recent data indicates that Iraq's annual mean concentration of PM2.5 is 62 $\mu g/m^3$, which exceeds the recommended maximum[14].

Regarding greenhouse gases emissions, according to the WB, in 2016, the country emitted 190,061 kilotons of carbon dioxide[15]. Data for carbon dioxide emissions include gases from the burning of fossil fuels and cement manufacturing but excludes emissions from land use such as deforestation. In 2012, the country emitted 5,007 thousand metric tons of CO2 equivalent of nitrous oxide[16]. Nitrous oxide emissions mainly stem from fossil fuel combustion, fertilizers, rainforest fires, and animal waste.

4.4 Energy Consumption

Iraq's oil output has nearly doubled over the last decade and is currently the fifth-largest crude oil producer, despite the war against Islamic State of Iraq and the Levant ("ISIL") and turbulent oil prices. It is projected by the International Energy Agency ("IEA") that the country's oil production will grow by 1.3 million barrels a day by 2030, becoming the world's fourth largest oil producer behind the United States, Saudi Arabia and Russia. With that said, many major refineries were damaged during the war against ISIL and can only operate at a fraction of their original capacity. Furthermore, one impeding barrier for the country is the availability of water, as planned oil production will require a level of water production above what has been achieved so far.

The increase in oil production has also been met by an increase in gas production. With that said, the capacity to capture and process this gas has not kept pace as more than half of the gas that is extracted in Iraq is flared. The inability to utilize its gas riches means that the country's gas deficit has grown, and now relies on imports from Iran to meet increasing demand. Specifically, the Basrah Gas Company has made recent progress and is now capturing and processing around 10 bcm of gas per year. The IEA projects that Iraq's marketed gas production is expected to increase significantly over the next decade, from an average of 15 bcm today to almost 50 bcm by 2030.

In regard to electricity, constrained budgets and damage caused by ongoing conflicts mean that the country's supply of electricity does not meet demand needs, especially because of

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[14] International Association for Medical Assistance for Travellers. (2020). Iraq General Health Risks: Air Pollution. RetreivedRetrieved from: https://www.iamat.org/country/iraq/risk/air-pollution#:~:text=In%20accordance%20with%20the%20World,in%20Iraq%20is%20considered%20unsafe.&text=Contributo rs%20to%20poor%20air%20quality,%2C%20and%20war%2Dinduced%20pollution.

[15] The World Bank. (2016). CO2 Emissions. Retrieved from: https://data.worldbank.org/indicator/EN.ATM.CO2E.KT?end=2016&locations=IQ&most_recent_value_desc=false&start=1 960&view=chart

[16] The World Bank. (2012). Nitrous Oxide Emissions. Retrieved from: https://data.worldbank.org/indicator/EN.ATM.NOXE.KT.CE?end=2012&locations=IQ&start=2012&view=bar

greater cooling needs in the peak summer months. Thus, power outages in Iraq remain a daily occurrence for most households, as increasing generating capacity has been outrun by the increasing demand for electricity, spurred by greater cooling needs in the peak summer months.[17]

4.5 Water

Iraq is traversed by two major rivers, the Tigris and the Euphrates, both of which rise in the eastern mountains of Turkey and enter Iraq along its north-western borders. Before their convergence, the Euphrates flows for about 1,000 km and the Tigris for some 1,300 km within Iraqi territory. The Euphrates and Tigris merge in southern Iraq to form the Shatt Al-Arab, which in turn flows 190 km into the Arabian Gulf. Currently, there is a lack of formal agreement among the countries regarding riparian rights.

The alluvial plains of the Tigris and Euphrates Rivers covers more than a quarter of Iraq's surface area. Under normal conditions, the region is rich in wetlands and subject to annual flooding of up to 3 meters. The major river flow annual cycle can be divided into three major periods: i) spring flood period, February to June; ii) summer low flow period, July to October; and iii) autumn to winter rainfall period, November to February.

Iraq is highly dependent on the water resources of the Tigris and Euphrates Rivers, which supply more than half of Iraq's freshwater resources. However, as water demand is increasing exponentially due to population growth and economic development, demand is exceeding water supply, and as such, the country depends on exports from nearby countries for more than half of its water needs[18]. For more information regarding water scarcity, please see Section 4.6.1 Water Scarcity.

4.6 Resource Scarcity

4.6.1   Water Scarcity

The supply of water in Iraq is stemmed from the Shatt al Arab River. A study by Abdullah *et al.* (2015) analyzes the severe decline in water quantity and escalating levels of salinity, leading to a decrease in reliability of the water supply[19]. They conclude that the Shatt al Arab River system is under increasing pressure due to reduction in water quality and inflow quantities coming from the Euphrates, Tigris, Karkheh and Karun Rivers. Additionally, degradation of the Mesopotamian Marshlands also resulted in reduced flows to the river.

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[17] IEA. (2019). Iraq's Energy Sector: A Roadmap to a Brighter Future. Retrieved from: https://www.iea.org/reports/iraqs-energy-sector-a-roadmap-to-a-brighter-future

[18] Price, R., 2018. Environmental risks in Iraq.

[19] Abdullah, A.D., Karim, U.F., Masih, I., Popescu, I. and Van der Zaag, P., 2016. Anthropogenic and tidal influences on salinity levels of the Shatt al-Arab River, Basra, Iraq. International journal of river basin management, 14(3), pp.357-366.

Although the supply of water is becoming progressively unreliable and scarce, the demand for water is increasing in Iraq, largely due to population growth and economic development. In 2015, water demand and supply were predicted to be approximately 66.8 and 43 billion cubic meters respectively and are expected to reach 77 and 17.6 billion cubic meters in 2025, respectively (Al-Ansari et al., 2015 cited in Danboos *et al.*, 2017)[20]. Despite significant supply vulnerability and existing scarcity, Iraq has a water withdrawal rate that is almost double the world average, due to a lack of robust national water management policies. Other factors causing the country to experience water scarcity include internal political conflicts, an insufficient legal framework, climate change, international development laws, lack of proper water and sewage treatment facilities, leaky pipes and unstable relationships with neighboring countries, namely Turkey, Iran and Syria[21].

To address water scarcity issues in Iraq, the joint UNESCO and EU program "Advanced Survey of Hydrogeological Resources in Iraq" ("ASHRI-2") was introduced in November 2013. Lasting for 5 years, ASHRI-2 was a pioneering initiative aimed at improving national capacities in the exploration, administration and integrated management of groundwater resources in Iraq. It also aimed to enhance the efficiency and effectiveness of public planning, as well as inform policy making in the National Water Sector. Upon program completion, essential data and information on Iraq's groundwater resources were successfully validated and updated, which helped improve the government's management capabilities in this field[22].

4.6.2 Biodiversity Loss

In recent years, Iraq's biodiversity has experienced severe deterioration in type and density. The WB attributes the deterioration of biodiversity in Iraq to 1. overhunting and the use of poison, electrocution, and explosives in hunting; 2. high salinity in lakes and rivers; 3. ecological pollution from wastewater, air pollution, plant waste, and thermal pollution from power plants[23]; and 4. the introduction of invasive species and exotic types of fish and animals, which has had a negative impact on indigenous species in their natural habitats. Biodiversity is especially low in the central plain and the Baghdad region due to a long history of agricultural activity and the population density in the riverine areas[24].

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[20] Danboos, A., Jaafar, O., & El-Shafie, A. (2017). Water Scarcity Analysis, Assessment and Alleviation: New Approach for Arid Environment. International Journal of Applied Engineering Research, 12(18), 7536-7545.

[21] Price, R., 2018. Environmental risks in Iraq.

[22] Ibid.

[23] The Iraq coastal water belt attracts the Gulf fish during mating seasons and is also the passageway for migrating fish from the Gulf into Iraqi waters. Pollution from oil activities in the Iraqi ports have caused significant damage to regional waters, which negatively affects the biodiversity in Iraq.

[24] Ibid.

4.7 Solid Waste

Solid waste is defined as any unwanted or useless solid materials. Solid waste can be categorized based on its origin (residential, industrial, commercial); its potential of hazard (toxic, non-toxic, radioactive, flammable, infectious, etc.); as well as according to its waste contents (organic material, glass, metal, plastic paper, etc.). Solid waste in Iraq can be categorized in the following way: i) household waste; ii) commercial waste from shops and markets; iii) industrial waste; iv) waste from the treatment plant, located in the city of Al-Hillah; v). agricultural waste; vi) social waste from educational institutions such as schools and colleges; vii) waste from general services such as hotels, restaurants, coffee shops and casinos; and viii) other[25].

In 2013, Iraq produced 31,000 tons/day solid waste, and the capital of Iraq, Baghdad, produced more than 1.5 million tons of solid waste annually[26]. There is currently an absence of modern, efficient waste handling and disposal infrastructure. Landfill sites are generally characterized by groundwater contamination, surface water pollution, spontaneous fires, large-scale greenhouse gas emissions and increasing numbers of insects and rodents in the area[27].

It is widely acknowledged that population growth and enhanced quality of life lead to significant increases in solid waste production. As Iraq is currently experiencing rapid population and economic growth, the country is encountering the worsening of solid waste management issues. The instability generated from sectarian conflicts have further amplified the problem. Solid waste management is therefore considered one of the most complex issues in Iraq, leading to other concerns such as air, soil and water pollution[28].

Since the National Solid Waste Management Plan (NSWMP) for Iraq was developed in 2007, measures have been taken to improve the collection, transportation and disposal of waste. The plan expects to build 33 engineered landfills with the capacity of 600 million m^3 in all 18 governates by 2027. Green Environment Company provides services of the collection and recovery of non-hazardous waste, such as packaging, recyclable ferrous and nonferrous scrap. They are also in the recovery of recyclables waste such as paper, cardboard, plastic bottles and wood.

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[25] Chabuk, A., Al-Ansari, N., Hussain, H.M., Knutsson, S. and Pusch, R., 2015. Present status of solid waste management at Babylon Governorate, Iraq. *Engineering*, *5*(7), pp.408-423.

[26] Alnajjar, A. (2019). Solid Waste Management in Iraq. Retrieved from: https://www.ecomena.org/swm-iraq/

[27] Al-Ansari, N., 2013. Locating landfills in arid environment. *Journal of Earth Sciences and Geotechnical Engineering*, *3*(3), pp.11-24.

[28] Ibid.

4.8 Electronic Waste

Electronic waste ("e-waste") is defined as all discarded electrical or electrical devices. E-waste in Iraq largely consists of computer equipment and accessories (about 40%) followed by telecommunications equipment (42%), electrical equipment (8%), medical equipment (7%) and household sector waste (around 11%)[29][30].

Since the beginning of 2003, with the opening of the Iraqi market to multinational companies, Iraq has experienced significant progress in information and communications technology, leading to a boom in the use of electronic equipment, especially computers and mobile phones. As of 2006, Iraq obtained the largest mobile phone market with almost 25 million subscribers. Almost 35% of these phones end up as e-waste annually. As a result, the generation of e-waste in Iraq has increased substantially over the years, and it is estimated that the country produces 716,000 tons of e-waste annually, representing 1.7% of global e-waste and 2.5% of global Gross Domestic Product ("GDP")[31]. With that said, the amount of e-waste generated by each city in Iraq varies.

In general, post-use handling practices such as collection, separation, dismantling, and manual recycling are implemented in Iraq. 95% of the e-waste generated is managed by the private sector, as well as scrap dealers who dismantle discarded products instead of recycling them. The absence of a comprehensive implementation mechanism of relevant legislations in Iraq regarding the safe disposal of e-waste leads to unregulated collection, isolation and extraction of materials. Hence, only 9% of total e-waste finds its way into formal and informal recycling units due to poor infrastructure and recycling framework in Iraq[32]. Workers in the private sector are exposed to varying levels of harmful chemicals released during the recycling processes. Appropriate personal protective equipment is scarcely available, which poses serious threat to the workforce, particularly as it mainly consists of low skilled labor, including women and children. In addition, landfills are lacking sufficient environmental management measures, which could lead to improper disposal of hazardous chemicals, causing further contamination of the land and to the neighboring communities. Iraq suffers from e-waste problems not only from the domestic market, but also from illegal imports from developed countries.

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[29] Allsopp M., Santillo D., Johnston P. (2006) Environmental and Human Health Concerns in the Processing of Electrical and Electronic Waste. Greenpeace Research Laboratories, Technical Note: 04/2006.

[30] Hasanain Abdalridha Abed Alshadoodee, Mohammed Jawad Shabaa, Lamyaa Abed Taha Al-Edhari. (2020). The Effect of Electronic Waste on Environmental Development in Iraq Using GIS. International Journal of Advanced Science and Technology, 29(4s), 2453 - 2464.

[31] Antrekowitsch, H., Potesser, M., Spruzina, W. and Prior, F., 2006, March. Metallurgical recycling of electronic scrap. In *EPD Congress* (pp. 899-908).

[32] Ibid.

4.9 Labor Working Conditions

In 2019, Iraq's labor force participation rate was one of the lowest in the world at 48.7%, with approximately 58% of the workforce in the private sector, overwhelmingly in informal jobs[33]. With a high reliance of the Government of Iraq ("GOI") on public sector expenditures, notably salaries and pensions, most employment generated in the private sector since 2003 has been in the informal economy.

Low labor force participation, especially among the youth, can be attributed to the lack of growth in the private sector. The lack of private sector dynamics is largely due to the rapidly shifting security, social and political conditions, and governance deficits. The COVID-19 pandemic and the decline in oil prices in recent years are likely to further compound the inability of the private sector in Iraq to generate desirable jobs. With movement restrictions affecting the ability of businesses to operate normally, and the drop in oil prices and demand forecasted to incur losses in oil revenue, the GOI is expected to maintain expenditures on public sector salaries, while reducing its investment in goods, services and infrastructure. Consequently, the GOI may need to tap into its reserves, which will further exacerbate living conditions for the population[34].

4.9.1 Youth Employment and Job Security

Iraq is facing a job shortage crisis, particularly for the young population. It is estimated that 2.5 million people are unemployed, of which a large portion consist of the economically active population[35]. Compared to the national unemployment rate of 16%, youth unemployment rate is about 36%[36]. By 2030, Iraq's adult population is projected to increase from 20 to 32 million, increasing the demand of the number of Iraqis in need of new jobs between 5 and 7 million[37]. With Iraq's population among the youngest in the world, this will further exacerbate the demand for jobs.

The result of an increased demand for jobs in Iraq is twofold. Firstly, the depleting sources of subsistence has led to the migration of poor farmers from rural areas to urban areas, enhancing the demand for urban jobs. Secondly, many Iraqis lack the skills to find a job in a precarious job market. About 33% of the youth between the ages of 15 and 29 are illiterate or only semi-literate, 33% have completed primary school, 28% have finished middle or high school, and only seven percent have completed post-secondary education[38].

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[33] UNESCO (2020). Impact of the Oil Crisis and COVID-19 on Iraq's Fragility

[34] Ibid.

[35] Bandiera, L., Chandra, V., Fosque, J., Von Der Goltz, J., Peterburs, T. M., Piffaretti, N., ... & Wheeler, C. (2019). Jobs in Iraq: A Primer on Job Creation in the Short-Term. World Bank.

[36] Ibid.

[37] Ibid.

[38] Ibid.

Recognizing the long-term ramifications of low labor force participation and job shortages, organizations have been established to help build the capacities of the Iraqi population. For example, the Hala Center for Development, Training and Consultation was established in 2016 as a Non-Governmental Organization ("NGO") who provides training courses to better prepare those who wish to enter the labor market.

4.9.2   Child and Forced Labor

Children in Iraq are exposed to variety of forms of child labor, including domestic work, construction work, and factory work. As of 2020, Iraq had 7.3% of children between the ages of eight and sixteen years engaged in child labor that are hazardous, dangerous and exploitative[39]. In a week, children perform 28 hours or more of unpaid work for someone other than their household member[40].

Extreme forms of child labor are also prevalent in Iraq. This includes the recruitment into armed conflict, use of illegal activities such as drug trafficking, human trafficking and sexual exploitation. In 2018, ISIL was responsible for recruiting 39 children and detaining more than 900 children[41].

The increasing severity of this issue stems from barriers to education, increasing poverty and the economic and security tensions. Other limitations include the lack of schools nearby, the use of schools as shelters by Internally Displaced Persons ("IDP") and as detention centers by ISIL, costs of transportation and school supplies, lack of sufficient educational facilities, and IDP and refugees' lack of identification documents. Children living in rural areas are more likely to work than children living in cities due to the poverty divide.

4.9.3   Occupational Health and Safety

There is limited literature and information relating to OHS in Iraq. Many OHS policies and regulations are still under development, whilst existing literature largely concentrates on the construction industry. Although the Project does not anticipate the construction of infrastructure, available literature will be touched upon to gather a broad view, as such inference to the Project should be approached with care.

Jannadi (2008) articulated that in Arab countries, the main occurrence of construction accidents take place on projects that exceed their budget and those that were competitively bid for[42]. This is further elaborated by Kartam et al. (2000), who defined the safety problems

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[39] UNICEF (2018). 018 Multiple Indicator Cluster Survey (MICS6) Briefing

[40] Kentane, B. (2018). Iraqi Children: Deprived Rights, Stolen Future. Retrieved from: https://www.globalresearch.ca/iraqi-children-deprived-rights-stolen-future/5326552

[41] Ibid.

[42] Jannadi, O.A., 2008. Risks associated with trenching works in Saudi Arabia. *Building and Environment*, *43*(5), pp.776-781.

on construction sites in Kuwait state as follows: they require safety regulations, have competitive tendering, are a small component of a larger construction company, make extensive use of subcontractors, lack relevant accident data, make widespread use of foreign labor; have disorganized labor, have a high labor turnover, make little priority for safety, have seasonal employment and weather problems[43].

In Iraq specifically, Hatem and Al-Tmeemy (2015) revealed the extent to which terrorist attacks affected construction industry projects in terms of time, cost, quality and safety[44]. Furthermore, a paper by Hatem (2017) evaluated the safety systems in Iraqi construction projects. The results of the research demonstrated that the safety systems in Iraqi construction were very poor in many aspects for management safety requirements and neutral with respect to site safety and labor safety requirements. In addition to this, the results indicated that the support of the ministries (higher management) was subpar standard in the field of occupational safety levels[45].

4.10 Women Employment

The labor market in Iraq has poor gender balance. Only a fifth of the Iraqi women participate in the workforce, indicating widespread exclusion from economic life[46]. The distribution of working females largely lies in the government and public sector as it is perceived as stable employment. Of those Iraqi women employed, 40% work in the private sector while 60% are in the public sector.

According to Iraq Knowledge Network[47], highly educated and qualified young women have more difficulties accessing work. Although Iraqi women are offered equal rights to employment since the 2005 Constitution, a range of challenges and obstacles remain that hinders greater participation in the private sector, including economic barriers, access to health and sanitation, legal rules, insecurity and crime[48]. Moreover, cultural and social limitations exacerbate women opportunities for employment. Women are still widely regarded to uphold their traditional responsibility as housekeepers and child carers, whilst it is not uncommon to request for prior consent by a male. As a result, most of Iraqi women work in the agriculture and services sector.

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[43] Kartam, N.A., Flood, I. and Koushki, P., 2000. Construction safety in Kuwait: issues, procedures, problems, and recommendations. *Safety Science*, *36*(3), pp.163-184.

[44] Hatem, W.A. and Al-Tmeemy, S.M.H., 2015. The impact of terrorism on construction industry in Iraq. *Wasit Journal of Engineering Sciences*, *3*(2), pp.69-84.

[45] Hatem, W., 2017. Evaluation of safety systems in Iraqi construction projects. *International Journal of Applied Engineering Research*, *12*(21), pp.11714-11726.

[46] World Bank. (2018). Bringing Back Business in Iraq: Analytical Note

[47] Iraq Knowledge Network. (2013). Women in Iraq Factsheet.

[48] Vilardo, V. and Bittar, S. (2018). Gender Profile - Iraq: A situation analysis on gender equality and women's empowerment in Iraq. UN Women.

These effects are stronger in the private sector, where only 2% of those employed are women[49]. Among women in the private sector, 96% are illiterate or possess basic education[50]. In addition, women-owned and women-operated businesses are rare with only 7% of firms having a female owner while only 2% have had a female top manager in 2011[51].

The United Nations Population Fund has been working to contribute towards improving the country's sexual and reproductive health services, promoting gender equality and women's empowerment, enhancing youth-related programs and availing population data for development.

4.10.1   Sexual Harassment, Sexual Exploitation and Abuse

In Iraq, women suffer from high levels of sexual harassment and sexual exploitation and abuse. According to the 2015 survey by the Iraqi Women's Journalists Forum (IWJF), 8 in 10 women in Iraq had experienced some form of sexual harassment including blackmail[52]. Women in both the public and private sector are subject to sexual harassment, however it is particularly more common in the private sector where there is little incentive and an absence of a formal complaint channel and support system to report the issue. The awareness of labor laws and rights are relatively weak, which keeps females from claiming their rights and pursuing legal action. As sexual harassment is a taboo subject and associated with negative reputation upon exposure, this further decreases the will of women to report violence. Reporting is additionally less possible in the informal sector or in poor working conditionings such as factories.

To support those who have experienced sexual harassment, sexual exploitation and abuse, the Women Rehabilitation Organization was founded in 2003 as a non-profit, non-government and independent organization. As one of the largest NGOs in Iraq, the organization aims to help increase victims' access to quality economic, protection, food, health, education, shelter and legal services.

4.11 Data Privacy and Cybercrime

There is currently no specific data protection legislation in place in Iraq. Instead, protection of data privacy is governed by the general provision of law, including the Iraqi Penal Code No. 111 of 1969 in the Iraqi Constitution, the Iraqi Civil Code and sector specific codes, such as

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[49] Iraq Knowledge Network. (2013). Women in Iraq Factsheet.

[50] Ibid.

[51] World Bank. (2018). Bringing Back Business in Iraq: Analytical Note

[52] Iraqi Women's Journalists Forum (2015). A New Study Reveals Facts about the Phenomenon of Sexual Harassment in Iraqi Society. Retrieved from: https://www.iraqicivilsociety.org//wp-content/uploads/2015/10/Shahrazad-Study-FINAL.En_.pdf

the Banking Law of 2004, and Communications and Media Commission Law CKPA Order 65 of 2004. This is a consistent approach by most jurisdictions in the Middle East and North Africa ("MENA") region where data protection laws are still in their infancy. Robust data protection laws have only been developed in Bahrain and UAE Free Zones[53].

The private sector is heavily unregulated and vulnerable to the political and security situation. Since the deregulation of the fixed network telecommunication market in 2006, Iraqi internet users and software providers increased exponentially. From 2006-2011, cybercrimes increased on average at a rate of 46.2% each year[54]. The Iraqi Ministry of Planning reported in 2013 that the cybercrimes are mainly conducted through social media platforms, primarily on Facebook, and against persons rather than businesses or governments. Among the most popular crime activities were kidnapping, threats, fraud, identity theft, cyber piracy, copyright infringement, cyber terrorism and crime sex[55] (Aboud, 2015)

Approximately 80% of the exploitable activities are a result of poor or non-existent practices of cyber hygiene [56] . Although the Penal Code broadly acknowledges the severity of cybercrimes, it is unable to address the digital nature and remains largely undeveloped. In addition, the Iraqi Constitution of 2005 makes reference to the "right to personal privacy" but this remains a vague and undefined statement with no guidance available to assist it.

4.12 Innovation

4.12.1 Private Sector Investment

Iraq has experienced significant economic challenges over the last few years. As a result of the conflict with ISIL and the fall of oil prices in 2014, there have been minimal public resources available to invest into Iraq's tech sector. A lack of infrastructure and public spending devoted to the development of the tech sector and innovation has inevitably left the burden of investment to private companies.

As such, in recent years, the development of the private sector, with a focus on technological innovation, has been an increasing priority for the Government of Iraq. According to a market assessment conducted in late April 2019, businesses in the telecommunication industry receive the largest portion of private investment, followed by trading services and internet

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[53] GSM Association. (2019). Data Privacy Frameworks in MENA Emerging approaches and common principles. [online] Available at: https://www. gsma. com/mena/wp-content/uploads/2019/07. GSMA-Data-Privacy-in-MENA-Exec-Summary. pdf

[54] Aboud, S. J. (2012). An overview of cybercrime in Iraq. The Research Bulletin of Jordan ACM, 2(2), 31-34

[55] Aboud, S. J. (2015). Cybercrime in Iraq. International Journal of Scientific & Engineering Research, International Journal of Scientific & Engineering Research, 5.

[56] Nehme, T. (2020) Impasse of Cyber Law: Iraqi Case. Lebanese Army. Retrieved from: https://www.lebarmy.gov.lb/en/content/impasse-cyber-laws-iraqi-case

services. In the next few years, the government is aiming to prioritize and increase investment in large tech sectors, including security surveillance systems, e-governance, telecommunications, database management, internet services and electronic and mobile finances[57].

To further encourage the development of the tech industry, the government approved a Private Sector Development Strategy for 2014 - 2022, acknowledging that a viable and thriving national private sector that is regionally competitive and globally integrated, would contribute significantly to economic diversification, sustainable development and job creation. The strategy includes a detailed plan of action on providing financing of up to US $5 billion to MSMEs through the Tamwil Program[58], as well as establishing a 200 billion Iraqi Dinar ("IQD") (US$ 170.5 million) Fund to provide seed capital, soft financing and loan guarantees for the private sector to expand their businesses, establish new enterprises, increase competitiveness and to promote entrepreneurship and innovation. A wide range of stakeholders would benefit from this Strategy, including individuals, businesses, private companies, NGOs, banks and government institutions.

With that said, several factors continue to hinder privately backed tech development in Iraq: a lack of market incorporation, difficulty in securing investments, regulatory and legal barriers, a lack of trust in tech businesses, and a lack of skilled manpower. Other operational challenges include difficulties in online payments for both businesses and customers through cards and mobile wallets, data protection, and the privacy of electronic transactions[59].

4.12.2 Entrepreneurship

The literature on the current state of entrepreneurship in Iraq reveals that it is distinguished by high informality and poor gender balance, and that existing support structures do not adequately provide training and funding for MSMEs. A number of organizations have piloted interventions to address these concerns, including MSME training programs facilitated in partnership with local business chambers, the ILO's GET Ahead for Women in Enterprise - which aims to assist ILO partner organizations in promoting enterprise development among women in poverty who want to start or are already engaged in small-scale business, as well as locally-driven programs including Iraqpreneurs - a leading empowerment competition platform by INNOVEST Middle East that embraces young entrepreneurs around Iraq and helps them to start or scale up their businesses.

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[57] IOM UN Migration. (2019). Technology and Innovation in Market. Retrieved from: https://iraq.iom.int/files/publications/Technology%20%26%20Market%20assessment%20in%20Iraq.pdf

[58] In 2016 the CBI launched the 5.9 trillion IQD (US $5 billion) Tamwil initiative, offering five year, 4.5% interest loans with the aim of creating 250,000 private-sector jobs.

[59] Ibid.

In regard to entrepreneurship in the tech sector specifically, inspired by the emerging success stories of Lezzoo, Miswag, and Magnitt[60], the sector has attracted interest from regional and global incubators and early-stage financiers. Prior to COVID-19, the establishment of the Iraqi Innovation Alliance ("IIA"), a network of incubators and innovation spaces located across Iraq and KRI with an aim to empower and support tech and entrepreneurship communities around the country, enabled the country's digital entrepreneurship scene to thrive and flourish. During COVID-19, members of the IIA were quick to adapt and successfully transitioned their in-person training programs into a virtual format, therefore enabling the digital entrepreneurship scene to accelerate its journey towards innovation.

4.13 Corruption and Security

According to the 2020 Corruption Perceptions Index (CPI) published by Transparency International, Iraq's perceived level of public sector corruption had a score of 21 out of 100, in which 0 indicated high corruption and 100 indicated no corruption[61]. The perceived high corruption is also a major risk mentioned in the World Bank Iraq Economic Monitor of Fall 2020[62].

Corruption is one of the principal challenges facing authorities in Iraq. Iraq's recent history has been characterized by corruption, violence and political instability. Following the end of Saddam Hussein's regime in 2003, the political environment in Iraq experienced radical changes. The events that followed the 2003 invasion also created an environment favorable to corruption as a massive influx of reconstruction and state-building resources, eased by the lifting of international sanctions met with a public sector which was heavily underfunded due to the prior sanctions and an only recently established central government with limited power.

Iraq experienced a sharp decline in the security situation between 2006 and 2008 caused by sectarian conflicts and shortly afterwards another conflict with the so-called Islamic State between 2013 and 2017. Although the level of violence has been significantly reduced since 2017, some ISIS members are still operating in Iraq and conduct attacks targeting local security forced and infrastructure.

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[60] Lezzoo is an Iraqi start-up that is pioneering online third-party delivery services and e-payments. It is the first Iraqi-startup accepted into Y Combinator's acceleration program, a leading US-based accelerator for technology startups, and is viewed as the gold standard for seed-stage startups. Miswag is Iraq's first e-commerce platform which closed its second seed round in September 2020, while Magnitt is a data platform that includes information on investment transactions in the MENA region.

[61] Transparency International (2020). Corruption Perception Index. Retrieved from: https://www.transparency.org/en/cpi/2020/index/nzl

[62] World Bank (2020). Iraq Economic Monitor. Protecting Vulnerable Iraqis in the Time of a Pandemic, the Case for Urgent Stimulus and Economic Reforms. Retrieved from: http://documents1.worldbank.org/curated/en/561001604675689187/pdf/Iraq-Economic-Monitor-Protecting-Vulnerable-Iraqis-in-the-Time-of-a-Pandemic-the-Case-for-Urgent-Stimulus-and-Economic-Reforms.pdf

The perceived corruption, high unemployment figures and security concern have led to a widespread lack of public trust, resulting in the increase in public protests. Aiming to have the established political elite as well as the current political order replaced, public protests escalated sharply in October 2019 to January 2020, and were met violently by armed groups in favor of the current status quo. Over 600 civilian protesters and activists were killed. Intimidation, and killings of protesters followed[63] and are still ongoing.

4.13.1   Impact of corruption on COVID-19

Iraq's corruption has debilitated the country's healthcare sector, whose fragility and defects have become especially apparent during the COVID-19 pandemic. In 2019, during a time of relative security and stability, Iraq's budget was $106.5 billion, yet the Iraqi government at that time allocated only 2.5% of the budget to the Ministry of Health, while distributed 18% to security and 13.5% to the Ministry of Oil. With COVID-19 pervading the country, the majority of Iraqi citizens continue to lack access to adequate treatment and healthcare in government hospitals[64].

The study also revealed that clean public sectors correlate with greater investment in health care; countries that perform well on the index invest more in health care, are better able to provide universal health coverage and are less likely to violate democratic norms and institutions or the rule of law. Healthcare systems and COVID-19 efficient responses was weakened as a result of such larger socio-political factors.

4.13.2   Anti-corruption Efforts

Anti-corruption efforts have been considered a priority in recent years. On August 19, 2020, the United Nations Development Program ("UNDP") and the Iraqi Prime Minister's Office reaffirmed their partnership and commitment to preventing and combating corruption in Iraq by signing a new Memorandum of Understanding ("MoU"). Signed on International Anti-Corruption Day, the MoU is intended to promote transparency, accountability and integrity in the public and private sectors and builds on UNDP's efforts in supporting a robust anti-corruption reform agenda in Iraq. Furthermore, the UNDP is currently implementing the Anti-Corruption for Trust in Iraq project, which provides support for the development of strategies, policies, regulatory frameworks, and legislations on preventing corruption, and better equips public institutions and NGOs to implement anti-corruption reforms and activities[65].

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[63] Hamourtziadou, L. and Dardagan, H., 2019. EASO Country of Origin Information Iraq Security.

[64] Aboulenein, A. and Levinson, R. (2020). The medical crisis that's aggravating Iraq's unrest. Retrieved from: https://www.reuters.com/investigates/special-report/iraq-health/

[65] Reliefweb (2020). Transparency, accountability, integrity: new agreement to help combat corruption in Iraq. Retrieved from: https://reliefweb.int/report/iraq/transparency-accountability-integrity-new-agreement-help-combat-corruption-iraq-enar

4.14 COVID-19 Pandemic and the Economy

4.14.1   General Situation

COVID-19 was first reported in Najaf, Iraq on 24 February 2020. To control the spread, the Government of Iraq and the KRG established strict lockdowns measures. By 14th March 2020, all international borders were closed, international flights were stopped and movement in public areas and points of entries were restricted. These preventive actions have enabled Iraq to keep low case numbers compared to neighboring countries, until restrictions of movement were partially lifted in May, which combined with the increased testing regime led to a surge in infections[66]. In July, the Iraq Government partially lifted movement restrictions and announced airports would re-open for commercial flights but would be running at lower capacity for international airports such as Baghdad, Basra, Erbil, Najaf, and Sulaymaniya. On February 18, 2021, travelers are permitted to enter on the basis of following testing and quarantine periods. Limitations on mobility still remain, including movement across governorates as well as commercial and trade activity, curfews, government and residency office operation hours and legal regulations. As of April 17, 2020, there have been 957,000 confirmed cases and 14,885 associated deaths in Iraq.

Shortly after the confirmation of the first case, the Iraq Government and the UN developed a series of response actions for humanitarian development efforts for the next 12 months[67]. This addresses key socio-economic needs arising from COVID-19 including recovery needs for vulnerable groups, and assessment procedures to capture data on the impacts of COVID-19.

4.14.2   Macroeconomic Impact

The economic situation dramatically worsened as a result of COVID-19. Prior to the pandemic, Iraq had a relatively positive macroeconomic outlook, where both oil and non-oil sectors grew relatively consistently, resulting in a good fiscal outlook and declining public debt levels. During the early stages of COVID-19, oil prices fell significantly which was driven by the collapse in revenue but was followed by a mild recovery later in March 2020. Globally, March 2020 saw the single largest monthly decline in oil prices that were not seen since the 2008 global financial recession. In the same period, the Government imposed a range of restrictions to bid the control of COVID-19, reducing economic activity beyond the oil sector. This has given way to the 'twin shocks', which represents a major challenge for the short-term

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[66] IOM (2020). COVID-19 Response Overview #1 IOM IRAQ; Retrieved from:
https://iraq.iom.int/files/IOM%20Iraq%20-%20COVID-19%20Response%20-%20Overview%20%23%201.pdf

[67] UN (2020). Socio-Economic Response Plan for Iraq. Retrieved from: https://unsdg.un.org/resources/socio-economic-response-plan-iraq

recuperation of the Iraq economy. UNDP forecasts that Iraq's GDP will contract by 10% in 2020 and debt levels will increase for the next three years[68].

4.14.3   Industrial Impact

Before COVID-19, Iraq's employment context was already under challenging conditions. Its formal labor participation rate is one of the lowest in the world at around 50% in 2019, which is below the regional average. Lockdowns significantly impacted the service sector, which contributes to half of the non-oil economy, particularly in areas of transport, trade, banking and religious tourism. In addition, the gender gap has increased, such that 1 woman per 17 men were more likely to be laid off than men, but prior to the pandemic the figure was 1 woman per 14 men. In a survey conducted by IOM, 86% of SMEs experienced temporary shutdown, 38% of clients were not paying bills, and 33% encountered reduced logistic services. Furthermore, cash-flow reductions were preventing businesses from returning to normal, with almost 3 out of 5 businesses reporting that they were at risk of permanently shutting down. Reduction in employees was the most common strategy adopted by SMEs to mitigate against the impacts of COVID-19, while others transitioned to remote working or partially paying salaries. Facilitating the transition towards providing online services was challenging for the survey sample, with only 12% implementing online sales or teleworking processes.

4.16 Internally Displaced Persons

Military operations against ISIL were formally concluded three years ago, yet the humanitarian context in Iraq remains fragile, largely characterized by protracted internal displacement; extensive explosive ordnance threatening IDP, and incomplete rehabilitation of housing, basic services and livelihood opportunities. Solutions have not been secured for approximately 40% of the 6.1 million Iraqis displaced between 2014 to 2017. More than 1 million Iraqis remain internally displaced, while two out of five Iraqis who have returned home still do not have adequate housing, economic self-sufficiency, or access to basic services or other conditions essential to durable solutions[69].

The COVID-19 pandemic and drop in oil prices in early 2020 further aggravated these socioeconomic vulnerabilities across Iraq. Basic services including health care, education, water and sanitation, and legal services for IDP were already inadequate prior to the pandemic due to decades of conflict and turmoil, yet during the pandemic, the closure of schools and public offices, and increased demands for health and sanitation services have left

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[68] UNDP (2020). Impact of the Oil Crisis and COVID-19 on Iraq's Fragility. Retrieved from:
https://www.iq.undp.org/content/iraq/en/home/library/impact-of-the-oil-crisis-and-covid-19-on-iraq-s-fragility.html

[69] OCHA. (2021). Humanitarian Needs Overview. Retrieved from:
https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/iraq_hno_2021_humanitarian_needs_overview_-_feb_2021.pdf

many IDP in worsened conditions and have ultimately resulted in the closure of most IDP camps[70].

The closure of most IDP camps in areas under government administrative control in late 2020 resulted in increased population movements, including forced evictions, premature returns and secondary displacement. The number of IDP and returnees in acute need has therefore increased significantly over the last year. Around 2.4 million people are now in acute need, compared to 1.8 million people in 2020. Loss of employment, accrual of debt and increased expenditure on food are the main justifications of the increase[71].

To respond to this crisis, in early March 2021, the United Nations Office for the Coordination of Humanitarian Affairs published a Humanitarian Response Plan for Iraq. The plan targets 1.5 million people in acute need of assistance, including all camp-based IDP, along with 470,000 out-of-camp IDP and 966,000 returnees in areas with high severity of needs, at a cost of US$607.2 million. This will be achieved through three Strategic Objectives (SOs): SO1 will support targeted beneficiaries in meeting their basic needs; SO2 will support targeted beneficiaries in accessing essential services; and SO3 will support targeted beneficiaries in the establishment of safe and dignified lives[72].

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[70] Ibid.

[71] Ibid.

[72] OCHA. (2021). OCHA Iraq. Retrieved from:
https://reliefweb.int/sites/reliefweb.int/files/resources/march_2021_humanitarian_bulletin.pdf

5.0 Identification of Potential Environmental and Social Risks and Impacts

Based on the initial scoping activities, the E&S impacts are considered as Moderate and Substantial respectively. Through identifying the potential E&S risks, the ESMF aims to achieve the avoidance, minimization or mitigation, including offset or compensation, of adverse E&S impacts of the Project and to ensure compliance with the ESS.

The following positive impacts are expected from the Project:

- Stimulate and strengthen innovation during COVID-19 period for MSME finance companies;
- Release pressure on the job shortage crisis particularly for vulnerable and disadvantaged groups through the creation of new jobs;
- Support vulnerable and disadvantaged groups in the access to formal, safe and non-discriminatory job opportunities;
- Digitization of business activities, new production lines and the development of sophisticated products and solutions would contribute to economic diversification, making it more regionally competitive; and
- Reduce climate vulnerability by strengthening economic resilience of citizens to potential impacts of climate change.

Pertinent activity may be associated with some negative E&S risks. The following sections will detail the negative E&S risks and impacts in detail, along with suggestions on mitigation measures.

5.1 Potential Environmental Impacts and Risks

The Project has limited environmental impacts and the environmental risk has been rated Moderate. Given that the Project will not direct or indirectly finance small works, nor require the construction of infrastructure to facilitate the implementation, it is expected that the environmental risks are i) predictable and expected to be temporary and/or reversible, ii) low in magnitude, and iii) low probability of serious adverse effects to human health and/or the environment. The environmental risks severity and associated mitigation measures can be summarized as follows:

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Risk	Specific Risk/Impact	Severity	Mitigation Measures
External Environmental Risk			
Land Environment	Extreme drought events could disrupt business continuity	+	Grant recipients: ● Investigate the potential to invest in renewable energy generation
Energy	Lack of access to reliable electrical power sources that would disrupt business continuity	++	Grant recipients: ● Invest in a backup generator in the event of a power outage ● Implement energy efficient lighting system and use bulbs such as LED, T5 or compact fluorescent lamp with energy labels (i.e. EMSD's Grade 1 and 2 or equivalent) ● Adopt timer or plug load controller
Climate Change	Impacts of climate change: including frequency of dust storms, lead to increase in epidemiological outbreaks e.g. water-borne or vector-borne diseases	+	GIZ and Grant recipients: ● Establish workplace procedures to respond to dust storms events and epidemics
Potential Environmental Impact			

Air and GHG Emissions	Improper management and use of alternative electrical power sources, such as electricity generator	+	Grant recipients:
			● Train employees in proper ways to use generators and other electrical appliances:
			  ○ Perform energy saving practices at the office
			  ○ Implement energy efficient lighting system and use

			- energy efficient bulbs - Adopt timer or plug load controller - Only use equipment when necessary and required - Adopt appliances and servers with energy labels - All electrical appliances such as lamps, computers, water dispenser, fridges and fans are regularly maintained to ensure efficiency
Solid Waste	Improper management and disposal of solid waste stemming from business and Project activity e.g. furniture	++	- Implement office waste management plan - Develop tracking log to monitor incoming and outcoming waste - Train employees on proper ways to dispose waste and dedicated waste disposal area - Set-up designated areas for solid waste recycling bins affixed with clear signs
	Absence of modern, efficient waste handling and disposal infrastructure	++	Grant recipients: - Transportation and disposal of waste should be done through licensed contractors and disposed of in a licensed facility GIZ: - Establish waste management procedures
Electronic Waste	Improper management and disposal of end-	++	Grant recipients:

	of-life-equipment stemming from the business and Project activity e.g. hardware infrastructure, network infrastructure		- Set-up designated areas for e-waste recycling bins affixed with clear signs - Transportation and disposal of e-waste should be done through proper designated channels
Water	Unreliable water supply can lead to poor sanitation, further resulting in transmission of diseases	++	Grant recipients: Conduct water supply/accessibility research and analysis on prospective office location(s)
	Water scarcity may lead to business interruption	++	Grant recipients: - Install rainwater collection system technology to collect and store rainwater GIZ: - Explore innovative solutions on water generations, such as atmospheric water generation with solar power

5.2 Potential Social Impacts and Risks

The social risk rating is Substantial as the Project will provide liquidity support to eligible MFIs, and the capacity of the MFIs is expected to be weak. In addition, considering the situation Iraq is currently characterized by its economic downturn, unpredictable business environment, political instability, rising corruption and inequality in various facets of social life, social risks are apparent and can range in magnitude. The social risks can be summarized as follows:

Risk	Specific Risk	Severity	Mitigation Measures
Labor Working Conditions	Poor labor working conditions	++	Grant recipients: ● Minimum space is allocated per person ● Supply of safe water is maintained ● Adequate sewage and garbage disposal systems ● Adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting ● Maintenance of a high standard of housekeeping at all times
	Hiring of unskilled and unqualified labor	+	Grant recipients: ● Conduct thorough hiring checks that considers the individual's education qualification and past work experience
	Exclusion of vulnerable/ disadvantaged groups and/or by unconscious discrimination	++	GIZ: ● Establish an equal opportunity and transparent hiring process that does not discriminate based on sex, nationality, marital status, disability or religious belief ● Transparently publish the selection criteria for the grant eligibility and use the SEP to inform stakeholders
	Lack of protection of worker's basic rights and lack of free speech (clashing of company's	++	GIZ:

	morals and values with the state's)		● Form unions or participate in other worker's organizations of the employees choosing ● Establish and implement a GM for any internal or external stakeholders
Child and Forced Labor	Risk of hiring child and forced labor	+++	Grant recipients: ● Maintain an employee log that tracks the number of employees, working hours, gender, nationality, age, number of incidents, and trainings conducted ● Employment contract to include a clause that ensures that child and forced labor are not hired ● Abide by specific Iraqi labor laws determining the minimum wage and minimum working age of 18 years old and to comply with working conditions and hours ● Identification verification checks during recruitment such as Iraqi identity cards and address proof ● Avoid hiring "at the gate" to discourage spontaneous influx of job seekers GIZ: ● In-house rules and policies that prevents hiring of child and forced labor ● An internal GRM should be available for employees to express any complaints. ● Implement a Code of Conduct in which employees are fully expected to adhere to

Sexual Harassment and Sexual Exploitation and Abuse	Gender-based violence in the workplace	+++	Grant recipients: ● Train all employees on GBV risks, the applicable laws and regulations, and what type of behaviors are inappropriate for work ● Ensure that management and security staff are adequately trained to identify and eradicate all forms pertaining to GBV ● Introduce strict sanctions (i.e. dismissal) for workers involved in any form of abuse, inappropriate behavior or GBV GIZ: ● Establish whistle-blowing mechanism and channels, and ensuring it is made known to employees ● Implement a Code of Conduct that includes a commitment to performing adequate workplace behavior that prevents SEA/SH practices ● An internal GM should be available for employees to express any complaints ● Establish community feedback mechanism on overall service provision that serves to safely and ethically handle SEA/SH external complaints
Data Privacy and Cybercrime	Risk of data security breach that leads to: ● Theft and exposure of confidential information	++	Grant recipients: ● Implement policies detailing systematic approaches to safeguard information using company supplier computer

	● Theft of intellectual property		resources including, back up procedures, user account management, software and network access controlling mechanisms GIZ: ● Explore possibility of placing encryption technology to manage sensitive data transmission
Occupational Health and Safety	Exposure to workplace office hazards including: ● Fire hazards ● Equipment malfunction ● Electrocution ● Slippage and falling	+	Grant recipients: ● Conduct training to be familiarized with the location of fire alarms, fire-fighting equipment, fire escape route and emergency response protocols ● Safety equipment including first-aid boxes, earmuffs and trolleys for heavy goods are made accessible in the workplace ● Place appropriate signs and instructional banners within the site to inform workers of key rules and regulations to follow ● Place notices to remind employees of good OHS practices ● Materials and equipment are tidily stacked, organized and covered where necessary ● Workers to abide by a Code of Conduct ● The health and safety risk on the workers should be covered by appropriate insurance schemes for all types of workers. In addition, the insurance should be covering work related accidents (injuries and fatalities), as well as

			insurance for third parties, where applicable. Evidence of the coverage is required GIZ: ● Establish and implement a GM for any internal or external complaints
Innovation	Lack of access to international markets for growth and development	++	Grant recipients: ● Attend industry-related seminars and networking events ● Transition to online-remote working services GIZ: ● Provide technical advice and strategy guidance for business owners
Corruption and Security	Management of employees engaged in unethical business behavior	+++	Grant recipients: ● Regular training and awareness on corruption, fraud, ethical business behavior
	High cost and time to set-up a business due to opaque regulatory environment	+	Grant recipients: ● Ensure all documentation have been completed and filed for future reference GIZ: ● Establish anti-corruption policies and Code of Conduct to ensure employees understand their responsibilities and obligations with respect to their work duties and complies with national laws and regulations

	Lack of consumer protection regulations for financial services	++	Grant recipients: ● Regular training and awareness on best practices of handling data GIZ: ● Generate internal policies to regulate consumer data including internal privacy policies, and provision of data privacy handling statement
COVID-19 Pandemic and the Economy	Health risks of transmission of COVID-19 in the workplace	+++	Grant recipients: ● Follow latest WHO and national restrictions and guidelines on COVID-19 ● The enterprise is advised to appoint a dedicated person with responsibility to identify and implement actions that can mitigate the effects of COVID-19 on the enterprise and the community ● Any staff showing symptoms or confirmed case of workers should stay home ● Confirm workers are fit for work, to include temperature testing and refusing entry to sick workers ● Proper hygiene and sanitation practice by all employees including cough etiquette, hand sanitation, mask wearing, and maintaining social distancing guidelines ● The enterprise should provide enough water-soap handwashing facilities in workplaces and disposable tissues and garbage bins or hand sanitizing gel

			- Ensure clearing and disinfection in the workplace - Consider increasing ventilation or installing high-efficient air filters especially where close personal proximity cannot be prevented GIZ: - Provide timely information on COVID-19 status updates and good practices for preventing transmission to all employees
	Impact on labor income through the loss of earnings due to sickness, reduced hours and/or lower salaries, or unemployment	++	Grant recipients: - Provision of medical insurance for workers covering treatment for COVID-19, sick pay for workers who either contract the virus or are required to self-isolate due to close contact with infected workers - Ensure that staff do not feel pressured to attend work even if HR policies should be temporarily revised
	Decrease demand on selected good and services	++	Grant recipients: - Limit chain supplies to local market as much as possible - Increase marketing and promotional strategies for local products - Transition online service provision including telecommunications or web-based sales page
	Insufficient access to treatment and healthcare	++	Grant recipients: Source a list of facilities in Iraq providing vaccination

			programs and make available to employees ● Enterprise to cover healthcare for COVID-19 through medical insurance
	Service disruptions, such as the closure of schools and associated school feeding programmes, a lack of access to public health-care facilities as a result of COVID-19 pressures, and disruptions in the mobility required to access services due to lockdowns	++	Grant recipients: ● Prepare procedures for working-from-home arrangements through setting up remote infrastructure

6.0 Institutional Arrangement and Responsibility for Implementation for Project and ESMF

To execute the proposed activities, it is imperative to establish a well-defined institutional and implementation mechanism for identifying, appraising, managing and monitoring safeguards at all levels. This section spells out the roles, responsibilities of various parties and the due diligence process that will need to take place from the preparation of an investment through implementation completion.

GIZ is responsible for the overall implementation of the Project as well as the oversight of various grants' schemes under the Project. GIZ shall maintain capacity, functions, staffing and resources satisfactory to the Ministry of Finance ("MOF") and the WB including inter alia specialists in procurement, financial management, safeguards and monitoring and evaluation. Where events or conditions are likely to interrupt or interfere with the smooth implementation of the sub-projects, GIZ shall act promptly to deal with or address such events or conditions and inform the beneficiary and the WB accordingly.

The following responsibilities are maintained by GIZ[73]:
- Engage a dedicated E&S specialist with relevant M&E skill sets;
- Pre-screen the grant (MFI, SGB and MSME) candidates in accordance with the exclusion list;
- Prepare and adopt E&S instruments for the CARP project;
- Monitor activities and ensure the CARP Project is executed in strict accordance with such instruments;
- Technically assist in the selection of the independent consultant, if required;
- Review deliverables submitted by the hired Consultants in line with Project objectives;
- Implement, maintain and facilitate Grievance Mechanisms ("GM") throughout the Project, ensuring that mechanisms are in consistent in place;
- Address grievances that arise from the GM;
- Monitor the implementation of the mitigation measures and recommendations of the ESMF, and conduct site inspection when needed;
- Review and follow up on the implementation of mitigation measures and recommendations during the scaling up and operations;
- Prepare quarterly and annual reports to report WB on the progress; and
- Ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as approved by MOF and the WB.

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[73] The GIZ E&S and Gender desk dedicates one of its staff members for this specific project as principal focal point

7.0 Stakeholder Consultations

In accordance with WB's ESF framework, stakeholder consultation was conducted before the preparation of the ESMF. Stakeholder consultation aimed at involving, informing and consulting the public in the planning, management and decision-making activities of the Project.

The stakeholder consultation process has the following objectives:
- To inform stakeholders about the proposed Project and its objectives;
- To assess stakeholder's interest and support of the project design and to integrate their opinions;
- To foster collaboration between project staff and local communities to minimize and mitigate E&S risks related to proposed Project activities;
- To provide mechanisms for stakeholders to raise concerns provide feedback, or make complaints about the Project and any activities related to the Project;
- To identify if stakeholders foresee any positive or negative E&S impacts from the Project, and if so, how the impacts can be addressed;
- To integrate opinions and concerns into alternative arrangement and mitigation measures; and

According to ESS10, project stakeholders are defined as individuals, groups or other entities who:

I. are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as 'project-affected parties'); and
II. may have an interest in the Project ('other interested parties'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

7.1 Methodology

In order to meet best practice approach the Project applies the following principles preparation of stakeholder engagement during the preparation of the Project, as well as the across the lifetime of the Project:

- ***Openness and life-cycle approach*** - consultations for the Project will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;

- ***Informed participation and feedback*** - information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns;

- ***Inclusiveness and sensitivity*** - stakeholder identification is undertaken to support better communication and build effective relationships. The participation process for the Project is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women, youth, elderly and the cultural sensitivities of diverse ethnic groups.

- ***Flexibility*** - *if* social distancing inhibits traditional forms of engagement, the methodology should adapt to other forms of engagement, including various forms of internet communication.

A precautionary approach will be taken to the consultation process to prevent infection and/or contagion, given the highly infectious nature of COVID-19. The following are some considerations for selecting channels of communication, in light of the current COVID-19 situation:

- Avoid public gatherings (taking into account national restrictions or advisories), including public hearings, workshops and community meetings;

- If smaller meetings are permitted/advised, conduct consultations in small-group sessions, such as focus group meetings. If not permitted or advised, make all reasonable efforts to conduct meetings through online channels;

- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders;

- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;

- Where direct engagement with project affected people or beneficiaries is necessary, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone lines with knowledgeable operators;

- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders;

- Reference WB's Technical Note: Public Consultations and Stakeholder Engagement when there are constraints on conducting public meetings.

7.2 Identification of Stakeholders

For the purposes of effective and tailored engagement, stakeholders of the proposed Project can be divided into the following core categories:

- **Project-affected Parties** – persons, groups and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the Project and/or have been identified as most susceptible to change associated with the Project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures;
- **Other Interested Parties** – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the Project and/or who could affect the Project and the process of its implementation in some way; and
- **Vulnerable Groups** – persons who may be disproportionately impacted or further disadvantaged by the Project(s) as compared with any other groups due to their vulnerable status[74] and that may require special engagement efforts to ensure their equal representation in the consultation and decision-making process associated with the Project.

Project-affected Parties

Project-affected Parties include local communities, community member, and other parties that may be subject to direct impacts from the Project. These stakeholders may include but not be limited to individuals and groups in the following categories:

- Banks and Bank association: Central Bank of Iraq (including departments of Banking Supervision, Legal, Information and Communication Technology, and Statistic and Research), Commercial banks, Iraq Private Banks League
- Investors: Angel networks, Med Angel, Local investors, Regional investors
- Microfinance institutions
- NGO directorate
- SMEs

Other interested Parties

The projects' stakeholders also include parties other than the directly affected communities, including:

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[74] Vulnerable status may stem from an individual's or group's race, national, ethnic or social origin, color, gender, language, religion, political or other opinion, property, age, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.

- Ministries: Ministry of Finance, Ministry of Planning, Ministry of Communications
- Government agencies: Central Organization of Statistics
- Banks and banks association: Central Bank of Iraq, Iraq Private Banks League
- Media: Media Office at CBI, the Iraqi media network, Ministry of Communications
- NGO Directorate
- The Center for Banking Studies/CBI

<u>Vulnerable Groups</u>

Vulnerable groups do not often have the channels and opportunity to express their concerns and understand the impacts of the Project. Hence, it is important to account for such groups or individual's particular sensitivities, concerns and cultural sensitivities in order to ensure a full understanding of project activities and benefits.

Considering the scope of the Project addresses the macro/meso level of the concerned sectors, the following vulnerable groups are identified as relevant.

- **Unemployed Women** - cultural norms, financial, economic and political barriers could limit their participation in the workforce and skew employment opportunities over males. Attention to the concerns of SE/SEA in the workplace is of particular importance
- **Young Job-seekers** - considerations should be taken to account for youths, the largest portion of the population experiencing unemployment
- **Low-income Population** - low-income households experience financial barriers to enter the workforce, and likely to be subjected to child and forced labor and illegal trafficking.
- **IDP** - attention to the human rights violations and barriers that prevent them from taking employment opportunities

Further below the stakeholder engagement outlines specific mitigation measures to ensure the inclusion of vulnerable groups.

7.3 Proposed Strategy for Stakeholder Engagement

In line with the above, different engagement and outreach methods are proposed and tailored to the different needs of the stakeholders. The following table provides a summary of the engagement methods. For further details, please refer to the Stakeholder Engagement Plan ("SEP").

Project stage	Target stakeholders	List of Information to be disclose	Methods and timing proposed
Preparation and Implementation	MOF MSMEs MFIs CBI BDS providers Iraq Private Banks League	Regular updates on project developments GRM procedures	*Committee meetings (bi-annually)* *Direct consultations (ad-hoc; minimum of bi-weekly meetings with operation staff)* *Project Website (continuous) (digital) Consultation meetings[75] (ad-hoc; minimum bi-monthly);* *Capacity Building Activities (upon needs identified during project inception phase);* *Consultation meetings (ad-hoc; minimum bi-monthly);* *Planned Technical Assistance support (ad-hoc; upon needs identified during project inception phase);*
Implementation	Commercial Banks Local investors Regional investors Angel networks MedAngels	*Regular updates on project developments GRM procedures*	*Committee meetings (bi-annually)* *Project website (continuous)* *Digital consultation meetings (ad-hoc; minimum bi-monthly)* *Project website (continuous)* *Capacity Building activities (upon needs identified during project inception phase)*
Project Kick-off; bi-annually, Project ending	Broader Public (including NGOs focusing on vulnerable groups)	*Objective of the CARP, Regular updates on project developments GRM*	*Public notices (bi-annually)* *Project website (continuous)* *Press releases in the local media through CBI's Media office (bi-annually as well as on specific occasions*

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[75] (digital) Consultation meetings are being organized on a bi-monthly basis in the same frame of the meeting held during project preparation (see Section 3.1). Each meeting is being accompanied by a prior online survey, which allows stakeholders to express their opinion, suggestions and concerns. Participants are being invited on the basis of identified needs – a continuous rotation is ensured, in order to grant each stakeholder group equal access. The sessions are always accompanied by an Arabic speaking moderator in order to ensure full inclusion. Minutes are being distributed to participants subsequent to the meeting for transparency purposes.

Complete Implementation	Government entities Private Business Sector (including Angel networks MFIs	*Project progress Relevant strategic Project decisions Update on available support measures (grants, vouchers, capacity development)*	*Correspondence by phone/email One-on-one exchange (where possible due to COVID-19 restrictions) Workshops Available help-desk for grant applicants*

Specific mitigation measures for the inclusion of vulnerable groups include the active involvement of NGOs and other groups that represent the identified vulnerable groups as well as actively promote their interest. Further, there is a defined quota of 20% of the grants that shall be awarded to recipients (MSMEs, SGBs and MFIs), which have employees belonging to one or more of the identified vulnerable groups. This is being implemented through the option of scoring additional points during the evaluation of the firms' grant application when proofing the involvement of employees from vulnerable groups.

7.4 Stakeholder Engagement for ESMF Preparation

During the Project preparation, consultation meetings were conducted by engaging over 200 different stakeholders. A final high-level consultation of 20 selected organizations, representative of the diversity of all previously consulted stakeholders, took place online, through a survey, e-mail feedback and a virtual consultation session (16th of November 2020). The list of participants included:

Stakeholder	Contact Name	Contact Email
Private sector associations:		
Iraq Britain Business Council:	Ashley Goodall	ashley.goodall@webuildiraq.org
Iraqi Private Banks League	Ali Tariq Mostaf	ali.tariq@ipbl-iraq.org
Intermediaries:		
The Station	Ali Al-Makhzomy Ammar Al-khatib Rasha Albani	makhzomy@the-station.iq ammar@the-station.iq rasha.albani@the-station.iq
Five One Labs:	Patricia Letayf	patricia@fiveonelabs.org

	Alice Bosley	alice@fiveonelabs.org
Sulaimani University Entrepreneurship Program	Pat Cline	pat.cline@auis.edu.krd
Mselect	David Tannourji	david@mselect.iq
Women Empowerment Organization	Suzan Arif	info@weoiraq.org
Kapita	Mujahed Wais Ali Alsuhai Mohammed Hameed	mujahed@kapita.iq ali.alsuhail@kapita.iq m.hameed@kapita.iq
Innovest	Bassam Falah	bassam.falah@innovest.me
Iraq Tech Ventures	Laura Olivier Mohammed Khudairi	info@iraqtechventures.com mohammed@khudairigroup.com
Northern Gulf Group	Christopher Ruth Zaab Sethna	cr@northerngp.com zs@northerngp.com
Microfinance		
Central Bank of Iraq	Ms Qismah Saleh Ali Moussa	qismah.salih@cbi.iq ali.moussa@cbi.iq
Vitas Iraq	Moustafa Khalife	mkhalifeh@vitasiraq.com
Izdiharona	Ahmed Alsaierafi	aalsaraifi@gmail.com
Al-Thiqa	Abbas Saedy	abbassaedy@yahoo.com
Businesses		
SAP	Hassan Saleh Batoul Husseini Khaldoun Homs	hassan.saleh@sap.com batoul.husseini@sap.com khaldoun.homsi@sap.com

Miswag	Ammar Ameen	ammar@miswag.net
Lezzoo	Yadgar Fadhil	Info@Fastwares.com
Sandoog	Mustafa Obaidi	mustafa@sandoog.net
ShopYoBrand	Randi Barznji	randi.barznji@gmail.com

On April 7th 2021, a consultation meeting took place with Iraqi Micro-finance institution in order to present them the World Bank's Environmental and Social standards as well as the exclusion list. The list of participants included:

| Stakeholder	Contact Name	Contact Email
Vitas Iraq	Moustafa Khalife	mkhalifeh@vitasiraq.com
Vitas Iraq	Ahmad Lamaa	alamaa@vitasiraq.com
Amalkom	Ammar Shamsa	ashamsa@amalkom.org
Izdiharona	Ahmed Alsaierafi	aalsaraifi@gmail.com
Al-Thiqa	Abbas Saedy	abbassaedy@yahoo.com

7.4.1   Results

In a 2-hour virtual session attended by 34 participants, stakeholders were invited to share their thoughts, questions and concerns regarding the Project setup. The main topics discussed are as follows.

- Need for adequate support to the CBI for setting up a NBFI Unit (as foreseen under Component 1.2 of the CARP);
- The active consideration of the Kurdish Region (related to different regulations or understandings of regulations applicable to MFIs); and
- The engagement of "actually" interested SMEs in Capacity Development efforts and the clarification of details with regard to the grant schemes.

Overall, the stakeholders expressed a very clear understanding of the planned project and confirmed the Project to have the potential to achieve the planned impact in its current form. The charts below present some feedback gathered through the online survey.

How would you rate the feasibility of the CARP?
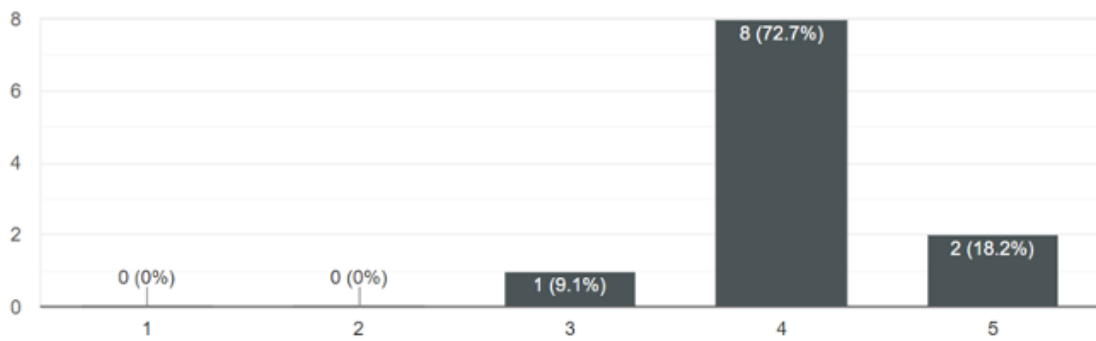
The CARP project has the potential to adequatly address the needs of my/our organisation/company
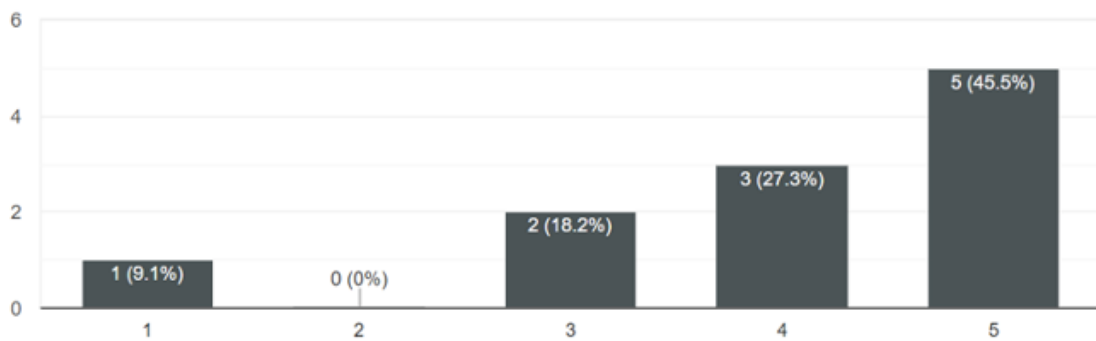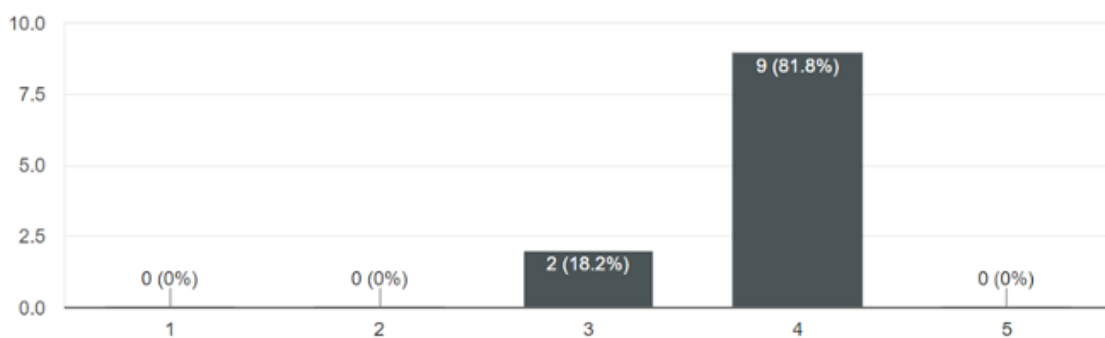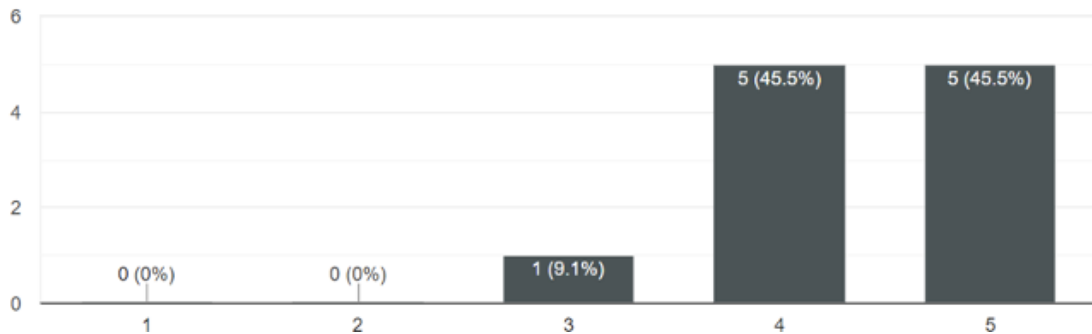

All relevant areas for supporting firms' resilience, non-bank access to finance (i.e. microfinance and early-stage finance) and growth in Iraq are being addressed through the project.

The two technical project Components (i.e. 1 and 2), including their sub-Components (i.e. 1.1, 1.2, 2.1, 2.2) and intended goals are fully clear to me.

7.5 Proposed Strategies for Information Disclosure

It is essential to facilitate stakeholder engagement throughout the Project life cycle, hence, a series of proposed stakeholder engagement strategies have been developed that ensures the engagement of the largest number of diverse stakeholders as possible. The following provides a summary of the proposed strategies as detailed in the SEP.

Through the Existing Governance Structure

The Project aims to utilize the existing Governance Framework/Coordination Structure for the National Finance Inclusion Strategy of Iraq as a method for which stakeholders can provide feedback. This framework is led by the CBI, to which the Project will have direct access, due to the support in setting up a Microfinance unit at the CBI. The chart below presents an overview of the structure and indicates the most relevant sub-committees (red framed) that the CARP will engage with/support in order to ensure relevant stakeholders are being informed about the Project progress and have the possibility to provide feedback or raise concerns.
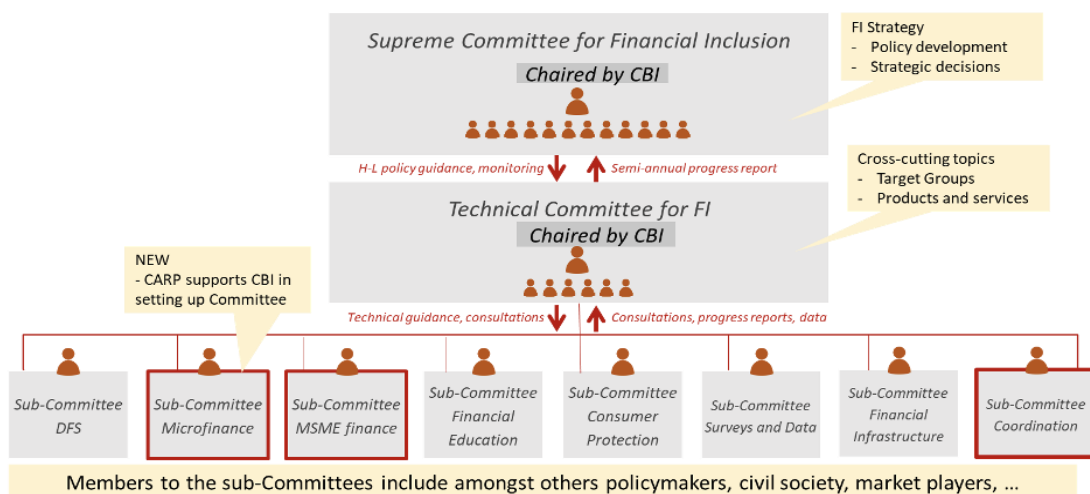
For a detailed list of the contributors for each sub-committee, please see the SEP.

<u>Through the Microfinance Association</u>

Similar to approaches taken by other countries such as Jordan, it is recommended to set-up an Iraqi Microfinance Association. The establishment of an Association would offer a series of industry-related support such as information of the development of the Microfinance Sector in Iraq, training and coaching to members, administer self-regulation practices, including the Code of Conduct, present market studies and running an Ombudsman, if applicable. Having this non-government led approach would create a more inclusive environment for stakeholders to raise concerns, which is less likely achieved in formal and structured mechanisms.

<u>Through Iraqi Innovation Alliance (IIA)</u>

For meaningful consultations with the MSMEs, the Project proposes to conduct close collaboration with the Iraqi Innovation Alliance. Consisting of 7 entrepreneurship organizations, this aims to directly engage with MSME who provide a nation-wide understanding of MSMEs in Iraq. During the Project preparation phase, close ties have been established with the 7 listed members.

<u>Through the Microfinance Network</u>

A crucial channel to facilitate engagement with MFIs is through tapping into the existing Iraqi Microfinance Network ("IMFN"). The IMFN was established in 2013 and is the sole organization that represents all MFIs in Iraq. However, they are at risk of closing their operations due to being severely understaffed. As engaging with IMFN presents significant value to the continuity of the Project, GIZ will closely coordinate with the IMFN to provide MFI related support. The IMFN would be responsible for organizing consultation meetings and advocating and mainstreaming compliance with E&S standards amongst MFIs.

8.0 Grievance Mechanism

A project-level GM will be established to provide affected people with the avenues to file their grievances and seek resolution with no intimidation or coerciveness. Through providing a transparent and credible channel, it aims to build trust and cooperation with all parties involved, which is an integral component to enhance the Project's effectiveness. The GRM will be aligned with specific project needs and be available throughout project implementation.

The specific objectives of the grievance procedures as follows:

- To provide a process by which grievances from communities, groups, individuals, local authorities, NGOs and other local stakeholders can be processed efficiently, and constructively. The goal is to resolve grievances amicably and if possible, minimize the use of the legal system.
- To offer individuals and groups with a way to express their grievances and problems in a rational and transparent manner and demonstrate the important role of stakeholders in program design and implementation.
- To institutionalize a reporting system to take corrective action.
- To establish a transparent relationship based on mutual respect with the communities and other local stakeholders.
- To establish Project responsibility regarding grievances and establish a course of action to manage the grievances in a timely manner.

The GMs will be promoted as much as possible as part of a communication campaign and training will be provided to beneficiaries of the Project so they are aware of channels through which they could voice their grievances and complaints. It will be communicated to all stakeholders and remains operational throughout the Project life cycle.

All parties may issue grievances including any individual, local authority, NGO, community group, organization, company or other local stakeholder who is directly affected or who may have an interest in the Project, including activities, laws and regulation implemented.

While considerable efforts have been made to include social and environmental risk management in the design and implementation of the Project in order to minimize and prevent potential adverse impacts, there is always a possibility that interests of some individuals, groups and institutions may still be negatively affected by the activities of the Project.

Typical grievances that are anticipated from the implementation of the Project include:

- OHS risks
- Poor labor working condition
- Disputes over the breach of contract
- Discrimination, inappropriate and unfair treatment by staff
- Sexual harassment and sexual exploitation and abuse
- Incomplete or no service
- Use of personal data without consent

8. 1 Communication Channels

Individuals and/or groups are free to choose the method that best suits them to file a grievance, they may do so in writing or verbally. The following channels of communication are made available to register a general grievance, including methods for anonymous grievance.

1. Contact the GIZ Country Office (grievance can often be resolved on site, especially if it is related to wrong or incomplete information or a perception by the claimant)
2. Drop a letter in the Grievance letter box that will be located outside the GIZ Country Office and project sites (allows for anonymous grievance)
3. By telephone on the following number Tel: TBC (allows for anonymous grievance)
4. By email via Grievance.CARP@giz.de
5. Write a letter to the Safeguards Specialist or Project Coordinator based in Iraq and Germany +4915738097243
6. Express the grievance or issue in any of the stakeholder consultation meetings

Specific measures for SEA/SH related grievances

Dedicated grievance measures have been created for Gender-based Violence ("GBV") - and particularly SEA/SH complaints, considering there are risks of stigmatization, rejection and reprisals against survivors. These socio-cultural norms create and reinforce a culture of silence, so survivors may be reticent to approach the Project directly. Some survivors will choose to seek services directly and never report to the GM. To enable women to safely access the GM, multiple channels through which complaints can be registered in a safe and confidential manner will be enabled. Channels that allow the submission of anonymous grievance include:

- Drop a letter in the Grievance letter box that will be located outside the GIZ Country Office in Baghdad (allows for anonymous grievance).
- File a grievance by phone on the following number Tel: +4915738097243 (allows for anonymous grievance).
- Provide individuals with dedicated contacts from NGOs specialized in SEA/SH e.g. Women Rehabilitation Organization

Specific GM considerations are taken for addressing SEA/SH to maintain confidentiality and safeguard the individual's identity. Through the grievance process, information remains anonymous and does not require the survivor to record more details than nature of the complaint, such as background information of the survivor and possible information on whether the survivor was referred to services.

In addition to the possibility to submit complaints through the specifically established grievance mechanism the project will map existing services and present those on the project's website, where the information is easily accessible for all involved stakeholders. An active reference to this information will be made in each formal communication[76] with project stakeholders.

8. 2 Procedures for Addressing Grievances

The following steps describe the method to successfully resolve grievances.

Step 1 - Registration and acknowledgement of Grievances
The following information must be collected from the claimant:
- Description of the grievance
- First name and surname of the claimant (for anonymous grievance, a code will be provided)
- Means of contact (e-mail or phone number)
- Date when problem occurred
- Gender
- Stakeholder Group (e.g. government, NGO, MSME etc.)

This will be documented in the Grievance Register Form (see Annex 1). Once this information is collected, the person receiving the grievance will inform the safeguards specialist. If the grievance has been received in writing, an acknowledgement letter will be sent to the claimant. For anonymous grievances, an acknowledgement letter with the claimant's code will be issued. All grievances shall be registered and acknowledged within 24 hours.

Step 2- Investigation of the Grievance
The project coordinator or safeguards specialist will inform the claimant that the usual time to resolve the grievance is within 15 days. The project coordinator or safeguards specialist will discuss with the claimant the issue and obtain the maximum information from the person who filed the grievance. If it concerns a damage caused by an activity related to the Project, the Project coordinator or safeguards specialist will take a photo of the damage (if applicable) and

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[76] This excludes Email and Phone exchanges but refers to Award notifications, Contracts, Approval Notes for Milestones, Publications and Awareness Raising events

the claimant (except if that person refuses to be photographed), as well as GPS coordinates of the site and other details such as extent of damage.

This additional information will allow to i) determine whether the grievance is legitimate; ii) confirm the severity of the grievance iii) determine the frequency of occurrence.

The safeguards specialist will classify the grievance by level of severity, as per the Grievance Register Form:

0. Non-justifiable
1. Negligible
2. Minimum
3. Moderate
4. Serious

In collaboration with the claimant, the safeguards specialist will identify a potential solution and discuss the solution with the Project Coordinator and WB Project representative. Once approved, the proposed solution will be formally communicated to the claimant and any other stakeholder involved.

Step 3- Treatment of Grievance
If the problem can be solved immediately
Grievances of this kind are normally negligible or minor: It is often a request for information or clarification which takes the form of a grievance. However, if the grievances are not handled properly, they can grow and become major. In this case, the Project coordinator or safeguards specialist can provide the claimant a verbal explanation, which most often is enough to close the grievance.

If the grievance is not justified
If the object of the grievance or concern is not justified (e.g. unrelated to the Project), the Project coordinator or safeguards specialist will inform the claimant. This type of grievance needs to be registered noting that it was not justified, but it is important to keep a record for future reference.

If the claimant is not satisfied with the proposed solution
In such a case, the Project coordinator or safeguards specialist will contact the country office to identify a solution with the claimant. If the grievance cannot be resolved, the last solution is resorting to the legal system.
The Project Coordinator and his/her counterpart at the WB will be kept up to date with the progress.

Step 4- Closure

The safeguards specialist will determine if the grievance has been closed to the satisfaction of the claimant. Once it has been closed, the information will be entered in the grievances register and the grievance can be closed.

Mediation

As discussed above, there are three different ways to resolve a grievance, it will be based on case-by case, depending on the severity of the grievance:

1. Between the Project Coordinator/Safeguards specialist and the claimant or his/her representative.
2. Through the GIZ Country Office.
3. Through the judicial system: this is the last resort, to be used in the event that all other approaches have failed.

Note that every effort should be undertaken to reach a settlement agreement with the claimant without resorting to meditations 3 and 4 described above. However, it is important to note that the claimants are entitled to use any of the mediation methods proposed above.

9.0 Labor Management Procedures

9.1 Introduction

The Project is being prepared as per the requirements of the ESS2 Labor and Working Conditions of the WB's ESF. The primary objective of ESS2 is to promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the Project fairly while also providing them with safe and healthy working conditions. Other objectives of ESS2 include the following:

- To promote safety and health at work;
- To promote the fair treatment, non-discrimination and equal opportunity of project workers;
- To protect project workers, including vulnerable workers such as women, persons with disabilities, migrant workers, contracted workers, community workers and primary supply workers, as appropriate;
- To prevent the use of all forms of forced labor and child labor;
- To support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law; and
- To provide project workers with accessible means to raise workplace concerns.

Accordingly, the purpose of this Labor Management Plan ("LMP") is to facilitate the planning and implementation of the Project by identifying the main labor requirements, the associated risks and to determine the resources necessary to address the Project-related labor issues. The LMP will enable different project stakeholders, for example, contractors, sub-contractors and project workers, to have a clear understanding of what is required on a specific labor issue. The LMP is a living document, which is initiated early in the Project preparation stage and is reviewed and updated throughout the development and implementation of the Project, as needed.

9.2 Overview of Labor Use in the Project

9.2.1 Number and Characteristics of Project Workers

Staffing structure:
The chart below presents the planned staffing structure, which includes both full-time (framed with a continuous line) and part-time (framed with a dashed line) workers as well as GIZ in-house staff and new recruits. The project workers will be located in either Baghdad, Iraq (red-framed) or Eschborn, Germany (grey-framed) at the GIZ Headquarters.
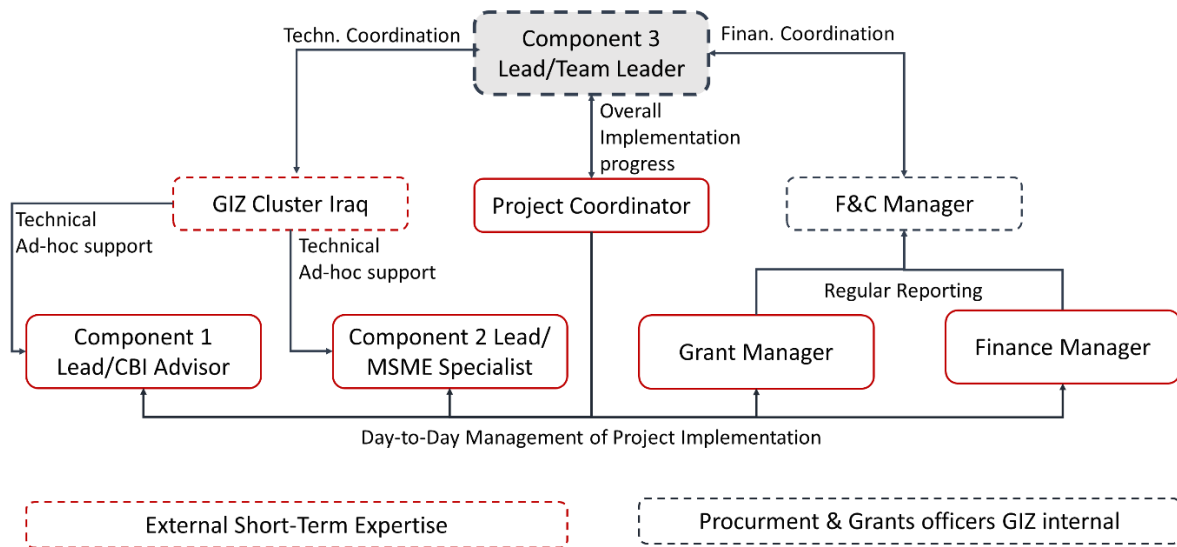
Number of Project Workers:

The staff structure foresees the deployment of a total of 7 permanent staff project workers (involved on a continuous basis) and around 30 short-term experts project workers (involved on an ad-hoc basis on specific needs). Permanent staff members and short-term experts are both considered as primary project workers.

	No. of workers	Local or International	Age limit	Timing of Engagement	Type of Job Skills
Permanent staff	7	Project Coordinator (local) F&C Manager (international based in Germany) Finance Manager (local) Grant Manager (local) Component 1 Lead (regional;	Above 18	Q4 2021 – Q4 2023	See table below

		missing missions to Baghdad)			
		Component 2 Lead (regional; missions to Baghdad)			
		Component 3 Lead (Team Leader (International and Germany based)			
Short term experts	30	30 locals	Above 18	Q4 2021 – Q4 2023	Short term experts (Diverse skills) - Legal expert - Expert on investment grants - Researchers - Business advisors - IT expert

Position	Responsibility
Project Coordinator (Baghdad based – CARP project office) – NP	The project coordinator is based in Baghdad and oversees the day-to-day work of the project. S/he is the eyes and ears on the ground of the Team Leader/Component 3 Lead. His/her main responsibility is to ensure a smooth running of all project tasks.
Finance Manager (Baghdad based – CARP project office) – NP	The Finance Manager will be based in Baghdad and is responsible for all day-to-day financial management aspects of the project. S/he will be integrated in the Admin & Finance structure of the ECON Cluster.
Grant Manager (Baghdad based – CARP project office) – NP	The Grant Manager is based Baghdad and responsible for the overall coordination of all different Grant schemes under the CARP project. S/he will be reporting to the Project Coordinator and Finance & Contract Manager. The Grant Manager will work in close collaboration with the Baghdad based Finance Manager, ensuring the smooth disbursement of all grants and is further supported by Procurement and Grant personal allocated in the GIZ Country Office in Baghdad as well as GIZ headquarters ("HQ") in Germany.

Component 1 Lead – Central Bank of Iraq Advisor (missions to Baghdad – CARP project office and CBI) - Consultant	The Advisor to the CBI is also the Lead for Component 1. The CBI's principle responsibility is to provide technical assistance to the CBI in view of enhancing the regulatory framework for NBFI's to operate in the country. In addition, he will oversee the support provided to MFIs. The CBI Advisor will have to provide hands-on support to CBI staff and therefore needs to be present at the CBI on a regular basis.
Component 2 Lead – MSME Specialist (missions to Baghdad – CARP project office) – Consultant	The Component 2 Lead is an Iraq based MSME Specialist with an in-depth understanding of the Iraqi Start-ups environment. S/he will lead all CARP activities aiming at the direct or indirect support of MSMEs and SGBs in Iraq.
Component 3 Lead – Team Leader (Germany based)	The Team Leader is based in Eschborn, Germany and be responsible for budget monitoring, supported by the Finance and Contracts Manager and underpinned by strong risk management as part of GIZ's quality assurance process.

Characteristics of Project Workers:

The contracted project workers will be mostly recruited from Iraq where they will also be based. Workers will be male and female and will not be under the minimum age.

9.3 Assessment of Key Potential Labor Risks

The key labor risks identified for the Project are listed below:

1. **Unfair and/or unclear contract terms and conditions including wages, overtime, compensation, benefits and working hours:** For GIZ contractors and MFIs**,** all project workers are contracted under appropriate wages, overtime, compensation, benefits and working hours**.** For SMEs operating in Iraq in some cases, there might be no contracts issued as many workers will be assigned on a daily compensation basis due to bureaucratic hurdles and high degree of informal work relations. Also, there might be employment practices that are not in compliance with either the national Labor Law or ESS2. For example, not providing written documents of assignments, wages not proportionate with tasks performed or industry standards, excess workload without provision of adequate rests and leisure, lack of hygiene facilities, and/or discrimination towards women.
2. **OHS risks:** The main causes of OHS risks include but are not limited to the following:
   a. Accidents or emergencies: Examples of accidents or emergencies include electric shock from electrical outage, gas supply interruption and leak, critical damage from handling office equipment, personal injuries and illnesses.

b. COVID-19 infection risks: During the pandemic, there is a risk of getting infected during work, particularly in the office environment as it is a closed space.

c. Security risks[77]

d. Heat-related injuries: The hot and dry climate of Iraq can lead to heat strokes and heat exhaustion.

e. Lack of OHS practices and procedures in the workplace

3. **Child labor or forced labor**

4. **Hiring of unskilled and unqualified labor**

5. **Community health and safety issues**, including but not limited to traffic-related accidents, air and noise pollution, and increased risks of communicable diseases.

6. **Discrimination and non-equal opportunities:** The large-scale and diverse nature of the CARP Project necessarily means that the types of workers employed will also be diverse. This may increase the occurrence of discrimination and non-equal opportunities.

7. **GBV/sexual exploitation and abuse**

8. **Inadequate GM to handle complaints and concerns for all Project workers**

9.4 Brief Overview of Labor Legislation: Terms and Conditions

The terms and conditions of employment applying to workers in this Project will largely depend on the nature of their employment contracts and shall be governed by the Iraqi Labor Law. These terms and conditions will be clearly mentioned in the written contracts for all types of workers, whether full-time or part-time, and be made known to project workers prior to commencement of work.

The essential provisions of Iraqi Labor Law are embodied in Law No. 37 of 2015, which aims to regulate the work relationship between the workers and employers and their associations, in order to protect their rights and achieve sustainable development based on social justice and equity and secure decent work for all. The Social Security Law (Law No. 39/1971) contains further provisions relevant to the employer employee relationship.

The Iraqi Labor Law does not impose an obligation on employers to employ a certain percentage of Iraqi nationals. An exception applies where an investment license is required for a project, in which case, according to the Investment Law, at least 50% of the employees in the workforce of the Project must be Iraqi nationals. Furthermore, in projects conducted under a foreign investment license, Iraqi nationals must be given priority over foreign workers, unless it can be shown that there are no Iraqi nationals whose skills and qualifications would match the relevant position. Foreign investment law also imposes an obligation on foreign investors to train their Iraqi employees and to enhance their skills. In regard to worker's rights,

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[77] Further outlined in the Security Management Plan in Annex 10

the Iraqi Labor Law allows for collective bargaining, including those without a union. Trade unions shall play an effective role in organization of labor relations, in the protection of worker's right and the development of workers career trajectories.

9.4.1 Wages

The wages of employees are calculated based on the amount of work performed or the amount of time the employee has put in or on some other criteria. Wages paid shall be no less than the amount specified in employment contracts or standard salaries agreed upon in collective labor contracts. In Iraq, the minimum wage for contracted workers is about 293.29 USD. The employer shall be subject to a penalty of not less than twice the legally prescribed minimum wage if it violates the Labor Law's provisions governing the minimum wage.

9.4.2 Working hours

- The standard work week is 40 hours.
- The maximum working hours are 48 hours per week.
- The minimum rest duration per week is 24 hours.
- If the worker is a contracted worker, he/she will receive full payment by the end of the month despite national holidays (i.e. national holidays will be paid). However, there is no compensation for national holidays with respect to daily wages in both the public and private sector.
- As a result of COVID-19, working hours may be reduced, subject to local authorities.

9.4.3 Rest breaks

The employees must be granted a rest and meal break during the workday. Time and duration are regulated by the Iraqi Labor Law at 30 to 60 minutes per day.

9.4.4 Leaves

- Ordinary leave: An employee will have the right to take a paid leave up to the equivalent of 3 calendar days per month regardless of his/her position, terms of employment or the effective period of their employment contract. The duration may vary depending on the type of workers, causes and reasons.
- Sick leave: For every year of work, the worker is entitled to thirty days' sick leave period paid by the employer. The sick leave period to which a worker is entitled may be accumulated for a total of up to 180 days.
- Maternity/Paternity leave: A female worker is entitled to a maternity leave at full pay of not less than 14 weeks per year.

9.4.5 Overtime work

No worker shall be employed for more than 40 hours of overtime for 90 days, and 120 hours of overtime for 12 months. Wages for every hour of overtime work shall be paid to employees as follows:

- If wages are based on time worked, the amount paid per hour shall not be less than twice the standard hourly wage;
- If wages are paid on the basis of piecework performed by the employee, extra wages must be paid in an amount not less than the hourly wages of employees with the same pay scale.

9.4.6 Discrimination and Non-equal Opportunities

- The Contractor shall issue and implement internal policies and procedures to assure that no employee or job applicant will be subject to discrimination and/or harassment.
- Practicing a strict Code of Conduct in which harassment, violence or discrimination of any kind is not allowed. This includes discrimination based on any bias, including gender, age, disability, ethnicity, or religion.

9.5 Brief Overview of Labor Legislation: Occupational Health and Safety

As alluded to in Section 3.4.5, Labor Law No. 37 of 2015 and Ministerial Instruction No. 12 of 2016: Occupational Health and Safety Requirements Regulations are the main OHS legislations. In addition to these laws, the following are additional legislation requirements on OHS.

Public Health Law No. 89 of 1981, amended by Resolution No.54 of 2001: In addition to addressing various issues related to population health, the Law stipulates the provision of the safety of drinking water and drinking water quality standards.

Occupational Health and Safety Instructions No. 3/1985 Concerning Occupational Safety:
- Provides for the enforcement of occupational safety provisions at places of work.
- Regulates that all workplaces are to appoint a person in charge of occupational safety and an occupational safety committee.
- Provides for the appointment and duties of the person responsible for occupational safety and for the occupational safety committee at each workplace.
- Establishes the functions and duties of employers and employees with regard to occupational safety.

Law No. 6 of 1988 concerning the National Commission for Occupational Hygiene and Safety governs the enforcement of OHS regulations.
- Provides for inspections of places of employment and inspections reports.
- Establishes the duties and responsibilities of the employer's OHS.
- Establishes the functions of safety commissions at places of work.

● Regulates the responsibilities and duties of workers with respect to OHS.

9.6 Responsible Staff

The Team Leader (Component 3 Lead) will oversee and guide all the workers associated with the Project.

Social and Environmental specialists will be responsible for the following:
● Implementation of the LMP.
● Ensure that civil works contractors comply with these labor management procedures, and also prepare OHS plans before mobilizing to the field.
● Ensure the contracts with the contractors are developed in line with the provisions of this LMP and the Project's ESMF, as detailed in the Project Operation Manual ("POM").
● Monitor to verify that contractors are meeting labor and OHS obligations toward contracted and subcontracted workers
● Monitor contractors and subcontractors' implementation of labor management procedures.
● Monitor compliance with OHS standards at all workplaces
● Monitor and implement training on LMP and OHS for project workers.
● Ensure that the grievance mechanism for project workers is established and implemented and that workers are informed of its purpose and how to use it.
● Have a system for regular monitoring and reporting on labor and occupational safety and health performance.
● Monitor implementation of the Code of Conduct.

LMP and OHS responsibilities of the Contractors include the following:
● Follow the labor management procedures and OHS requirements in line with the ESMF provisions and stated in the contracts.
● Supervise the subcontractors' implementation of labor management procedures and OHS requirements.
● Maintain records of recruitment and employment of contracted workers as provided in their written contracts.
● Communicate clearly job descriptions and employment conditions to all workers.
● Provide induction training (including social induction) and regular training to employees in labor protection requirements, including training on their rights on safe labor under the Labor Law, on the risks of their jobs, and on measures to reduce risks to acceptable levels.
● Ensure that all contractor and subcontractor workers understand and sign the Code of Conduct prior to the commencement of works and supervise compliance with the Code.

9.7 Policies and Procedures

The project's identified risks and impacts will be mitigated with a number of policies and procedures. These will address OHS risks, working conditions and management of worker relationships, labor working conditions, non-discrimination and equal opportunities, terms and conditions of employment. The different policies and procedures, which the Project will prepare, adopt and implement are listed below.

To achieve adequate levels of OHS performance, the Team Leader is committed to:
- Provide a clear assignment of OHS responsibilities.
- Comply with legislation which relate to OHS requirements as stipulated in Labor Law 37 of 2015, in addition to the WB's EHS Guidelines and, as appropriate, other GIIP
- Prevent OHS risks through promotion of appropriate skills, knowledge and attitudes toward hazards;
- Contribute to improve OHS management system and performance during project implementation;
- Communicate OHS provisions to all persons
- Include clauses in the contracts throughout the implementation period to prepare, adapt and implement OHS plans

To avoid workplace health and safety issues including accidents and injuries, the PIE will:
- Provide and maintain a healthy and safe work environment and safe systems of work;
- Ensure legal labor standards as per Iraqi regulations (child/forced labor, no discrimination, working hours, minimum wages) are met;
- Provide hygienic, adequate facilities for workers, ensuring toilets and changing rooms are separated to male and female employees;.
- Be intolerant of, and enforce disciplinary measures for illegal activities. To be intolerant of, and enforce disciplinary measures for GBV, inhumane treatment, sexual activity with children, and sexual harassment;
- Incorporate a gender perspective and provide an enabling environment where women and men have equal opportunity to participate in, and benefit from, planning and development;
- Ensure that workers have access to and are aware about the GM;
- Engage with and listen to affected persons and organizations and be responsive to their concerns, with special regard for vulnerable, disabled, and elderly people;
- Provide an environment that fosters the exchange of information, views, and ideas that are free of any fear of retaliation, and protects whistleblowers;
- Minimize the risk of pandemic notably COVID-19 transmission and to mitigate the effects of COVID-19 associated with the execution of the Project; and

- Provide appropriate insurance schemes for all the types of workers, covering work related accidents (injuries and fatalities), as well as insurance for third parties, where applicable.

9.7.1 COVID-19 Considerations

The PIE will develop specific procedures or plans so that adequate precautions are in place to prevent or minimize an outbreak of COVID-19. These measures include but are not limited to:

- To conduct all activities safely and in accordance with legislative standards and in consideration of government guidance;
- Ensure that staff are informed and instructed to ensure competence and awareness of health and safety measures required during COVID-19;
- Adopt a risk-based approach to identify, evaluate, mitigate and report issues on health and safety;
- Protect the health and safety of local communities and users, with particular concern for those who are disabled, elderly, or otherwise vulnerable;
- Openly communicate health and safety government guidance and internal updates to stakeholders through various channels and allocating resources to achieve and maintain the highest possible health and safety standards;
- Monitor COVID-19 transmission and health and safety performance through the establishment of relevant indicators and conducting regular inspections; and
- Review of risk assessments, policies, procedures and practices at regular interval and where additional information is gained through changes in government guidance, monitoring or following an incident

9.8 Age of Employment

The Iraqi Labor Law No. 37 for 2015 Article 21 defines the child as anyone who has not completed 15 years old. However, Iraq is also signatory to the 1989 International Convention on the Rights of the Child, which defines everyone under the age of 18 as a child who must have special protection and care. Considering the type of work in the Project, the minimum age for employment will be 18. If a child under the minimum age is discovered working on the Project, measures will be taken to immediately terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

In order to prevent under-aged workers, all contracts shall include contractual provisions regarding the matter, including penalties for noncompliance. The contractor will also be required to maintain a labor registry of all contracted workers, as well as verify the identity and age of all workers. This will require workers to provide official documentation, which could include a national identification card, passport, or medical or school record.

In instances where an official identification card is unavailable, contractors will be required to perform the following procedures:

- Check the birthday on official documents such as birth certificates or other credible records, where available;
- Obtain written confirmation from the medical practitioner; or
- Obtain written and signed declarations from the worker and his/her parents or guardian.

9.9 Terms and Conditions

9.9.1 Child Labor and Minimum Age

All project personnel shall be above the age of 18. Documentation and verification of age will be prior to the employment or engagement of a project worker and kept on file. The following measures will be undertaken:

- Obtaining written confirmation from the applicant of their age; and
- Where there is any reasonable doubt as to the age of the applicant, requesting and reviewing available documents to verify age (such as a birth certificate, national identification card, medical or school record, or other document or community verification demonstrating age).

If a child under the minimum age is discovered working on the project, grievances can be filed through existing mechanism as detailed in section 10.10. If the case is verified, measures will be taken to terminate the employment or engagement of the child in a responsible manner, taking into account the best interest of the child.

9.9.2 Maximum Number of Hours that can be Worked on the Project

- The standard work week is 40 hours.
- The maximum working hours are 48 hours per week.
- The minimum rest duration per week is 24 hours.
- If the worker is a contracted worker, he/she will receive full payment by the end of the month despite national holidays (i.e. national holidays will be paid). However, there is no compensation for national holidays with respect to daily wages in both the public and private sector.
- As a result of COVID-19, working hours may be reduced, subject to local authorities.

9.9.3 Provisions on Termination

Project workers will receive written notice of termination of employment and details of severance payments in a timely manner. All wages that have been earned, social security benefits, pension contributions and any other entitlements will be paid on or before termination of the working relationship, either directly to the Project workers or where

appropriate, for the benefit of the Project workers. Where payments are made for the benefit of project workers, project workers will be provided with evidence of such payments.

9.9.4 Leave

- Ordinary Annual leave: An employee will have the right to take a paid leave regardless of his/her position (profession), terms of employment or the effective period of their employment contract. The duration may vary depending on the type of workers, causes and reasons (up to 3) calendar days per month. Paid ordinary leave is only for contracted workers.

- Sick leave: The employee is entitled to a sick leave based on a report from concerned medical authority. For every year of work, the worker is entitled to thirty days' sick leave period paid by the employer. The sick leave period to which a worker is entitled may be accumulated for a total of up to 180 days. During the sick leave an employee is entitled to his/her full salary, half the salary for the second leave and without salary for the third (for a period of time that shall not exceed 180 days). Where the employee is not able to resume his work after taking all the sick leaves with full/half/without salary, he/she will be released.

- Maternity/Paternity leave: Female workers will get paid a maternity leave. An expectant mother would be entitled to 21 days maternity leave, to be extended to 51 days after submission of the necessary documents. This is followed by 12 months with half the salary. Pregnant women will be reassigned and allowed to work in non-hazardous, non-arduous work as per medical advice without pay severance or penalty.

9.9.5 Rest Breaks

The employees must be granted a rest and meal break during the workday. Time and duration are regulated by Iraqi Labor Law (30-60 min) per day.

9.9.6 Injuries and Death

It is the PIE's responsibility that all workers, including temporary and daily laborers, shall be appropriately insured against injuries and death, according to GIZ HR rules and procedures.

9.10 Grievance Mechanism

A grievance mechanism is a procedure that provides a clear and transparent framework for addressing grievances related to the recruitment process and in the workplace. This typically takes the form of an internal procedure for complaints, followed by consideration and management response and feedback. As has been described in Section 8, the implementing entities will put in place a GM for the CARP Project through which communities (including community workers) and individuals who believe they are adversely affected by the Project may submit complaints.

In addition to this Project-level GM, a grievance mechanism will be provided for all direct workers and contracted workers (and, where relevant, their organizations) to raise workplace concerns. Direct workers and contracted workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all such project workers. The project will ensure that each contractor/sub-contractor is aware of this requirement by inserting appropriate contractual clauses in all relevant contracts. The PIE will ensure that each contractor has a dedicated staff responsible for receiving and filing grievances, and that contractors have mechanisms in place to address grievances filed. The PIE will also ensure that contractors have in place clear procedures for escalating grievances, which are not resolved at the level of the contractor in the stipulated time, to the level of the GIZ country office in Iraq.

9.10.1 World Bank Grievance System

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

https://www.worldbank.org/en/projects-operations/products-and-services/grievance-redressservice.

9.11 Contractor Management

The PIE will be responsible for monitoring the performance of contractors and their contracted workers, as applicable. Such monitoring may include periodic audits, inspections of work sites, labor management records and reports compiled by contractors as required by the Environmental and Social Commitment Plan ("ESCP"). In particular, in instances where local suppliers would be engaged, the PIE may carry out due diligence procedures to identify if there are significant risks where the suppliers are exposing workers to serious safety issues or exploiting child or forced labor. In instances where foreign suppliers would be selected, the PIE will be required to inquire during the procurement process whether the supplier has been accused or sanctioned for any of these issues and also their corporate requirements related to child labor, forced labor, and safety. If there are any risks related to safety and child and

forced labor identified, and Sexual Exploitation and Abuse/ Sexual Harassment (SEA/SH) risks. Procedures to address these risks will be prepared accordingly.

Requirements of ESS2 will be incorporated into contractual agreements with all contractors and subcontractors. Procedures will also be put in place to manage and monitor the performance of contractors. The contractual agreements will include noncompliance remedies (i.e. sanction clause) for possible noncompliance with E&S provisions by the contractor. The ESS2 requirements will include periodic audits, inspections, and/or spot checks of project locations or work sites and/or of labor management records and reports compiled by third parties, where applicable. Third parties' labor management records and reports may include: (a) a representative sample of employment contracts or arrangements between third parties and contracted workers; (b) records relating to grievances received and their resolution; (c) reports relating to safety inspections, including fatalities and incidents and implementation of corrective actions; (d) records relating to incidents of noncompliance with national law; and (e) records of training provided for contracted workers to explain labor and working conditions and OHS for the Project.

According to the Supreme Committee for National Health and Safety instructions and WB contingency plans for project sites, COVID-19 specific measures shall also be incorporated into contractual agreements, which may include but not limited to:

- Provision of medical insurance covering treatment for COVID-19, sick pay for workers who either contract the virus or are required to self-isolate due to close contact with infected workers and payment in the event of death.
- Specific procedures relating to the workplace and the conduct of the work (e.g. limiting the number of workers present).
- Including contractual provisions and procedures for managing and monitoring the performance of contractors, in light of changing circumstances prompted by COVID-19.

10.0 Gender Action Plan

This Gender Action Plan ("GAP") forms the basis for operationalizing the results and recommendations of the gender analysis. It contains specific gender elements to be considered in the Project design and during the implementation of Project measures and activities. Moreover, it helps to monitor implementation of these measures and activities. Hence, the GAP ensures an effective gender mainstreaming and integration of a consistent gender-perspective in the CARP Project in order to maximize development co-benefits. The aim is to promote opportunities, drivers of change and positive gender dynamics as well as to manage and mitigate potential adverse risks over the duration of the Project.

The GAP is closely aligned to the outputs of the planned activities. It complements the Environmental and Social Management Plan ("ESMP") that already contains gender-related aspects. In addition to the specific activities and measures of the GAP, the CARP Project will systematically apply some general measures in accordance with the GIZ Gender Strategy:

- Based on the GIZ's guidelines on designing and using a results-based monitoring system, the sub-Projects will document the positive and negative effect that project's activities have on gender relations by setting up an adequate, gender-sensitive results-based monitoring and by collection sex-disaggregated data.
- A gender-sensitive language is used in reports, training materials and publications.
- In the program team(s), competencies on gender will be considered during the hiring process and (further) developed by means of training, where needed.
- The GAP will be executed, where possible, by the different entities involved in the Project management, including all concerned Government line agencies and development partners.

10.1 Project Overview

Impact Statement: The proposed Project aims to test the effectiveness of selected financial and firm-level interventions in providing liquidity, building capacity for targeted small and growing businesses, and mobilizing private investment. It is aimed at supporting the resilience of viable MSMEs and the sustainability of their intermediaries in the aftermath of the COVID-19 pandemic.

This translates into the following components and respective sub-components:

Component 1: Financial Inclusion
- Sub-component 1.1: Provision of liquidity support to most affected micro- and small business owners through MFIs
- Sub-component 1.2: Strengthening the legal and institutional framework for MSME finance in Iraq

Component 2: SME-Support Measures
- Sub-component 2.1: Enhancing SME capabilities and resilience through blended learning, vouchers, matching grants
  - To address possible gender gaps, special focus will be put on supporting Women-led MSMEs and SGBs as well as those focusing on initiatives targeting women specifically. A fixed proportion of the vouchers and grant shall go to those beneficiaries. In additional the project foresees to engage with project partners (e.g. 21Labs) who already successfully run programs that support women entrepreneurs.
- Sub-component 2.2: Catalyzing private investment into SGBs through Ecosystem support grants
  - To address gender gaps in Iraq's private sector environment, activities under this sub-component will align with a pipeline Women Entrepreneurs Finance Initiative ("WeFi") Iraq project and build upon the Mashreq Gender Facility ("MGF") investment-readiness activities for women entrepreneurs. Under the WeFi Iraq project, Iraq women led SGBs will be provided hands-on and be-spoke coaching and support on investment readiness and raising capital from investors (while also being eligible for the grants described above). The WeFi project will be executed under a parallel Advisory Services and Analytics project, Enabling Environment for the Creation and Growth of Innovative Small and Medium Enterprises (P171175). The WeFi program builds off the design and approach of a WeFi program in Pakistan, tailored to the Iraq context.

Component 3: Project Management

- This component will finance project management costs over the Project life. This will not be included in the GAP.

Component 4: Contingent Emergency Response Component
- This component is a contingency component to be considered in the case of a relevant emergency event. It Is unfunded and will not be included in the GAP.

10.2 Monitoring, Evaluation and Reporting

A long-term safeguard, gender and Monitoring and Evaluation ("M&E") specialist as well as a national expert who will support the safeguard, gender and M&E specialist, will be embedded into the program. They will be responsible for overseeing, guiding and coordinating gender-related measures within the program, and ensure the successful implementation of the GAP and ESMP. Their responsibilities will also include monitoring, evaluating and reporting the GAP.

With a focus on gender, their specific duties will include the following (among others):
- Liaison with all program stakeholders;
- Responsibility for overseeing program communication and stakeholder engagement on topics related to gender;
- Revision of program documents/publications/guidelines/policies to ensure effective gender-mainstreaming, and that information is gender-sensitive;
- Identification of local and provincial Civil Society Organizations ("CSOs") and women's groups for collaboration on community outreach, information dissemination and other program activities;
- Dissemination of information about the grievance mechanism to program partners, local communities, CSOs, among others;
- Overseeing (implementing, monitoring and reporting) the gender action plan; and
- Monitoring program progress, including in achieving the ESMP and gender action plan targets, and ensuring adaptive management (as needed).

11.0 Procedures for the Disclosure and Implementation of ESMF

11.1 Disclosure

Public disclosure of E&S documents is a requirement of the WB as well as the national environmental impact assessment laws and guidelines, and therefore this ESMF will be available to project affected groups, local NGOs, and the public at large. PIE will make copies of the ESMF available in selected public places as required for information and comments as well as in the media. PIE may at their own discretion set up a Project Management Team ("PMT") in support of PIE during program implementation. This team may consist of a combination of permanent and short-term experts from GIZ.

The ESMF will be announced and disclosed on the websites of the MOP and PIE,

There will be a public notification in local dailies that provides a brief description of the Project, a list of venues where the ESMF report is on display and available for review, duration of display, and contact information for comments. The ESMF will subsequently be disclosed on the WB website after in-country disclosure. Disclosure in-country and on the WB website will take place before the board date.

11.2 Implementation

As part of the due diligence process in the Project cycle, screening and assessing the social and environmental risk of each must be undertaken. The PMT will be responsible for screening the applicants and ensure that all the necessary criteria are met. The following section lays out the procedures to be applied to all applicants who are eligible for the CARP Project.

Environmental and social safeguards are introduced and addressed, where all measures and requirements are also set forth. These safeguards include requirements of exclusion from the WB, as well as safeguards required under the General User Guide Safeguards+Gender Management System of GIZ (Annex 3).

11.2.1 World Bank's Exclusion List

The WB has classified 14 areas of business involvement that are exempted from funding from this Project. Together, they form the basis of the CARP Project's exclusion list. The following type of activities are ineligible for financing under this Project:

1. Production or trade in any product or activity deemed illegal under Iraq's laws or regulations or international conventions and agreements

2. Production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans
3. Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species
4. Production or trade in weapons and ammunitions
5. Production or trade in alcoholic beverages
6. Production or trade in tobacco
7. Gambling, casinos, and equivalent enterprises
8. Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control measurement equipment, and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.)
9. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
10. Production or trade in or use of unbounded asbestos fibers
11. Unsustainable fishing practices, such as drift net fishing in the marine environment using nets in excess of 2.5 km length, electric shocks, or explosive materials
12. Production or trade in wood or other forestry products other than from sustainably managed forests
13. Production or activities involving harmful or exploitative forms of forced labor or harmful child labor
14. Activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement
15. Any activities involving significant degradation or conversion of natural and/or critical habitats and/or any activities in legally protected areas
16. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes, and so on)
17. Production or activities that have adverse impacts, including relocation, on the lands, natural resources, or critical cultural heritage subject to traditional ownership or under customary use by Indigenous Peoples
18. Activities involving significant adverse impacts on critical cultural heritage
19. Production or trade in or use of non-biodegradable packaging material such as polythene bags and styrofoam.

11.2.2   GIZ's Safeguards+Gender Management System

The Safeguards+Gender Management System is a mandatory minimum standard for all GIZ business sectors and commissioning parties for projects with a commission value of EUR 1 million or more.

In accordance with GIZ's Safeguards+Gender Management System, GIZ's safeguards are designed to protect people and other objects of protection from adverse impacts from risks and unintended negative impacts. The Safeguards+Gender Management System sets out precautionary measures to avoid or mitigate unintended negative impacts in the areas of the environment and climate, human rights, conflict and context sensitivity, as well as gender equality.

The aim of the environment and climate safeguards is to ensure that environmental and climate aspects are systematically considered both strategically and operationally. In concrete terms this means ensuring that, in the planning and implementation of development programmes,

- Unintended negative impacts on the environment and climate are reduced or avoided;
- There are no considerable additional greenhouse gas emissions; and
- The impacts of climate change are taken into account and adaptive capacities are increased.

The human rights safeguard describes how the observance of human rights is assessed and what criteria are used. The assessment reviews the interactions between the program and its context and the alignment of the Project with human rights standards. In addition – and in particular within contexts that present challenges to upholding human rights – it ensures that projects are designed in a human-rights-sensitive way, possible risks are appropriately addressed, and results are monitored effectively.

The conflict and context sensitivity safeguard is needed to minimize or prevent development measures from having unintended negative impacts on fragile and conflict- or violence-prone contexts. As Iraq is one of the countries that is affected by conflict, fragility, violence or acute crises, this international development project should therefore aim wherever possible to address the causes of conflict, fragility and violence, to improve capacities for non-violent conflict transformation and to create an environment needed for peaceful and inclusive development. It is therefore extremely important to pay attention to a context- and human-rights-sensitive design and implementation of projects, context-specific management of the handling of external risks, and conflict- and context-sensitive monitoring to prevent and/or reduce unintended negative impacts on the context and existing conflicts.

In the area of gender equality, the Safeguards+Gender Management System goes beyond checking for and assessing any unintended impacts in the sense of a do-no-harm approach and requires additionally, as a binding standard, the assessment of potentials for promoting gender equality. Potential for promoting gender equality and women's rights must be leveraged wherever possible. This involves, among other things:

- Creating equal access to law and justice;
- Enhancing political participation, decision-making and representation of women;
- Promoting equal social and economic participation;
- Enabling equal access to education, to resources and services, to vocational training, to the labor market and to life-long learning;
- Tackling gender-based violence against women and girls; and
- Supporting state institutions and/or non-state stakeholders that actively campaign for gender equality.

11.2.3   Eligibility Screening Criteria

All subproject applications, direct or through MFIs, must undergo a screening process. A screening checklist for applicants (Annex 5) and for official use (Annex 6) have been prepared. It is prepared with due consideration of the E&S safeguards, including requirements of exclusion from the WB, as well as safeguards required under the Safeguards+Gender Management System of GIZ.

The screening checklist entails two major sections: i) a general eligibility criteria screening that eliminates all projects that are involved in one or more of the exclusion factors, and ii) a screening checklist that assess in detail E&S factors, as listed below.

Table 6: Environmental and Social Eligibility Criteria

Environmental Factors	Social Factors
- Overall assessment - Water use - Climate / greenhouse gas emissions - Fuel usage - Energy consumption - Solid waste - E-waste	- Employment - Gender - Child labor - Human rights - COVID-19 - OHS - Privacy and data safety - Corruption - Land use

For the screening checklist, each E&S section is assigned a scoring system, which then requires officials using the screening checklist to provide a detailed and comprehensive description of the risk and impact, as well as the extent to which the activities of the subprojects are dependent or independent of. The E&S specialist would then be responsible for monitoring and assessing the validity and threshold to which the responses to each factor are sufficient.

In the event that the justification or explanation from the official assessment is deemed insufficient by GIZ, the official(s) responsible for the assessment may be required to undergo an interview process. The interview process would facilitate an understanding from both sides of the E&S risks and impact the subproject applications would encapsulate. GIZ would have the final decision-making power to decide whether the subproject applications would pass the E&S screening process for its funding application.

11.2.4   Social Responsibility and Environmental, Health and Safety Policy

Company policy of subprojects demonstrates the company's commitment to assess and implement certain social and environmental factors. For those that do not have such a policy to guide the company, a template Social Responsibility and Environmental, Health and Safety Policy has been created (Annex 7) to illustrate subprojects' commitment to social responsibility, environmental, and health and safety aspects. It is an optional document for the top management of subprojects to sign, in the event that they do not already have a similar policy in place. It requires their commitment to adhere to certain guiding principles, including operating with integrity, strictly abiding by all material laws and regulations for pollution prevention, and protecting the rights and interests of all employees.

11.2.5   Procedures to review E&S systems / ESMS

On a quarterly basis, GIZ is responsible for preparing an Environmental and Social Safeguards Monitoring Report throughout the Project implementation phase. These regular monitoring reports on Environmental, Social, Health and Safety ("ESHS") performance of the Project with aggregate data on number of subproject applications received, number of subprojects assessed according to ESMF framework, number of subproject eligible after assessment, and total ratio of subproject based on scoring category and total amount of funding based on scoring category.

Detailed information can be found in Section 14: Monitoring and Reporting of ESMF Implementation.

12.0 Budget for ESMF Implementation

Below is the preliminary cost estimate for the implementation of sub-project specific ESMP.

Table 8: Budget for the Implementation of ESMF

Activity	Total ($USD)
Desktop Research Legislative and Institutional Framework in Iraq Environmental and Social (E&S) Baseline Data Environmental and Social Impact Assessment Identification of Potential E&S Risks and Impacts Collaborative Mitigation Measures Proposal E&S Assessment Procedures, including Subproject Screening Checklist Form Monitoring and Reporting Plans, including E&S Monitoring Report Template Stakeholder Consultation Procedures Grievance Mechanism Labor Management Plan Capacity Building 3 Trainings on ESMF Requirements E&S Monitoring 1 E&S Specialist Monitoring and Evaluation Tool and Platform 1 E&S Monitoring Report Template Review and audit 8 E&S Monitoring Reports (2021-2023)	Up to 38.000 USD
Contingences	2.000 USD
Total	40.000 USD

13.0 Monitoring and Reporting of ESMF Implementation

Monitoring is a key component of the ESMF during project implementation, as it helps verify the effectiveness of impact management, including the extent to which mitigation measures are successfully implemented.

More specifically, periodic monitoring of the general project and subproject activities will help to:

- Improve E&S management practices;
- Check the effectiveness of the implementing entities' safety oversight measures;
- Identify problematic areas of the Project at early stages for quick intervention; and
- Provide the opportunity to report the relevant E&S results .

GIZ will engage a dedicated E&S specialist with relevant M&E skill sets, who will be responsible for facilitating the M&E activities. The contractor should assign a dedicated qualified ESHS supervisor for monitoring environmental, social, health and safety issues, to ensure compliance with the ESMP. The following table presents the main monitoring activities to be undertaken to track the progress of ESMF implementation into the sub-projects.

Table 9: ESMF Monitoring Indicators

Activities/ Issues	Key Performance Indicator ("KPI")	Frequency	Responsibility
Reporting of incidents/ accident	Reporting of incident/accident through the Incident/ Accident Form Number of incidents/ accidents	Within 48 hours after becomes known	GIZ/M&E specialist
Regulatory compliance issues	PIE's approval/ permits obtained as required	Once	GIZ/M&E specialist
Implementation of GM	- Number of grievances recorded - Number of grievances resolved in the stipulated time frame	Monthly	GIZ/M&E specialist
Stakeholder Engagement	- Numbers of stakeholder (groups) participating to CBI sub-Committees - Number of sub-Committees taking place - Frequency of sub-Committee meetings	Monthly	GIZ/M&E specialist

Implementation of E&S program during the operation of the Project	Regular monitoring reports on ESHS performance of the Project with aggregate data on: ● Number of subproject applications received ● Number of subprojects assessed according to ESMF framework ● Number of subproject eligible after assessment ● Total ratio of subproject in each risk level and total amount of funding per risk level	Quarterly	GIZ/M&E specialist
Training and awareness	● Number of awareness sessions on ESHS and GBV issues ● Number of project beneficiaries attending these sessions	On a needs basis	GIZ/M&E specialist

13.1 Responding to Incident or Accident

It is essential to have appropriate response mechanisms in place, may any environmental or social incident or accident occur. The first priority is always to prevent emergency incidents or accidents from occurring. Training shall also be conducted to inform all subprojects the necessary preventive and corrective actions as well as reporting required, should an incident or accident occur.

GIZ is responsible for identifying prevention and response actors within the Project scope. Where no or insufficient local knowledge on prevention and response service providers is available, ideally the Project Coordinator should undertake a mapping exercise through a portfolio approach that identifies qualified Services Providers, NGOs and community-based organizations in the Project's adjoining communities.

Prior to receiving any incident or accident reports, GIZ must clearly identify who specifically will be responsible for handling the reports, including the person responsible for assessing the

nature of each incident, the appropriate corrective actions, the appropriate preventive actions, etc.

The person in charge of each subproject shall report to the associate MFIs (if applicable) and GIZ in matters related to emergency preparedness and shall have total authority during emergency situations. In the event of an environmental or social incident, the incident must be reported immediately to GIZ (via _____ (email) or _____ (phone number). The PIE shall then be the active coordinator in handling all incident(s) and prevent or mitigate adverse environmental or social damages.

In the event of an incident or accident, the process of reporting them would typically follow the following:
1. Designated person in charge of the subproject will report to the PIE within 48 hours after learning of the incident or accident.
2. The PIE shall notify the WB within 48 hours after the report to PIE.
3. The person in charge of the subproject, or a witness to the incident or accident, shall fill in the Part A of the Incident/Accident Report Form (Annex 8).
4. The signed copy shall then be sent to the associated MFIs, if applicable, and GIZ.
5. The PIE shall assign the person(s) responsible for the corrective and preventive actions to investigate and assess the incident and fill in Part B of the Incident/Accident Report Form.
6. The PIE shall assign a dedicated person(s) to be responsible for follow up and verification that the corrective actions have been completed and are effective and fill in Part C of the Incident/Accident Report Form.
7. The PIE shall consider implementing preventive action(s) in other associated subprojects to prevent similar incidents or accidents from occurring.
8. The PIE shall send the detailed report to the WB task team within 30 days of the incident or accident occurring.

13.2 Periodic Monitoring Reports

As a part of the Project's management support, the M&E specialist of the safeguards shall provide inputs on a quarterly basis to monitor the quality of the Project implementation and the compliances with E&S safeguards. The report in discussion is the Environmental and Social Safeguards Monitoring Report.

During implementation stage of the Project, regular monitoring reports on ESHS performance of the Project, including but not limited to, the implementation of the ESCP, status of preparation of the E&S documents required under the ESCP, stakeholder engagement

activities, and functioning of the grievance mechanism(s), including grievance logs from workers and beneficiaries, if available.

The purpose of the monitoring report is to ensure that the subprojects directly funded through this Project or through the MFIs is granted to fund recipients with due concern for E&S requirements according to the ESMF, specifically to ensure that these issues are adequately addressed to the requirements of WB and GIZ: (i) assessment and management of E&S risks and impacts; (ii) stakeholder engagement and information disclosure; (iii) labor and working condition; (iv) resource efficiency and pollution prevention and management; (v) community health and safety; and (vi) financial Intermediaries.

The methodology applied for this report includes collecting and reviewing records and documents, compiling data and statistics, conducting field visits and consultation with relevant stakeholders, such as affected persons, beneficiaries, MFIs representatives, MSMEs and SGBs, female groups at different levels to (a) verify compliance issues pertaining to all safeguards matters related to funding contained E&S conditions and screening process; (b) carry out random performance checks on the work; and (c) access recipients' and MFIs' claims in terms of skills, staffing, experience, resources, and corporate legality.

The monitoring report shall be prepared by GIZ and relevant E&S safeguard specialist(s) or M&E specialist on a quarterly basis throughout the Project implementation, as part of the overall progress report to MOF and WB. The E&S Monitoring Report template can be found in Annex 9. Recommendations will also be considered based on the results of the assessments, and may include a revision to the screening process, stakeholder engagement activities, and grievance mechanism.

ANNEXES

ANNEX 1: Grievance Registration Form

ANNEX 2: Chance Finds Procedures

ANNEX 3: GIZ General User Guide Safeguards+Gender Management System [Separately Attached]

ANNEX 4: CARP Project's Exclusion List

ANNEX 5: Screening Checklist for MSMEs (Applicant)

ANNEX 6: Screening Checklist for MSMEs (Official Use)

ANNEX 7: Social Responsibility and Environmental, Health and Safety Policy

ANNEX 8: Accident/Incident Report Form

ANNEX 9: Environmental and Social Monitoring Report Template [Separately Attached]

ANNEX 10: Security Management Plan [Separately Attached]

ANNEX 1: Grievance Registration Form

The COVID-19 Adaptation and Recover Pilot: Supporting Firms Resilience, Access to Finance and Growth Iraq (the "Project") is committed to provide a fair and objective channel to raise issues in confidence. This form is designed for all stakeholders to report any related complaints, suggestions, queries and comments regarding the project implementation.

We encourage persons with grievance to provide their name and contact information to enable us to address your concerns effectively. Should you choose to include your personal details but want that information to remain confidential, please select **Yes** in Question 2.

CONTACT INFORMATION

Full Name		Gender	
Salutation	☐Mr., ☐Ms., ☐Mrs., ☐Other salutation (Please specify:_____)		
Stakeholder Group	☐Government, ☐NGO, ☐MSME., ☐Other (Please specify:_____)		
Phone Number			
Email			

1. Is there a representative making this complaint on behalf of the complainant?
☐Yes   ☐No
If **Yes**, kindly provide the name and contact information of the authorized representative:
If **Yes**, please indicate whether the Representative has been authorized by the complainant to file the complaint:
☐Yes   ☐No
2. Are you requesting that this complaint be kept **confidential**?
☐Yes   ☐No
If **Yes**, please explain why you are requesting confidentiality:

COMPLAINT DETAILS

3. Please describe the complaint / suggestion / comment/ question **that has been caused or might be caused by the Project:**
4. Please include any other information that you consider relevant:

DECLARATION

Signature of complainant _____   **Date:** _____

FOR OFFICIAL USE ONLY

1. Registered by: (Name of Official Registering Grievance)	
2. Reviewed by: (Name and Position of Officials Reviewing Grievances)	
3. Level of Severity ☐0-Non-justifiable, ☐1-Negligible, ☐2-Minimum, ☐3-Moderate, ☐4-Serious, ☐5-Catastrophic	
4.Action Taken:	
5.Whether Action Taken Disclosed	☐Yes ☐No

6.Means of Disclosure

ANNEX 2: Internal Reference: Chance Finds Procedures

Whilst the Project does not anticipate in encountering Chance Finds, for precautionary purposes, this simplified Chance Finds Procedure has been developed to guide the public works activities. The following steps will be followed when a Chance Find is encountered:

- In the case of chance find of any sites or artifacts of historical, cultural, archeological or religious significance all construction activity in the vicinity of the find/feature/site will cease immediately.
- The discovery will be clearly delineated and secured, and all found remains will be left in situ.
- The contractor responsible for the site will immediately notify the Coordinator of the Project Management Team. The Coordinator of the Project Management Team will then notify the relevant national authority immediately of the discovery.
- The relevant national authority will take charge of the finding, and institute the appropriate course of actions, including proper documentation, removal, and storage.
- An on-site finds storage area will be provided, allowing storage of any artifacts or other archaeological material recovered during the process.
- Work will only resume after the relevant national agency has completed its work and has given instruction to the Project Management Team for Work to resume. The contractor will then receive instruction from the Project Coordinator of the Project Management Unit or his/her designated officer to resume work.

This Chance Find Procedure will be communicated to all contractors where appropriate. An updated version of this Chance Find Procedure should include contact details of relevant contact details of the Project Management Team and of the respective agencies.

ANNEX 3: GIZ General User Guide Safeguards +Gender Management System

General User Guide

Safeguards+Gender
Management System

SAFEGUARDS
+ GENDER

January 2022

General User Guide

**Safeguards+Gender
Management System**

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1. The basics at a glance

1.1 Notes for users

This user guide is intended to provide an overall description of GIZ's Safeguards+Gender Management System and to help officers responsible for preparing the commission, project managers, country managers, planning officers and gender focal points at Head Office and in the field structure to implement the requirements of GIZ's Processes and Rules (P+R).

The Safeguards+Gender Management System is mandatory for projects of all commissioning parties and is uniform for all projects, regardless of who they are commissioned by. This guidance document points out any special features of individual business sectors. It includes links to all the necessary documents, such as a central checklist for the screening process. It also directs users to specific guidance documents with content- and process-related explanations of the individual safeguards and gender. *For the links to the specific guidance documents see Section 4.*

This guidance document focuses on projects. The term **project** as used in this document includes programmes.

The Safeguards+Gender Desk has been set up in the Sectoral Department's Internal Customer Services Unit. All important information and documents are available in German and English in their most recent versions on the **Safeguards+Gender IDA webpage,** along with a list of contacts who will be happy to advise you on the process and provide any support you may need.

1.2. Background

Sustainable development is GIZ's guiding principle. We believe that only by combining social responsibility, ecological balance, political participation and economic capability will people be able to lead secure and dignified lives. We are committed to respecting and promoting human rights and supporting gender equality. These commitments are hallmarks of the quality of our work and a prerequisite for sustainable development. They are particularly essential in the increasingly challenging national contexts in which GIZ operates – contexts that are characterised by violence, conflict and fragility, limited freedoms, climate change and other factors. In such situations, development cooperation must be organised and its impacts monitored in such a way that it is possible to provide policy advice to and strengthen the capacities of both state and civil society stakeholders, and so that positive, transformative effects that lead to inclusive, peaceful and gender-responsive development can emerge and are sustainable. To ensure that we achieve this, we require a management system that assesses proposed projects in their specific context, identifies potential risks and unintended negative impacts at an early stage, draws up risk prevention measures – known as 'safeguards' – and follows them up in the project cycle. *For a definition of safeguards see Section 1.4.*

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Created by: safeguardsandgender@giz.de

In August 2016, the Management Board decided to introduce Safeguards+Gender as a minimum standard in all GIZ's business areas. Upon publication in O+R in December 2016, Safeguards+Gender became mandatory for new and follow-on projects.

Safeguards+Gender implements the standards set out in GIZ's sustainability guidelines and gender strategy in relation to commission management. However, GIZ's commissioning parties are also imposing increasingly stringent requirements with regard to mainstreaming of gender dimensions and sustainability aspects in all GIZ projects. It is becoming more and more common for these requirements to include paying attention to safeguards and a gender policy. Recent examples include the World Bank Group's Gender Strategy (FY16-23) entitled 'Gender Equality, Poverty Reduction and Inclusive Growth' and the internationally established Performance Standards of the World Bank Group's International Finance Corporation (IFC), which are applied by organisations such as the Green Climate Fund (GCF) and the International Climate Initiative (IKI) of the German Federal Environment Ministry (BMU). Safeguards+Gender thus contributes to the modernisation of business processes and to GIZ's business development.

1.3 The aim of Safeguards+Gender
For a detailed explanation of the individual safeguards see Section 1.4.

The Safeguards+Gender Management System has several objectives.

1. In the areas of the environment, climate change mitigation and adaptation, human rights, conflict and context sensitivity, and gender equality, the system allows unintended negative impacts to be identified at an early stage and addressed in the design and implementation of projects through targeted mitigation measures. In the area of climate change adaptation, this approach extends to external risks based on climatic parameters (climate change), while in the area of gender equality it also involves identifying potential support measures.

Client-specific requirements (above all the assessment of potential benefits in relation to the environment and climate, conflict and context sensitivity and the assessment of the positive impact on human rights) are also taken into account (*for more information, see Section 2.1.2 Additional requirements for BMZ business*).

2. It enables unintended negative impacts, external risks based on climatic parameters (climate change), and, in the case of gender, potential for promoting gender equality, to be monitored throughout the project cycle and makes it possible to respond quickly and appropriately when necessary.

3. GIZ is better able to provide information on unintended negative impacts, external risks based on climatic parameters (climate change), and in the case of gender potential for promoting gender equality, to commissioning parties, external auditors and the public (*see also Section 1.6*).

4. This helps improve the overall quality and sustainability of GIZ projects.

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5. The system combines existing processes and requirements of GIZ and its commissioning parties in a single management system. This makes work easier and processes more systematic. Procedures, deadlines and responsibilities are standardised as far as possible.

1.4 GIZ's safeguards

The term 'safeguards' is used in the international context to describe protection mechanisms. Such safeguards are standard in international financial organisations such as the International Monetary Fund (IMF), the World Bank and the International Finance Corporation (IFC). The term is now used to cover not only banking standards for the purpose of credit protection, but also environmental and social standards designed to protect people and other objects of protection from adverse impacts or (in a problematic project environment) from risks and unintended negative impacts. Organisations are increasingly using safeguards for the projects and investment programmes that they commission. For example, the Green Climate Fund (GCF)[1] and the United Nations Development Programme (UNDP) already have safeguards in place.

The Safeguards+Gender management system sets out precautionary measures to avoid or mitigate **unintended negative impacts** in the areas of the environment and climate, human rights, conflict and context sensitivity and gender equality. An unintended negative impact is one that is triggered, amplified or perpetuated by the project in a direct, indirect and/or cumulative manner, affecting people and other objects of protection in the project's and/or actor's area of influence. In the area of gender equality an assessment of potentials is also carried out irrespective of the client.

1.4.1 Environment and climate

There is an environment safeguard because the quality, availability and services of natural resources form the basis for sustainable development. Development objectives such as food security, access to clean water and health cannot be achieved without an intact environment.

There is a climate safeguard because the effects of climate change restrict development potential or even reverse progress that has already been made. Facilitating development despite climate change requires ambitious emission reductions and climate change adaptation measures.

The aim of the environment and climate safeguards is to ensure that environmental and climate aspects are systematically considered both strategically and operationally. In concrete terms this means ensuring that, in the planning and implementation of development programmes,

- unintended **negative impacts on the environment and climate** are reduced or avoided;
- there are no considerable additional **greenhouse gas emissions**; and

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[1] This is an operating entity of United Nations Framework Convention on Climate Change (UNFCCC)

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- the **impacts of climate change** are taken into account and adaptive capacities are increased.

With regard to unintended negative impacts in the area of climate change adaptation, the procedure is identical to that of the environmental and climate assessment (ECA) which has been standard practice in BMZ business since 2010.

The **environmental assessment** is a simplified evaluation procedure that aims to identify and prevent possible environmental risks to objects of protection. Objects of protection are:

- Humans, including human health
- Biological diversity
- Ecosystems and ecosystem services
- Soil, water, air and landscape
- Cultural assets and other material goods
- Interactions between the objects of protection listed above

The aim of the **climate assessment (mitigation of greenhouse gas emissions)** is to ensure that the project does not result in considerable additional greenhouse gas emissions (in CO_2 equivalents) in comparison to the status quo. This does not primarily refer to the project's emissions reductions in the narrow sense, for example through the use of more efficient project vehicles. These are considered in the context of GIZ's corporate environmental management. Emissions can arise either through direct measures or indirectly through policy consulting on emissions-related issues. The status quo is the level of emissions at the time the project begins.

The aim of the **climate assessment (adaptation to climate change)** is to investigate whether the intended development outcomes of a project depend considerably on climatic parameters or on climate- and weather-related events such as droughts and floods, and whether the project there is a risk that the failure to take the predicted climate changes and their consequences into account will significantly impair the climate resilience (adaptability) of people, ecosystems and/or infrastructure.. If this is the case, projects that enhance climate change adaptation or adaptive capacity – i.e. the capacity to adjust to climate change and to enable or improve development progress despite climate change – are identified.

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Detailed notes on the screening and in-depth assessments of the environment and climate can be found in the specific user guide for the environment and climate safeguards.

Practical tip: environmental and climate markers

The environmental and climate safeguards are independent of the assignment of markers: the markers are assigned for statistical purposes and relate to the objectives that have been defined for the project, while the in-depth assessments in the areas of the environment and climate underpin the design of a project. However, if the objectives (main or subsidiary objectives) of the project design are modified as a result of the in-depth assessment, appraisals in the areas of environment and climate can lead to modification of the markers. In addition, projects that are planned with the markers KLM-2 or KLA-2 are exempt from the respective in-depth climate change mitigation or adaptation assessment.

1.4.2 Human rights

There is a human rights safeguard because **development measures must not have or exacerbate negative impacts on human rights**.

Human rights guarantee all people a self-determined life in which they can enjoy freedom, equality and dignity, irrespective of their sex, age, ethnicity, religion, disability, sexual orientation, gender identity or any other social status. Human rights are therefore a guiding principle of German development policy and one of GIZ's key corporate values.

Possible unintended negative impacts on human rights (human rights risks) usually arise when a project is insufficiently oriented towards human rights standards (derived from international and regional human rights instruments) and/or is insufficiently sensitive (i.e. human-rights sensitive) to a context characterised by human rights deficiencies. The primary features of a context characterised by human rights deficiencies include state actors with insufficiently developed human rights capacities, abuses of power and limited civic space. Risks can also arise in a setting that is generally conducive to human rights if the project itself does not comply sufficiently with human rights standards.

The human rights safeguard describes how the observance of human rights is assessed and what criteria are used. The assessment reviews the interactions between the programme and its context and the alignment of the project with human rights standards. In addition – and in particular within contexts that present challenges to upholding human rights – it **ensures** that projects are designed in a human-rights-sensitive way, possible risks are appropriately adressed and results are monitored effectively.

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Detailed guidelines on the screening and in-depth assessments and on more extensive requirements in BMZ business can be found in the specific user guide for the human rights safeguard.

1.4.3 Conflict and context sensitivity

The conflict and context sensitivity safeguard is needed to **minimise or prevent development measures from having unintended negative impacts on fragile and conflict- or violence-prone contexts**. Around two in three of GIZ's partner countries are affected by conflict, fragility, violence or acute crises. These factors hinder development and can quickly undo the results of many years' cooperation aimed at creating sustainable life prospects. They not only lead to human rights abuses and severe mental and physical harm to those affected, but also deprive many people of their livelihood, weaken the state and civil society and delegitimise the government. The economic, social and political costs are enormous, and in addition, this can create an opening for organised crime and the shadow economy, drugs trade and terrorism. International development projects should therefore aim wherever possible to address the causes of conflict, fragility and violence, to improve capacities for non-violent conflict transformation and to create an environment needed for peaceful and inclusive development. Development projects not only have an impact on the context they operate in, but are also influenced by them. It is therefore extremely important to pay attention to a **context- and human-rights-sensitive** design and implementation of projects, **context-specific management** of the handling of external risks, and **conflict- and context-sensitive monitoring to prevent and/or reduce unintended negative impacts on the context and existing conflicts**.

Detailed guidelines on the screening and in-depth assessment can be found in the user guide for the conflict and context sensitivity safeguard.

> **Practical tip: cross-sectoral marker for peace and security**
>
> The conflict and context sensitivity safeguard is initially assessed independently of the assignment of the marker. In addition, the exploration of potential that is carried out for BMZ business during screening identifies at an early stage whether the project not only has a context-sensitive orientation, but also has potential to make tangible contributions to peace and security. Development programmes that contribute to peace and security can be designed in very different ways – i.e. they can involve a variety of fields of assistance (CRS codes). For some projects and programmes the classification as FS-1 or FS-2 (peace and security as a key secondary or main objective of the project) is directly derived from the CRS codes. The codes are detailed in the GIZ's current guidance document on the marker system. Projects with other CRS codes can also be assigned the FS-1 or FS-2 markers.
>
> As described in the BMZ strategy paper 'Development Policy in the Context of Conflict, Fragility and Violence', peace and security includes measures that help to address the causes of conflict, fragility and violence, improve capacities for non-violent conflict transformation and create an environment for peaceful and inclusive development.

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1.4.4 Gender equality: safeguards and potentials

Gender equality is an essential condition for human-rights-based, economically and environmentally sustainable and socially just development. It is an objective in itself and a mandatory guiding principle of international and national (development) policy and cooperation. To achieve positive and sustainable results, it is particularly important to actively promote the achievement of gender equality and women's rights. **In the area of gender equality, the Safeguards+Gender Management System therefore goes beyond checking for and assessing any unintended impacts in the sense of a do-no-harm approach and requires additionally, as a binding standard, the assessment of potentials for promoting gender equality.**

Despite existing legal principles and binding political commitments, gender equality has not yet been achieved in any country in the world. Women and girls, who generally make up half of the population of partner countries, tend to be affected by **disadvantage and discrimination** more frequently and to a greater extent than men and boys. When gender-based discrimination exists in the country, region or sector in which the project is implemented, positive impacts will be difficult or impossible to achieve and sustain. Other important issues include **gender-specific risks** (such as the increased vulnerability of pregnant women in a disaster, the increased safety risks to women and girls who are forced to flee and frequent cases of multiple discrimination), **sexual and gender-based violence** (such as domestic violence, sexual harassment, rape as a weapon of war) and **harmful traditional practices** (such as female genital mutilation, forced marriage). In the worst case, a project can exacerbate the situation. Therefore, prevention through the application of specific gender-sensitive measures (safeguards) is necessary.

Potential for promoting gender equality and women's rights must be leveraged wherever possible. This involves, among other things:
- Creating equal access to law and justice;
- Enhancing political participation, decision-making and representation of women;
- Promoting equal social and economic participation;
- Enabling equal access to education, to resources and services, to vocational training, to the labour market and to life-long learning;
- Tackling gender-based violence against women and girls; and
- Supporting state institutions and/or non-state stakeholders that actively campaign for gender equality.

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Detailed notes on the screening and in-depth assessment can be found in the user guide Gender Equality – Safeguard & Potentials.

Practical tip: the gender marker (OECD DAC Gender Equality Policy Marker)

Significant potentials always exist if – in accordance with the logic of the OECD DAC Gender Equality Policy Markers – there is potential for awarding a score 1 or 2 gender marker.

NOT TARGETED (SCORE 0):	The project/programme has been screened against the marker but has not been found to target gender equality.
SIGNIFICANT (SCORE 1):	Gender equality is an important and deliberate objective, but not the principal reason for undertaking the project/programme.
PRINCIPAL (SCORE 2):	Gender equality is the main objective of the project/programme and is fundamental in its design and expected results. The project/programme would not have been undertaken without this gender equality objective.

A gender analysis[1] and a 'do no harm' approach[2] is mandatory for all aid activities to ensure at minimum that the project/programme does not perpetuate or exacerbate gender inequalities.

1.5 Scope of application

The Safeguards+Gender Management System is a mandatory minimum standard for GIZ business sectors and commissioning parties.

This includes commissions from International Services (InS) and all German public sector clients as well as GIZ self-initiated measures.

In BMZ business, the **Safeguards+Gender Management System** is applied not only to bilateral measures, but also to sector, global and regional projects.

Value thresholds

The Safeguards+Gender Management System is a mandatory minimum standard for all GIZ business sectors and commissioning parties for projects with a commission value of EUR 1 million or more.

This includes commissions from International Services (InS), and all German public sector clients as well as GIZ self-initiated measures.

In BMZ business, the **Safeguards+Gender Management System** is applied not only to bilateral measures, but also to sector, global and regional projects. The results and risks are described accordingly in the module proposal (the basis for the mandatory commission framework between BMZ and the implementing organisation) in Section 6.

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1.5.1 Sector, global and regional projects

For **sector and global projects**, this means that they are included in the Safeguards+Gender Management System if they involve country packages of EUR 1 million or more (per country). If the countries have already been determined by the time the commission is being clarified and the offer prepared, the plausibility check(s) is/are performed by the Safeguards+Gender Desk for these countries.

If such country packages have not yet been determined by the time the commission is being clarified and the offer prepared, the **sector and global project (or international cooperation with regions project)** is not initially subject to the Safeguards+Gender Management System. However, as soon as one or more country measures of EUR 1 million or more (per country) are defined, the plausibility check(s) must be performed retrospectively by the Safeguards+Gender Desk.

For further details on the exact assessment procedure for major global projects, please see 2.3.

All regional projects with a total volume of EUR 1 million or more are subject to the **S+G Management System – regardless of the sizes of the country packages. The screening checklist should be completed on the basis of an aggregated assessment and/or sectoral assessment.** For regional projects that are oriented towards **strengthening a regional organisation**, the screening should be based in particular on the capacities of the corresponding partner organisation (the relevant policies or binding agreements, audit mechanisms, government reporting procedures, etc.). The following table provides an overview of what sort of in-depth assessments should be performed in the various areas. Further information is included in the specific user guides.

Table 1: Overview of in-depth assessments for multi-state projects and for regional projects oriented towards strengthening a regional organisation

	Applies to multi-state projects	**Applies to regional projects oriented towards strengthening a regional organisation**
Gender	In addition to a regional analysis, country-specific information is also taken into account as soon as the countries have been determined. The focus here is on establishing commonalities and	Particular attention is paid to regional and sectoral information. The meso level is analysed, with a focus on gender sensitivity, gender politics, gender strategies, gender competence and equality in the organisation to be advised.

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	differences between the countries.	
Human rights & conflict and context	An aggregated iPCA is drawn up. A distinction should be made between the various countries where possible. It is important that potential unintended negative impacts on the context and on human rights (iPCA 4) are presented as precisely as possible, where necessary specifically for individual countries.	The focus of the iPCA should be on the policy level and capacities of the regional organisation.
Environment and climate	A joint in-depth assessment is performed for the countries concerned. The countries with relevant risks (and, for BMZ commissions, relevant potential) are addressed individually.	The focus here is on providing advice, developing policies and establishing plans or programmes (and the like) that (possibly despite a long results chain, but because of the broad leverage effects) may have a substantial impact on the environmental and climate assessment objects of protection (for BMZ commissions, potential is also addressed).

However, any further requirements of commissioning parties must always be met, even if the Safeguards+Gender Management System does not apply to the project due to the value thresholds described above. The standard procedure for BMZ commissions requires an environmental and climate assessment, an assessment of any human rights impacts and of any unintended negative impacts on human rights, and where applicable an integrated context and human rights analysis (iPCA results matrix) and a gender analysis. However, the Safeguards+Gender Desk does not then perform a plausibility check on these assessments.

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For partnerships with the private sector, meaningful connections between the business partner screening (BPS) process, Safeguards+Gender (S+G) and the level of the individual measure of developpp.de, and the way they complement each other, still need to be determined.

For a summary, see the table 'Value thresholds and exceptions' in Annex I.

1.5.2 Modification offers

First, it is necessary to make a self-assessment, with the help of our "Possible Scenarios for Modification Offers", to ascertain if the changes are significant enough to warrant going through the S+G process. If you consider that to be the case, the question of whether or not only the changes will be analysed, depends on whether or not the original project has gone through the S+G system.

For modification offers whose project has not yet been through the S+G process for the current implementation phase, the entire project will be analysed. The checklist must therefore be filled out for the entire project.

In the case of modification offers whose projects have already undergone the S+G process (valid since 01.12.2016) for the current implementation phase, the screening and, possibly, the in-depth assessments, may focus exclusively on the modifications. In case there are already in-depth assessments for the project, these can be used as a basis. Modifications would then have to be clearly marked in the in-depth assessments.

An exception should be noted here. If, since the last S+G examination, there have been major contextual changes (for example, political, legal, etc.) in the country in question, that could potentially affect the whole project, the in-depth assessments may need to be carried out for the entire project. In case there are such changes in the country, we would ask you to mention them in the checklist so that the Desk can check for each safeguard whether the in-depth assessments should be carried out only for the modifications or for the entire project. In this case, it is once again unnecessary to issue completely new in-depth assessments, as existing ones can be updated / adjusted. For the Safeguard Conflict and Context Sensitivity, a concrete example of such a case would be if, since the last assessment, the country's classification in the "Overview of Potential Risks for the Capacity to Delivery in Fragile States" has changed from green to yellow or red.

1.5.3 Third-party safeguards

If GIZ applies to implement a project that has already been designed and assessed by the commissioning party using comparable criteria, the requirements of Safeguards+Gender are considered to be met. In this case GIZ's Safeguards+Gender Management System is not applied to the first two stages of offer preparation.

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1.5.4 Passing on S+G requirements to third parties within the scope of financing agreements and service contracts

1. Passing on obligations in the context of financing agreements: S+G eligibility criterion within the Commercial and legal eligibility check (KEP)

Within the framework of a **financing agreement,** a financial contribution is made available to a recipient for the purpose of implementing certain measures **on his or her own responsibility.** In GIZ, different types of contracts are used for this purpose, depending on the recipient - financing agreement, grant agreement, subsidy agreement or special contract.

The **Commercial and legal eligibility check (KEP) (see PuR rule 226)** determines whether the potential recipient is commercially, administratively and legally qualified to carry out the measure on his own responsibility, or whether the potential recipient does not yet have sufficient qualifications. **Safeguards + Gender here is an independent criterion.**

It is only mandatory to check the S+G eligibility criterion to document it within the KEP

- a) for potential recipients of financing within the scope of a project classed as **'high risk'** under the Safeguards+Gender management system, irrespective of the volume of financing involved
- b) for potential recipients where the financing volume covered by the agreement is > **EUR 500,000.**

Safeguards + Gender is to be examined obligatory as a criterion for potential recipients starting from a contract volume of 500,000 euro. The responsibility for the KEP lies with the officer responsible for the commission (AV). The AV must check whether the recipient has effective procedures and competencies of its own to identify, analyze and monitor possible unintended negative effects of the activities to be financed in the areas of environment, climate (mitigation and adaptation), conflict and context sensitivity, human rights and gender equality and to address them with suitable avoidance and/or mitigation measures. Regarding gender equality there is also a need to check for potentials and possible promotional measures.

For the evaluation of the assessment results and the further handling of them, we refer to the documentation as well as the KEP guide.

The documentation of the KEP, the corresponding manual and the template for the voluntary commitment can be found under this link.

Clauses on the obligation to comply with environmental and social standards in the sense of the requirements of the Safeguards + Gender Management System are integrated in the templates for financing (grant agreement, local subsidy).

Does the project / country measure have a **high S+G risk category (A)?**

NO → Does the volume of the contract exceed >500.000 EUR? → NO → Check requirements of commissioning party

YES ↓

YES ↓

S+G eligibility criterion obligatory **and** S+G Desk checks plausibility of assessment
(KEP guideline 2021 pages 15ff for details)

S+G eligibility criterion obligatory but no consultation of S+G Desk
(KEP guideline 2021 pages 15ff for details)

Eligibility criterion
A. Risk assessment: Checking whether the potential recipient has procedures and competences to deal with possible unintended negative effects.
B. Promotion of gender equality (if contract volume > 500.000EUR)

Ursprungsversion erstellt von GIZ (Aug/2021/S.-K. Scholte)

2. Passing on obligations within the framework of service contracts

Service contracts are concluded with individuals (consultants) or companies or institutions (consulting) for the provision of a service.

In the case of service agreements, the contractor is obliged to use the funds made available in such a way that it seeks to avoid or reduce unintended negative effects on the environment, climate protection, adaptation to climate change, human rights, conflict and context sensitivity as well as gender equality by implementing assignable mitigation measures. With regard to gender equality, the contractor is also obliged to look at potentials and possibilities for promoting the topic.

This obligation is included in the **General terms and conditions of contract (Terms and conditions). The Terms and Conditions 2020 are available on the Internet here** (also in German, French and Spanish)

3. Passing on obligations within the framework of procurements under consideration of EU-thresholds

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In the case of procurements above the EU threshold (currently EUR 221,000), the Safeguards & Gender requirement is passed on to service providers by integrating the mitigation measures identified in the in-depth reviews as well as support measures for gender equality into the **Terms of Reference (ToR)**. In order to avoid or reduce possible unintended negative effects in its area of activity, the contractor should then implement the mitigation measures of the respective safeguards identified in the in-depth reviews as well as gender equality promotion measures, insofar as they relate to the field of activity for which it is responsible. Essential mitigation measures as well as gender support measures resulting from the in-depth assessments must be included in the ToR for this purpose.

The bidder is also requested to outline the possible unintended negative effects that are significant in relation to his or her area of activity and, where relevant, the potential for gender equality, and to discuss the key mitigation measures and gender equality promotion measures in greater detail. Based on the in-depth assessments, specific requirements for the technical and methodological design of the offer can also be formulated.

The Terms of Reference and corresponding Working aid for preparing competitive tenders above the EU threshold will be updated.

1.5.5 Checking and support by the Safeguards+Gender Desk

The Safeguards+Gender Desk checks and advises on the process for projects that lie on or **above the value thresholds** to which Safeguards+Gender applies mandatorily.

1.6 Risk categorisation

In the context of safeguards the term 'risk' refers to the assessment of the probability of occurrence and the extent of damage with which unintended negative impacts can occur in a project.

All GIZ projects that fall within the scope of the Safeguards+Gender Management System are categorised into one of three safeguard risk categories on the basis of the results of the in-depth assessments in the areas of the environment, climate, conflict and context sensitivity and human rights.

No separate risk categorisation is carried out for gender equality. Gender issues and perspectives are taken into account during risk categorisation for the other safeguards, based partly on the findings and recommendations of the gender analysis and partly on the safeguard screenings and assessments conducted for each area.

Please note, that **the S+G Desk does not classify projects** into risk categories, **but only checks the self-assessment** carried out or initiated by the AV/AVs **for plausibility.**

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The safeguard risk categorisation:

Risk category	A (high risk)	B (medium risk)	C (low risk)
Criteria	Potentially complex, serious, irreversible or unprecedented	Potentially rare or locally limited occurrence, largely reversible consequences, easy to manage	Slight or none identifiable
QA by S+G Desk	Always	Always	Always
Involvement[2] in approval of the offer design (ZAK)	ZAK meetings with high Safeguards risks must be attended by two directors general (and/or directors of corporate units). Directors general may not delegate this obligation to attend to directors of division. Before the ZAK meeting, the director general in charge of the future project should inform the managing director in charge and ask for approval to proceed. The managing director may attend the ZAK meeting but this is not mandatory.	Divisional director (Safeguards+Gender Desk is to be informed, participation optional)	Standard procedures in the department

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[2] If attendance at the ZAK meeting is not possible, the approval of the offer design can be documented in writing as part of the department's own procedures.

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	This question will be clarified between the director general and his/her managing director before the ZAK meeting. If the managing director does not attend the ZAK meeting in person, it is sufficient for the director general in charge of the future project to confirm at the ZAK meeting that his/her managing director was involved and has approved how to deal with the identified risks. The Compliance and Integrity Unit will be invited to attend the ZAK meeting, and will decide on a case-by-case basis whether or not to attend. In case in-depth safeguards analysis take place only after the ZAK, it is sufficient for the director general in charge of the future project to inform the Safeguards + Gender Desk in writing about the approval of the managing director in charge.		

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Please note: The highest risk prevails!

When categorising a project it is always the highest risk that is decisive.

Example: If two in-depth assessments have been performed for a project, an environmental one with the result 'Category B (medium)' and one on human rights with the result 'Category A (high)', the project receives the overall classification 'Category A'. No weighting or averages are calculated.

The Specific User Guides **contain additional help and** further explanations of risk categorisation adapted to the special features of the particular safeguard.

In principle the screening merely assesses whether a risk exists. The risk is then categorised in the in-depth assessment. However, where possible **a preliminary estimate or assumption of the risk rating should be made during the screening**, as this is useful for the next stages in the preparation process. This option exists for example:

- For the conflict and context sensitivity safeguard: for all business areas and commissioning parties, the classification in GIZ's overall summary of countries where capacity to deliver is potentially at risk, and in addition for BMZ business, the partner country's rating in the crisis early warning system derived from the annually updated matrix and world map (DMS link) should be applied.
- If an in-depth assessment is not necessary for any of the safeguards. In this case the project is assigned to Category C (low).

A project's risk category is defined at the latest on the basis of the results of the in-depth assessment(s), i.e. the integrated context and human rights analysis, human rights analysis and environmental and climate assessment (see the Specific User Guides).

The final risk categorisation is the authoritative one in the Safeguards+Gender Management System. It impacts upon hierarchical participation in the ZAK Meeting, Management Board involvement and the subsequent phases of the commission management process, and also feeds into the 'Risks' section in the module or project proposal.

Transferral of the risk categorisation to the risk table of the module proposal: A high risk (A) is classified as a 4: very high risk.

Benefits of the risk categorisation:

- Provides specific statements on the need for and type of expert advice on the preparation and implementation of projects in categories A and B;
- Involves the appropriate level of management in the approval of the offer design (especially for Category A);
- Provides back-up for the officer responsible for preparing the commission in the line management structure;
- Incorporates the safeguard risks into GIZ's risk management system;

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- Fosters better understanding of frequently occurring risks at GIZ (e.g. in particular regions, sectors or project approaches); and

Enables us to provide better information to commissioning parties, external auditors and the public (e.g. non-governmental organisations).

2. Safeguards+Gender in commission management

Safeguards+Gender is applied throughout GIZ's commission management process, which consists of the following phases:

- Phase 1: Clarification of the commission and preparation
- Phase 2: Offer preparation and acquisition
- Phase 3: Implementation of the commission
  Phase 4: Completion of the commission

The next section contains process-related explanations of the application of the Safeguards+Gender Management System in these four phases. Reference is also made to additional requirements of specific commissioning parties. More extensive explanations concerning the process for individual safeguards and gender can be found in the specific user guides.

2.1 Phase 1: Clarification of the commission and preparation (screening)

2.1.1 General
In the first phase it is assessed whether the project in question falls within the scope of the Safeguards+Gender Management System (*see Section 1.4)*. Furthermore, exceptions and the scope of application in relation to specific commissioning parties are checked (*see Sections 2.1.3. and 2.2.3)*.

If the project falls within the scope of application, a two-stage assessment is performed.

The first stage is a **screening**, which is performed using a checklist and with due regard to project-specific documents and information from generally accessible sources. The screening assesses:

- For the **environment and climate** safeguards, whether there are potentials and/or considerable possible unintended negative impacts for the project in the areas of the environment, climate change adaptation or climate change mitigation;
- For the **human rights** safeguard, whether the project has possible unintended negative impacts on human rights,
- For the **conflict and context sensitivity** safeguard, whether the project is planned in a country in which the context is characterised by fragility, violence or conflict.

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For the topic of **gender equality,** the screening involves conducting a gender scan in the case of projects whose commissioning parties/clients do <u>not</u> require a gender analysis. The gender scan assesses whether there are any unintended negative impacts and/or significant potential benefits and whether an in-depth assessment should be carried out in the form of a gender analysis. In the case of projects whose commissioning parties/clients <u>**require a gender analysis**</u> (e.g. BMZ, EU and GCF), screening is carried out to determine whether a gender analysis has already been conducted and, if so, the extent to which the issues examined in that analysis need to be looked at in greater detail during the appraisal and preparation of the offer.

Detailed instructions on completing the checklist for the respective safeguards and for gender equality can be found in the specific guidance documents (*see Section 4).*

Project-specific documents (e.g. brief assessment, project outline, brief description) must be submitted as an **annex** to the checklist.

The screening uses the **significance** of the risks or potential benefits as a benchmark. The following **criteria** are used to assess significance, where appropriate:

- **Extent** of the (possible) impacts/damage (e.g. the number of people affected, quantity of resources used)
- **Intensity** of the (possible) impacts/damage (e.g. stigmatisation of minority groups, withdrawal/significant impairment of access to water)
- **Frequency/recurrence,** location, duration and time of the (possible) impacts/damage (e.g. permanent withdrawal of resources)
- **Sensitivity/vulnerability** of the affected people and objects of protection, where applicable taking into account their adaptive capacities (e.g. in the case of strong dependencies between humans and nature)
- **Irreversibility** of changes (e.g. establishing specific development paths that involve changes to existing local conditions or investment in specific economic or education sectors such as fossil energy sources and mining)
- For the environment and climate: national **legal requirements** that categorise the impact of the project as considerable (e.g. disturbance to the environment is listed in the environmental impact legislation).
- Significance can ultimately be determined on the basis of **criteria** other than those listed here.

Further information on assessing considerable risk in the screenings for the respective safeguards and gender can be found in the specific user guides. Considerable risks may also arise from aspects not specified in the checklist. The checklist therefore does not exclude more extensive analysis.

For each safeguard and for gender equality, comprehensive **justifications** for why an in-depth assessment is or is not necessary should be given in the Safeguards+Gender Checklist. If these are based on particular reference documents/sources, the precise location of these references should be indicated (*see also the specific user guides*).

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If the screening indicates that there are considerable risks for one or more of these safeguards, or that there is significant potential to promote gender equality, an in-depth assessment is performed for **the relevant safeguard(s)** and/or gender equality. If there is any uncertainty or if a decision on the significance of the risks or potentials cannot be made because of inadequate data, an in-depth assessment is conducted.

2.1.2 Additional requirements for BMZ business

For BMZ commissions, all safeguards – environment, climate (climate change mitigation and adaptation to climate change), human rights and conflict and context sensitivity – are assessed not only for unintended negative impacts but also for potentials/positive impacts. For human rights, positive impacts of the project and any additional potentials are incorporated directly into the programme proposal.

If all the questions in the screening of human rights impacts have been answered with 'no', ways in which the project could contribute to promotion of human rights standards and principles are identified in the further stages of project design and incorporated into the project. This does not mean that an in-depth assessment is necessary.

In the area of gender equality, a preliminary gender analysis is – where possible – performed at the screening stage for BMZ projects. It is then finalised for the preparation of the offer. According to the BMZ strategy paper 'Gender Equality in German Development Policy' of 2014, gender analyses are mandatory for all projects because this 'opens up options for identifying specific problems, visions and potentials of women and men, for aligning development policy measures accordingly and designing them gender-responsively. [...] Hence they constitute an important basis for assigning the G-marker'. [3]

2.1.3 Additional requirements for German public sector clients

The exceptions listed under 1.5 also apply in principle to projects for other German public sector clients as well as BMZ.

All German public sector clients have been informed about GIZ's Safeguards+Gender Management System. The cost implications have also been highlighted.

All projects must consult the responsible liaison office to arrange communication and coordinate procedures with the commissioning party/client.

For IKI commissions, screening is mandatory before the offer is submitted. The results are transferred into Annex 4 of the IKI offer. The significance of the risk (low-medium-high) is assessed. The screening checklist is not sent to BMU. For high-risk projects, and for medium-risk projects for which the screening has been unable to assess the risk factors in detail in the prescribed period, it is possible to request extension of the deadline for submission of the

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[3] BMZ strategy paper 2/2014, Gender Equality in German Development Policy, p. 13-14; see also OECD DAC criteria for assignment of the GG marker.

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project documents so that in-depth studies and, if necessary, appraisal missions can be conducted. In the case of medium-risk projects, no appraisal mission is planned and the deadline is extended by four weeks. For high-risk projects, the length of the extension is decided on a case-by-case basis. It is important that these risks are described in detail in the first stages of project design. Repeat offers as a result of the assessment of safeguards should be avoided.

2.1.4 Third-party funds, including cofinancing arrangements

The term 'business operations with third-party funding' refers to all GIZ projects and programmes that are fully or partially funded by third parties. These include commissions received from third parties (e.g. International Services commissions, public-benefit human capacity development (HCD) commissions) and grant/subsidy agreements (e.g. (indirect) co-financing arrangements, GIZ self-initiated measures with third-party funding/grants, grant award intermediation). It does not include commissions (service contracts) awarded by the German Federal Government or by a federal state or municipality.

As a general rule, the GIZ Safeguards+Gender Management System is to be used for co-financing arrangements. The additional requirements of the commissioning party/client must be taken into account in the case of projects linked to a BMZ or German public sector client project.

2.1.5 Additional requirements for International Services

If the commissioning party already has comparable standards, the Safeguards+Gender Management System is not applied by GIZ, as long as the appropriate assessment has already been performed by the commissioning party. The majority of bilateral and multilateral donors to whom GIZ International Services hands in an application as an implementing organisation already impose comparable standards when designing their projects. If the commissioning party has no comparable standards, GIZ performs the Safeguards+Gender Management System, adapting the procedure to the requirements of the commissioning party to the extent possible.

If GIZ is able to influence the project design, the screening is performed at the acquisition stage. This applies in particular to commissions from the private sector. In these cases, the screening is linked to the business partner screening, replacing the 'Risks' section in this process.

If GIZ applies to implement a project for which it is unable to influence the design, the assessment is integrated into and conducted in the project's start phase. As the costs of the Safeguards+Gender assessment are not usually borne by the commissioning parties, the assessment is planned for the stage when the project becomes operational.

If in-depth assessments are required, these can be postponed to the project implementation period under Salary Band 7 exceptions (see Exceptions). This step needs to be taken before

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the offer is submitted/the contract is signed. Any necessary in-depth assessments will be conducted subsequently at the start of the project.

The following are also exempt from the Safeguards+Gender assessment: offers with a value threshold of less than EUR 1 million, funding increases of less than EUR 1 million or without considerably altered risks, and offers submitted for commissioning parties with their own Safeguards+Gender standard (e.g. currently the EU).

2.1.6 Additional requirements for GCF
Will be updated as soon as information is available.

2.2 Phase 2: Offer preparation and acquisition (in-depth assessment)

2.2.1 General
If the screening reveals that there are potential considerable risks for one or more of the safeguards, or that there are significant potentials in connection with gender equality, an in-depth assessment must be conducted for the **respective safeguard(s)** and/or for gender equality. Areas in which the screening has identified no considerable risks – and in the case of gender equality no significant potentials – are exempt from the in-depth assessment. In the case of gender equality, this applies only to commissioning parties that do not require a gender analysis (*see also Section 2.1.1*).

Detailed notes on the in-depth assessment can be found in the Specific User Guides for the individual safeguards and gender equality. For many sectors there are already sector guidance documents with practical examples.

2.2.2 Additional requirements for BMZ
If the screening of BMZ projects has identified significant potential for improving the **environmental or climate** situation or contributions that could be made to peace and security, the in-depth assessment of risks is accompanied by an assessment of the potentials in these areas. This applies to the environment, climate change mitigation and adaptation to climate change, and conflict and context sensitivity. Further information can be found in the specific guidance document on environmental and climate assessment (ECA) for BMZ projects.

2.2.3 Additional requirements for German public sector clients
More concrete information on these general rules will be provided soon in this general guidance document following consultation with the responsible ministries.

2.2.4 Third-party funds, including cofinancing
The requirements for cofinancing arrangements are described in Section 2.1.4.

2.2.5 Additional requirements for International Services
The requirements for GIZ International Services (InS) are described in Section 2.1.5.

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2.2.6 Additional requirements for GCF
Will be updated as soon as information is available.

2.3. The Safeguards + Gender Management System in commission management

The project design, including the mitigation measures for possible unintended negative impacts, is the basis for the operational planning, the monitoring system of the projects and their reporting to the commissioning parties and thus an integral part of the regular project implementation and quality assurance in line managementwith the project objectives.
If there are indications that unintended negative impacts are occurring in the context of the project, they are investigated quickly and consequences are drawn - if necessary with the involvement of the commissioning party.

Service agreements with our contractors (consultants and consulting firms) contain a clause stating that the funds provided are to be used in such a way that the contractor seeks to avoid or reduce unintended negative impacts on the environment, climate protection, adaptation to climate change, human rights, conflict and context sensitivity, and gender equality by implementing attributable mitigation measures. With regard to gender equality, it also undertakes to exploit the potential for promotion.

For funding (such as local grants, grant agreements and grant contracts), all beneficiaries are assessed in the Commercial and legal eligibility check (KEP) for their competence to comply with Safeguards and Gender standards and the corresponding standards are passed on to the funding recipients on a mandatory basis.

GIZ has set up a grievance mechanism for indications of possible negative effects on human Rights.

2.4. S+G Analysis and Formats with large Global projects
I) Applicability of S+G
The EUR 1 million value threshold for mandatory assessment in the S+G Management System is applied to **every country package** (not to the total commission value) for global projects. This means that, for global projects with several country packages, only those packages with a commission value of ≥ EUR 1 million (this might thus only affect 8 out of 10 country packages) undergo an S+G assessment. As always in the S+G Management System, the assessment is project- and country-specific and so must be carried out at the level of the country packages, not solely that of the overarching project.

II) Timing and scope of the screening
It is necessary to distinguish between the following three constellations:

1. **New global project**
   a. Country packages worth EUR 1 million or more are not yet defined: Do not submit an S+G screening, that is, a checklist, to the desk if no country packages have been

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specified yet. Screening will be carried out subsequently once (the first) country packages ≥ EUR 1 million have been defined.

b. Country packages defined: Once they have been defined, all country packages must be pooled and submitted in a checklist. Country packages defined at a later date may need to be submitted and assessed individually, with reference made to the S+G transaction number. The checklist is completed on an aggregated basis, that is, it provides an overall view of the countries. Distinctions can be made according to country package in the respective justification section.

2. **Global projects that have already been running for some time but are now required to undergo the S+G assessment process <u>for the first time</u> as the result of a modification offer**

The general scenarios for modification offers are used to determine whether global projects are subject to assessment in the S+G Management System. If, as a result, a global project undergoes the S+G assessment process for the first time, then the screening must be applied to all country packages ≥ EUR 1 million value. This applies regardless of where the modification has arisen (this means, for instance, that if a new country package is added and this gives rise to a modification offer, then the S+G screening must nonetheless be carried out for all country packages). The extent to which an in-depth screening must be carried out in the individual safeguards is determined in the screening for each individual country package.

3. **Global projects which <u>have already undergone</u> the S+G assessment process (with at least one country package) but have incorporated new country packages as part of a <u>modification offer</u> or are making other conceptual changes.**

If a global project has already undergone the S+G assessment process, then the screening can be restricted to the modified elements of the offer (for instance, the new country package or conceptual changes). This will provide the basis for deciding on the need for the in-depth assessment. At the same time, substantial modifications to the context may also give rise to the need for an in-depth assessment.

III) **In-depth assessments**

In-depth assessments must be conducted at the country package level, but can be aggregated. See details under IV. For global projects that have already been through the S+G assessment process, in-depth assessments must only be indicated/supplemented/updated for the **modified elements** of the modification offer/top-up. This applies, for instance, to new country packages, new intervention regions within a country and conceptual changes (e.g. an additional value chain, activities in another economic sector, other target groups or other partner institutions). It is also necessary to

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make adjustments to existing in-depth assessments if there have been significant contextual changes.

If country packages of the global project are affiliated with other projects in the respective country, then the in-depth assessments of the other projects can be used as a basis (as they are generally located in the same sector). However, the in-depth assessments must always be processed in such a way that they are geared to the specific activities, partners, etc. of the global project country package.

One final risk categorisation per safeguard is carried out for each country package. The risk categorisation for the global project as a whole is derived from the highest risk categorisation. However, any resulting requirements (e.g. involvement of the Management Board in high-risk projects, subsequent requirements for implementation/reporting, etc.) will then only apply to the country package concerned.

The adjusted assessment formats for the specific safeguards and the responsibilities in the process for major global projects can be found on our intranet site under FAQs.

3. Roles, responsibilities and deadlines

3.1 Mandate and role of the Safeguards+Gender Desk

The Safeguards+Gender Desk a) is mandated to advise on the Safeguards+Gender Management System and b) carries out the plausibility checks.

For the in-depth assessments in the areas of environment and climate, integrated context and human rights analysis and the standalone human rights analysis, the **Safeguards+Gender Desk** checks the plausibility of the findings of the assessments and of the self-assigned risk category (and, for BMZ projects, the assigned markers). For risks that the Desk believes should have been categorised as high (A), the Desk has the authority to overrule a lower rating submitted by the officer responsible for (preparing) the commission. The Desk also has the authority to overrule a ZAK rating if it believes that a project risk should be rated as high (A). With regard to the gender analysis, the Desk's main role is to perform plausibility checks on their findings and recommendations (and, for BMZ projects, the marker assignment).

The Desk is also responsible for the ongoing development of the Safeguards+Gender Management System and produces user guides on the process.

3.2 Responsibilities of other function groups

The **officer responsible for (preparing) the commission** must ensure that the Safeguards+Gender Management System is fully applied to the planned project.

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They ensure that the checklist for the screening and, where applicable, the (provisional) gender analysis are filled out/prepared. They may delegate this task. The findings and recommendations of the screening must be integrated into the submitted documents (e.g. brief assessment, project outline) and discussed in the talks held with BMZ/the client to clarify the commission.

The **officer responsible for (preparing) the commission** also ensures that the relevant in-depth assessments are carried out. If a provisional gender analysis has already been conducted (i.e. for clients that require one), a more detailed analysis is produced focusing on the specific project context. The officer responsible for (preparing) the commission may delegate this task, for example to planning officers, appraisers/consultants or project staff. In cases where in-depth assessments are carried out, the **officer responsible for preparing the commission** must ensure that they are submitted to the Safeguards+Gender Desk, together with the relevant project documents (e.g. the (preliminary) project proposal) no later than fifteen working days before the ZAK meeting – or, in cases where there is no such meeting, before the offer is submitted.

For the area of gender equality, the officer responsible for (preparing) the commission is also responsible for involving the **Gender Focal Point** (Gender FP) in the entire S+G review process. For bilateral projects, the Gender FP at country level should be involved; for regional projects, either the one of the country or the area where the project is based; for sector and global projects, the Gender FP of the responsible unit in GloBe. If you are unsure who is the relevant Gender FP for the project, consult the List of all Gender Focal Points at Headquarters and Field Structure.

The responsible Gender FPs should be consulted before the gender analyses (both provisional and finalised) are sent to the desk, their assessment should be noted at the end of the S+G Checklist for the screening (either confirming their agreement with the way the gender portion of the checklist was filled in or inserting comments explaining why they disagree) and they **should be placed in copy in all gender-relevant correspondence** in the course of the entire S+G review process for the respective project. The responsible Gender FP has to be named on the cover page of any gender analysis, as indicated in the new standard outline for GIZ gender analyses. In case the Gender FP was not included as a recipient in the email submitting the gender analysis to the Desk, we will add them in copy ourselves in our email with the gender feedback to the screening.

The established roles and duties of the Gender FPs in the operational departments at Head Office and in the field structure as regards providing technical advice and supporting the officer responsible for (preparing) the commission remain therefore unchanged (irrespective of the value thresholds) and are incorporated into the Safeguards+Gender Management System.

The **country director/director of division** ensures that the officer responsible for preparing the commission complies with the requirements of the Safeguards+Gender Management System.

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Planning officers provide technical advice to the officer responsible for preparing the commission, the country director and the director of division in relation to specific Safeguards+Gender issues.

In our BMZ business, the **Quality Assurance Section** checks that offers meet the formal (i.e. non-substantive) criteria. In other words, the section verifies whether a screening and in-depth assessment have been carried out in line with BMZ requirements within the framework of the Safeguards+Gender Management System.

In our BMU business, the **liaison office** checks that offers meet the formal (i.e. non-substantive) criteria. In other words, it verifies whether a screening and in-depth assessment have been carried out in line with BMU requirements within the framework of the Safeguards+Gender Management System.

The **liaison office** is also responsible for conducting these formal checks in the case of other German public sector clients.

For projects assigned to risk category A (high), the **Compliance and Integrity Unit** is notified before the ZAK meeting and may then choose to attend the meeting.

3.3 Deadlines

The officer responsible for (preparing) the commission must ensure that the completed checklist and, where applicable, the provisional gender analysis and eventual in-depth assessments are submitted to the Safeguards+Gender Desk for a plausibility check according to the following deadlines:

	BMZ	**All other commissioning parties**
Submission of the checklist (+provisional gender analysis, if applicable) to the S+G Desk	Directly after the meeting at BMZ to discuss the brief assessment and, if possible, 10 work days before the appraisal mission	**10 work days** before the submission of the brief assessment/project outline to the commissioning party
Submission of the in-depth assessment(s) to the S+G Desk	**15 work days** before the ZAK meeting or, if there is no ZAK, **15 work days** before the submission of the offer to the commissioning party	

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Project-specific documents (such as the brief assessment, project outline, brief description or similar) must be submitted together with the checklist. The S+G Desk only starts its assessment once all documents have been submitted. The Desk usually provides feedback within five work days provided the documents are submitted by 13:00 (CET). If they are received after this time, feedback is provided on the sixth work day. Please submit all documents to safeguardsandgender@giz.de.

Exceptions:

In case it will not be possible for one or more in-depth assessments to be sent to the Safeguards+Gender Desk 15 work days before the ZAK/offer submission, it is possible, with the express permission of someone in Salary Band 7 (director of division; country director), to postpone their submission to the start of the project. This notification can be done through an

> **Please note that, for each submission, the Safeguards+Gender Desk requires five work days to respond.**

e-mail from the respective director of division or country director to the functional address of the desk (safeguardsandgender@giz.de), **stating the precise alternative date for the Safeguards assessments.** It is important to note that despite this postponement the results of the assessments should still be incorporated into the project planning, otherwise they would be pointless.

3.4 Role of the Safeguards+Gender Desk and of Gender FPs in Phase 1 and 2 of the commission process

The following diagram illustrates how the Safeguards+Gender Management System is integrated into the commission management system in phases 1 (offer clarification) and 2 (offer preparation):

Legend

✅❗ Desk's intervention mandate

Procedural timeline of the role of the Safeguards+Gender Desk for BMZ commissions in Phase 1 + 2
(corresponding application to processes of other commissioning parties)

Commission management

| Preparation of the checklist and provisional gender analysis | BMZ meeting to discuss brief assessment | Submission of the checklist for the chosen option and provisional gender analysis to S+G | Project appraisal | Submission of in-depth assessments/ finalised gender analysis | Offer preparation | ZAK | Offer submission |

Role of the S+G Desk

Plausibility check ✅❗

Plausibility check ✅❗

Participation in high-risk cases

Advice on procedure

Role of Gender FP at country level

| Advises/ comments provisional gender analysis | Gender FP's assessment is noted in the CL; must be Cc'd in all communication with S+G | Advises/ comments finalised gender analysis; checks mainstreaming of gender in offer; must be Cc'd in all communication with S+G | Usually takes part in on-site ZAK or div. ZAK, delegation possible |

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NB: The user guide will be updated to include phases 3 and 4 as soon as the results of the Joint Procedural Reform (GVR) and the project evaluation reform at GIZ are available.

4. Specific User Guides at a glance

Annex I: Value thresholds and exceptions for application of the Safeguards+Gender Management System

> Please note: In cases where the Safeguards+Gender Management System is not applied due to the project type or if the value is below the thresholds outlined in this table, all client-specific requirements must still be fulfilled as part of the commission management process.[4] For **BMZ projects**, this means for example that mandatory requirements for planning (including the assessment of potential benefits, external risks and negative impacts), steering, implementation (incl. monitoring) and reporting in line with BMZ directives still need to be applied/taken into account for all areas.[5]

Commissioning party/client	Type	PBS code	Application of the Safeguards+Gender Management System incl. quality assurance by the Safeguards+Gender Desk from a value threshold (EUR) of
BMZ business			
BMZ	Modification offer		1 million (see possible scenarios in Annex II)
BMZ	Offer for a TC project (BMZ), incl. offer for a follow-on measure	31+ 32	1 million (not applied for micro measures in public-benefit business – without real accounts)
BMZ	Regional project, incl. offer for a follow-on project		1 million
BMZ	Global project (BMZ), incl. offer for a follow-on measure	31+ 32	1 million, country-specific measures per country[6]

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[4] For client-specific requirements and agreements, see: Commission management for BMZ business, Commission management in the German Public Sector Clients business sector, Commission management for GIZ International Services (InS) and Third-party funding including cofinancing.

[5] For information on the individual safeguards, please see the following relevant documents, for example:

- **Environment and climate**: The Guidelines on appraising environmental and climate aspects in bilateral official development cooperation 'have been a mandatory element in the planning and implementation of development policy strategies and measures since 2011'. The guidelines prescribe 'at operational level, a more in-depth assessment of environmental and climate-related aspects'. Below the EUR 1 million threshold, an environmental and climate assessment is to be carried out. For sector projects, this provision is to be applied by analogy; i.e. it must be taken into account at the project design stage (this includes filling out the checklist for the environmental and climate assessment).
- **Human rights**: According to BMZ's Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation, 'When preparing programme proposals, the implementing organisations must assess the relevant human rights risks and impacts in advance for all measures and modules of official German development cooperation. […]The due diligence requirements specified in the guidelines also provide the foundation for reports, evaluations and grievance mechanisms in the human rights context.' (p.1)
- **Conflict and context sensitivity**: According to the agreements on implementing the requirements of the BMZ strategy paper Development for Peace and Security, the requirements are to be met for all projects carried out in countries where there is a context of conflict and violence.
- **Gender equality**: According to BMZ's strategy paper Gender Equality in German Development Policy (p. 13-16) and the Development Policy Action Plan on Gender Equality 2016 - 2020 (p. 9), a gender analysis is '[obligatory]…for all classifications [and] is to be carried out as part of the preparatory measures' and forms the basis for gender-responsive project planning and steering.

[6] If detailed country-specific measures have not yet been defined at the time of screening, the project does not come under GIZ's Safeguards+Gender Management System. However, as soon as one or more country-specific measures of EUR 1 million or more are defined (per country), the project must submit the screening checklist for the country/countries to the Safeguards+Gender Desk, which then perform the corresponding plausibility checks

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BMZ	Sector project (BMZ), incl. offer for a follow-on measure	31+ 32	1 million, country-specific measures per country[7]
BMZ	International technical cooperation with regions (IZR)	Various	1 million, country-specific measures per country[8]
BMZ	Special initiatives (BMZ)	Various	1 million
BMZ	ORF – Open Regional Fund		1 million, country-specific measures per country[9]
BMZ	Study and Expert Fund (SEF)	Various	*Not applied*
BMZ	Top-up *with conceptual changes*	33	1 million
BMZ	Top-up *without conceptual changes*	33	*Not applied*
BMZ	Work proposal for the implementation of individual measures financed from funds	41	1 million
BMZ	Work proposal due to conceptual change/price increase, individual measures financed from funds	43	1 million
BMZ	Repeat offer for individual measures financed from funds	44	*Not applied*
BMZ	Appraisal/preparation with separate project number, not financed from funds	15	*Not applied*
BMZ	Appraisal/preparation, financed from funds	25	*Not applied*
BMZ	Development partnerships with the private sector, incl. develoPPP.de programme		Not regulated yet
Business with German public sector clients			
For all German public sector clients	Modification offer		1 million (see possible scenarios in Annex II)
Federal Foreign Office	Offer for a TC measure, incl. offer for a follow-on measure	31+ 32	1 million
Federal Foreign Office	Regional project, incl. offer for a follow-on measure	31+ 32	1 million
BAFA[10]	Offer for a TC measure	31	1 million
BKAmt[11]	Offer for a TC measure	31	1 million
BMELV[12]	Offer for a TC measure	31	1 million
BMELV[4]	Offer for a TC measure	31	1 million
BMF[13]	Offer for a follow-on measure	31	1 million
BMF[5]	Offer for a TC measure	32	1 million

[7] See footnote 6.

[8] See footnote 6.

[9] See footnote 6.

[10] Federal Office of Economics and Export Control

[11] Federal Chancellery

[12] Federal Ministry of Food and Agriculture

[13] Federal Ministry of Finance

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BMI [14]	Offer for a TC measure	31	1 million
BMI [6]	Offer for a follow-on measure	32	1 million
BMU [15]	Offer for a TC measure, incl. follow-on measures	31+ 32	1 million
BMU [7]	Global project, incl. follow-on measures	31+ 32	1 million, country-specific measures per country [16]
BMU [7]	Sector project, also follow-on measures	31+ 32	1 million, country-specific measures per country [17]
BMVI [18]	Offer for a TC measure, incl. offer for a follow-on measure	31+ 32	1 million
BMWi [19]	Offer for a TC measure, incl. offer for a follow-on measure	31+ 32	1 million
BMWi	Work proposal due to conceptual change/price increase, individual measures financed from funds	43	1 million
BMWi	Repeat offer for individual measures financed from funds	44	1 million
HMWEVL[20]	Offer for a TC measure	31	1 million
Other German public sector clients	Offer, other German public sector clients	Various	1 million
Other German public sector clients	Offer for twinning programmes, public sector clients	31	*Not applied*
UBA[21]	Offer for a TC measure	31	1 million
International Services (InS)			
Various	Direct commissions		1 million
Various	Competitive tenders *(Exception if standards have already been applied in the design by the client and these are comparable with the standards contained in the Safeguards+Gender Management System)*		1 million
Development partnerships with the private sector			
Various	Offer for a TC measure, incl. follow-on measures		Not regulated yet
Political foundations			

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[14] Federal Ministry of the Interior
[15] Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
[16] See footnote 6.
[17] See footnote 6.
[18] Federal Ministry of Transport and Digital Infrastructure
[19] German Federal Ministry for Economic Affairs and Energy
[20] Hessian Ministry of Economics, Energy, Transport and Regional Development
[21] Federal Environment Agency

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Created by: safeguardsandgender@giz.de

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Engagement Global GmbH	Funding increase for an implementation proposal for a GIZ self-initiated measure	53	1 million
Heinz Nixdorf Foundation, Essen	Funding increase for an implementation proposal for a GIZ self-initiated measure	53	1 million
Robert Bosch Foundation	Funding increase for an implementation proposal for a GIZ self-initiated measure	53	1 million
GIZ-initiated measures			
GIZ	Implementation proposal for a GIZ self-initiated measure	51	1 million
GIZ	Funding increase for an implementation proposal for a GIZ self-initiated measure		1 million
GIZ	Repeat offer for a GIZ self-initiated measure		1 million

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Annex II: Possible scenarios for modification offers from all commissioning parties/clients[22]

Reason: Change of...	Variations	Application of S+G [23]
Lead executing agency	With conceptual changes	No
	Without conceptual changes	
Module objective		Yes
Inclusion of a new service component for BMZ		No
Module objective indicators	When content-related changes are made	Yes
	When only the indicator values are changed	No
Outputs	Significant content-related changes or removal/ addition of an output	Yes
Combined financing arrangement	With impact on module objective indicators (content-related changes) or on outputs	Yes
	With no impact on module objective indicators (i.e. no content-related changes but possible modification of target values) or outputs	No
Change to term with no impact on commission value		No
Funding increase + possibly extension of term	With conceptual changes (with impact on module objective, module objective indicators or outputs)	Yes
	Without conceptual changes (no impact on module objective, module objective indicators or outputs)	No
Inclusion of additional partner countries		Yes

[22] For modification offers whose project has not yet been through the Safeguards + Gender process for the current implementation phase, the entire project will be analysed. The checklist must therefore be filled out for the entire project. In the case of modification offers whose projects have already undergone the Safeguards+Gender process (valid since 01.12.2016) for the current implementation phase, the screening and, possibly, the in-depth assessments, may focus exclusively on the modifications. In case there are already in-depth assessments for the project, these can be used as a basis. Modifications would then have to be clearly marked in the in-depth assessments.
An exception should be noted here. If, since the last Safeguards + Gender Examination, there have been major contextual changes (for example, political, legal, etc.) in the country in question that could potentially affect the whole project, the in-depth assessments may need to be carried out for the entire project. In case there are such changes in the country, we would ask you to mention them in the checklist so that the Desk can check for each safeguard whether the in-depth assessments should be carried out only for the modifications or for the entire project. In this case, it is once again unnecessary to issue completely new in-depth assessments, as existing ones can be updated / adjusted. For the Safeguard Conflict and Context Sensitivity, a concrete example of such a case would be if, since the last assessment, the country's classification in the "Overview of Potential Risks for the Capacity to Delivery in Fragile States" has changed from green to yellow or red.
[23] For all 'Yes' cases, S+G applies only if the project includes one (or more) country-specific measure(s) with a value of at least EUR 1 million original commission value or total value including any funding increase). In such cases, the screening must first be submitted to the Safeguards+Gender Desk, followed by any in-depth assessments, for plausibility checking. For all 'No' cases, any additional requirements imposed by the commissioning party/client must still be fulfilled, even if the Safeguards+Gender Management System does not conduct plausibility checks in these cases.

ANNEX 4: CARP Project's Exclusion List

The WB has classified 14 areas of business involvement that are exempted from funding from this Project. Together, they form the basis of the CARP Project's exclusion list. The following type of activities are ineligible for financing under this Project:

1. Production or trade in any product or activity deemed illegal under Iraq's laws or regulations or international conventions and agreements
2. Production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans
3. Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species
4. Production or trade in weapons and ammunitions
5. Production or trade in alcoholic beverages
6. Production or trade in tobacco
7. Gambling, casinos, and equivalent enterprises
8. Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control measurement equipment, and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.)
9. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
10. Production or trade in or use of unbounded asbestos fibers
11. Unsustainable fishing practices, such as drift net fishing in the marine environment using nets in excess of 2.5 km length, electric shocks, or explosive materials
12. Production or trade in wood or other forestry products other than from sustainably managed forests
13. Production or activities involving harmful or exploitative forms of forced labor or harmful child labor
14. Activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement
15. Any activities involving significant degradation or conversion of natural and/or critical habitats and/or any activities in legally protected areas
16. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes, and so on)
17. Production or activities that have adverse impacts, including relocation, on the lands, natural resources, or critical cultural heritage subject to traditional ownership or under customary use by Indigenous Peoples
18. Activities involving significant adverse impacts on critical cultural heritage

19. Production or trade in or use of non-biodegradable packaging material such as polythene bags and styrofoam.

ANNEX 5 Screening Checklist for MSME (applicant)

MFIs checklist for MSMEs funding

General Information	
Name of the Applicant	
Name of the Company	
Relationship of the Applicant to the Company	
Registration Status	
Legal Status	
Ownership Structure of Company	☐Single owner ☐Multiple owners ☐Others: _____
Do the Owner/s identify themselves as male or female?	☐Male ☐Female
Area of Operation/ Industry	
Location of Companies Headquarter, Area of Business Activities	
Funding Purpose	
Funding Amount (USD)	

Part I: Exclusion Screening	
Please cross out whichever does not apply.	
Is your company involved in the following areas?	Yes / No
• Production or activities involving forced labor / harmful child labor;	Yes / No
• Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;	Yes / No
• Production or trade in weapons and munitions;	Yes / No
• Gambling, casinos and equivalent enterprises;	Yes / No
• Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);	Yes / No
• Production or trade in radioactive materials;	Yes / No
• Production or trade in or use of un-bonded asbestos fibers;	Yes / No
• Production or trade in wood or other forestry products from unmanaged forests;	Yes / No
• Production or trade in products containing poly-chlorinated biphenyl, or PCBs;	Yes / No
• Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals;	Yes / No
• Production or trade in pharmaceuticals subject to international phase outs or bans;	Yes / No
• Production or trade in pesticides/herbicides subject to international phase outs or bans;	Yes / No
• Production or trade in ozone depleting substances subject to international phase out;	Yes / No
• Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such people.	Yes / No
(For official use only)	Score

Part II: E&S Screening

Environment *Please cross out whichever does not apply.*	
Overall Assessment	
Will the project potentially have a considerable adverse impact on one or more of the following objects of protection?	
• Human health (e.g. as a result of environmental pollution or non-compliance with industrial health and safety provisions)	Yes / No
• Biodiversity (flora, fauna, genetic diversity, etc.)	Yes / No
• Ecosystems and ecosystem services	Yes / No
• Soil, water, air and landscape	Yes / No
• Cultural assets	Yes / No
• Interactions between the objects of protection mentioned above	Yes / No
Will the project be operating in an environment/sector that entails significant environmental risks although it is not directly responsible for these risks? Example: Advisory services to the management of an industrial park which is also the base of chemicals companies	Yes / No
Is an environmental impact assessment or a strategic environmental assessment required by law in Iraq/Kurdistan for project-based interventions?	Yes / No
(For official use only)	Score

Water Use	
Does the business require water to operation? • If Yes - estimate the weekly amount of water used in Liters: _____	Yes / No
Is the business affected by water scarcity or low water quality?	Yes / No
Is the business affected by unreliable water supply (man-made and natural causes)?	Yes / No
Is the business affected by unreliable water quality (man-made and natural causes)?	Yes / No
For water intensive businesses only Does the business have a well-structured water use and reduction guidelines? • If Yes - Are all staff trained in understanding and using the water use and reduction guidelines? • If No - How is the use of water managed? _____ _____	Yes / No Yes / No

(For official use only)	Score
Chemical Use	
Does the business rely on the use of chemicals? • If Yes - What type(s) of chemical is used? _____	Yes / No
Does the business require the use of pesticide in its operations? • If Yes - What type(s) of pesticide is used? _____	Yes / No
For chemical intensive businesses only Are all staff trained in the storage, use and disposal of chemicals? Does the business have a well-defined protocol in the storage, use and disposal of chemicals? • If No - How is the use of chemicals controlled/managed? _____ _____ _____	Yes / No Yes / No
For agricultural businesses only Does the business have a well-defined protocol in the storage, use and disposal of pesticide? • If Yes - Are all staff trained in understanding and using the protocol? • If No - How is the use of pesticide controlled/managed? _____ _____ _____	Yes / No Yes / No
(For official use only)	Score

Air Emissions and Air Quality	
Please cross out whichever does not apply.	
Climate/ Greenhouse Gas Emissions	
Risk of immediate negative effects/impacts (Carbon Footprint)	
Note: Immediate negative effects are those, which are co-financed or implemented by the project and taking place during project period. Are there one or more of the following measures or activities directly implemented or financed by the project during the project period:	
• **Infrastructure measures (new construction, renovation and/or restoration):** o Buildings, such as medical wards, education centers, etc.	Yes / No

o Streets or other traffic routes o Agricultural infrastructure, such as irrigation infrastructure, warehouses, greenhouses o Plants such as water treatment plants or wastewater treatment plants, recycling plants, waste disposal sites, waste to energy, etc.?	
• **Agricultural activities:** o Food cultivation, such as rice cultivation o Livestock farming and dairy industry o Use of fertilizers o Intensive land use (monoculture) and accompanying land degradation o Other agricultural activities, which could produce GHG emissions	Yes / No
• **Activities in the forest sector:** o Deforestation due to infrastructure measures (forest clearing for road construction) or expansion of agricultural areas o Forest degradation due to infrastructure measures (forest clearing for road construction) or expansion of agricultural areas	Yes / No
• **Economic activities:** o Activities, which are linked to energy production, energy supply and/or energy conversion for industrial/economical processes o Activities, which are linked to the emergence and/or release of manufacturing emissions (e.g. methane, technical gases in individual industrial sectors, HFC in cooling processes) o Activities in the field of urban mobility (public transport)	Yes / No
Will there be any expected extensive travel activities by the project in the context of capacity development?	Yes / No
Besides the above-mentioned activities - are there more GHG-intensive activities directly implemented, financed or caused by the project that were not listed yet? ⬩ If yes, please explain: _____ _____	Yes / No
Risks by negative impacts, caused indirectly Note: Negative effects, caused indirectly are those, which are caused within the effect logic of the project but are not co-financed or implemented by the GIZ or caused beyond the project period.	
Are there any indirect GHG emissions through infrastructure measures (new construction, renovation and/or rehabilitation) caused by the project?	Yes / No
Are there any indirect GHG emissions through agricultural activities (use of fertilizers, rice cultivation, livestock farming etc.) caused by the project?	Yes / No
Are there any indirect deforestation or land degradation caused by the project?	Yes / No
Are there any indirect GHG emissions through economical activities, trade, energy production, mobility and other activities caused by the project?	Yes / No

(For official use only)	Score

Is it likely that climate change could have a considerable adverse impact on activities and/or the planned development results of the measure? **Impacts of climate change:** e.g. temperature change, changes in precipitation or wind, indirect climate-related events such as droughts, extreme weather events, severe flooding, rising sea levels, etc.	Yes / No
Is it likely that the measure will impact adversely on the climate resilience (adaptive capacities) of people and/or ecosystems? **Examples:** Increased water consumption in agriculture and industry; climate-sensitive cropping methods that result in lost harvests and thus in malnutrition and displacement as a result of climate events (e.g. drought, flooding); infrastructure measures that magnify the impacts of climate events (e.g. storms, heat waves), etc.	Yes / No

(For official use only)	Score

Fuel Usage	
Does the business require the purchase and use of fuel in the production, energy generation and transportation processes of the operations? ◆ If Yes - Are the following type(s) of fuel used? How many liters of fuel are used on a weekly basis for each type of fuel? ☐Petroleum _____ ☐Propane _____ ☐Oil _____ ☐Hydrogen _____ ☐Methane _____ ☐Natural Gas _____ ☐Diesel Oil _____ ☐Naphtha _____ ☐Coal _____ ☐Liquid Petroleum Gas _____ ☐Others _____	Yes / No
For fuel intensive businesses only Does the business have a fuel use guideline in place?	Yes / No
◆ If Yes - Are all staff trained in understanding and using the guideline?	Yes / No
◆ If No – How is the use of fuel controlled or managed? _____ _____ _____	
Does the business provide any protective gear or equipment against air pollution for employees?	Yes / No

(For official use only)	Score

Energy Consumption	

Does the business require electricity to operate?
     • If Yes - estimate the weekly amount of electricity used in kWh.
     _____
	Yes / No

Is the business highly affected by unstable power supply?	Yes / No
Does the company rely on electrical equipment, appliances or machinery to operate?	Yes / No

For energy intensive businesses only
 Does the business undertake measures to ensure reliable power supply?
     • If Yes - What measures are undertaken to ensure reliable power supply?
 	
     _____
     _____
     _____
 	
 Does the business have a well-defined energy reduction guidelines or measures in place?
     • If Yes - Are all staff trained in understanding and using the energy reduction guidelines or measures?
     • If No - How is the use of electricity controlled/managed?
 	
     _____
     _____
	Yes / No
	
	 Yes / No
	 Yes / No

(For official use only)	Score

Solid Waste	

Does the company produce waste?
     • If Yes - what type of waste is produced in the business (multiple types can be selected)? How much waste is produced on a weekly basis in kilogram for each type of waste?
 ☐Household waste: _____
 ☐Commercial waste: _____
 ☐Industrial waste: _____
 ☐Agricultural waste: _____
 ☐Others: _____
     • If Yes - does the business burn any form of waste?
	Yes / No
	
	 Yes / No

Does the business produce hazardous waste? ⬥ If Yes – what type of hazardous waste is produced (e.g. toxic, flammable, infectious, chemical)? Please state the type and amount in kilogram on a weekly basis. _____ _____	Yes / No
For hazardous waste intensive businesses only Does the business have a well-defined hazardous waste management policy / guideline in place? ⬥ If Yes - Are all staff trained in understanding and using the hazardous waste management policy / guideline? ⬥ If No – ➢ How is hazardous waste managed? _____ ➢ How is hazardous waste disposed? _____	Yes / No Yes / No
(For official use only)	Score

Electronic Waste	
Is the business using the funding to acquire computer equipment and accessories, telecommunications equipment, electrical equipment or medical equipment? ⬥ If Yes - please specify the type of appliances or equipment the business is planning to acquire. _____	
Is the business producing e-waste? If Yes – What type of e-waste is produced and how much is produced on an annual basis in kilogram?	Yes / No
☐Computer equipment and accessories: _____ ☐Telecommunications equipment: _____ ☐Electrical equipment: _____ ☐Medical equipment: _____ ☐Others: _____	Yes / No
For e-waste intensive businesses only Does the business have a well-defined e-waste management policy / guideline in place? ⬥ If Yes - Are all staff trained in understanding and using the e-waste management policy / guideline? ⬥ If No – ➢ How is e-waste managed? _____ ➢ How is e-waste disposed? _____	Yes / No Yes / No

(For official use only)	Score

Social
Please cross out whichever does not apply.

Employment Data

Please fill in the following employment data table. *(Full time employees only)*

	Male	Male %	Female	Female %
Senior Management				
Middle Management				
Frontline Staff				
Total		100%		100%

Age	Male	Male %	Female	Female %
Below 15				
15-20				
21-30				
31-40				
41-50				
51-60				
60 and above				
Total		100%		100%

Overall male to female ratio: _____

Is the measure planned in the subproject in which one or more forms of legal, political, economic, social, cultural or other discrimination and disadvantaging on grounds of gender exist? e.g. discriminatory legislation, disadvantaging on the grounds of gender in participation in public life, politics, peace processes or negotiations, in eco-nomic life, etc., disadvantaging on the grounds of gender in access to services (e.g. access to education, health care, the law, land, loans, etc.)	Yes / No
If yes, could the measure unintentionally contribute to reinforcing and/or exacerbating existing discrimination and disadvantaging?	Yes / No

Is the subproject planned to take place in a sector / project area in which there are gender-specific risks*, sexual and gender-specific violence** or harmful traditional practices***?
 	
     e.g. inadequate or non-existent medical care during pregnancy and childbirth (sexual and reproductive health and rights); multiple discrimination; increased risks in the context of displacement and migration, climate change, etc.
     **physical, mental, sexual violence including rape; sexual abuse, sexual harassment, forced prostitution, etc.*
     ***female genital mutilation (FGM), child marriage, forced marriage, preference for sons, 'honour killings', feminicide, etc.*
	Yes / No

	Yes / No

If yes, is it possible that the proposed project could unintentionally contribute to these risks and/or forms of violence becoming entrenched and/or aggravated?	
Does the measure have significant potentials for making a positive contribution to mitigating and overcoming existing discrimination and disadvantaging on the grounds of gender, and thus for promoting gender equality?	Yes / No
Is there a set of policies and procedures related to anti-discrimination and equality in place?	Yes / No
(For official use only)	Score

Does the business employ part-time employees? • If yes – what's the overall full- to part-time staff ratio: _____	Yes / No
Does the business employ people under the age of 15?	Yes / No
Do all staff members have a work permit?	Yes / No
Is there a set of policies and procedures related to wages, benefits, holidays, and other labor policy in place?	Yes / No
Does the company verify the age of applicants prior hiring?	Yes / No
Does all staff have access to training opportunities via the business, associations or government programs?	Yes / No
Does the business have a confidential reporting channel for complaints and employee support?	Yes / No
• If Yes – are all employees aware of the channel?	Yes / No
(For official use only)	Score

Human Rights	
1) Topic: discrimination Is the subproject planned in a sector/project area in which individual population groups suffer significant discrimination in terms of access to (state) services, productive resources or sources of income, such as corruption, stigmatisation or other access barriers?	Yes / No
2) Topic: Restriction of civil society's freedom to act and infringement of specific participation rights Is the subproject planned in a sector/project area in which civil society organisations, media workers and human rights advocates are intimidated, persecuted or in any other way significantly restricted in their freedom to act?	Yes / No

Are there indications that the participation mechanisms maintained by the subproject do not take sufficient account of the specific participation rights of children, people with disabilities and/or women?	Yes / No
3) Topic: infringement of the rights of indigenous people to consultation/consent Is the subproject planned in a sector/project area in which the rights of indigenous people to consultation/consent regarding measures that affect their land/territory/natural resources and/or their identity are not sufficiently respected?	Yes / No
4) Topic: evictions/forced resettlement Is the subproject planned in a sector/project area in which evictions and/or forced resettlements occur?	Yes / No
5) Topic: infringement of fundamental labour rights Is the subproject planned in a sector/project area in which fundamental labour rights (ILO core labour standards and other labour-related human rights) are significantly infringed?	Yes / No
6) Topic: human-rights-sensitive sector/other serious human rights violations Is the subproject operating in a sector in which serious human rights violations are committed in the country in question which are not already covered by the above topics (e.g. resource governance, nature conservation/ reserve management/ sustainable use of natural resources, security, refugee and asylum policy, migration)?	Yes / No
(For official use only)	Score
Covid-19	
Is COVID-19 a significant concern to the business? • If Yes - ➢ Does the business have COVID-19 guidelines at the workplace? ▪ If Yes – are all staff trained in understanding the COVID-19 guideline or policy? • If No – ➢ Does the business practice social distancing rules at the workplace? ➢ Are employees encouraged to stay at home when feeling sick? ➢ Is wearing a mask at the workplace mandatory? ➢ Is the temperature of staff taken daily upon arrival at the workplace?	Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No
Does the business require all staff to be present at the workplace within working hours?	Yes / No
Does the business have a remote work or work from home policy or practice?	Yes / No
Does the business allow visitors at site? • If Yes – ➢ Is the number of visitors at site regulated?	Yes / No Yes / No

➢ Is there a COVID-19 guideline or measures for visitors?	Yes / No
▪ If Yes – are all staff trained in the COVID-19 guideline or measures for visitors?	Yes / No
Did the business reduce staff or took other measures to minimize labor costs due to Covid-19? • If Yes – how many male and female employees left the company? _____	Yes / No
(For official use only)	Score

Occupational Health and Safety	
Is occupational health and safety (OHS) a major concern for the staff? • If Yes -	Yes / No
➢ Are staff provided with Personal Protective Equipment that is appropriate and functional?	Yes / No
➢ Is there adequate safety equipment, such as fire extinguishers/ hydrants and first aid kits?	Yes / No
➢ Are there sufficient safety drills in case of emergency, such as fire, typhoon, flood, or others that require an evacuation from the building?	Yes / No
➢ Is there a specified person in charge of handling emergency situations, such as injury?	Yes / No
➢ Is there any monitoring or controls in place to reduce physical hazards?	Yes / No
➢ Are there any job hazard assessments conducted routinely?	Yes / No
➢ Have issues submitted through complaint management mechanism been addressed?	Yes / No
Have any workers been involved in accidents at the facility? • If Yes - please describe what happened afterwards: _____ _____ _____	Yes / No
(For official use only)	Score

Privacy and Data Safety	
Is the use of IT equipment and software important for the business? • If Yes -	Yes / No
➢ Are security measures such as anti-virus software and firewalls installed?	Yes / No
➢ Does the business have a well-defined privacy and data safety management policy / guideline in place?	Yes / No
Does the business collect online payments or mobile payments?	Yes / No
• If Yes – are the payments processed by a licensed vendor?	Yes / No
Is customer and employee data collected and stored on site?	Yes / No
• If yes – is the storage secured from theft or unauthorized access?	Yes / No

(For official use only)	Score

Business Ethics	
Does the business have a formal or informal code of conduct or staff handbook?	Yes / No
• If Yes – Is there any anti-corruption policy or procedures in place?	Yes / No
Does the business require all staff to sign a declaration with anti-corruption clauses?	Yes / No
Does the business offer any anti-corruption training to its staff?	Yes / No
(For official use only)	Score

Land Acquisition	
Does the business rely on a new parcel of land?	Yes / No
• If Yes – What is the size of land required for the business operations? _____ (square meters)	
• If Yes – Would the acquisition of the new parcel of land result in any resettlement or displacement of the community or groups of people who were inhabiting there?	Yes / No
(For official use only)	Score

ANNEX 6: Screening Checklist for MSME (official use)

MFIs checklist for MSMEs funding

General Information	
Name of the Applicant	
Name of the Company	
Relationship of the Applicant to the Company	
Registration Status	
Legal Status	
Ownership Structure of Company	☐Single owner ☐Multiple owners ☐Others: _____
Do the Owner/s identify themselves as male or female?	☐Male ☐Female
Area of Operation/ Industry	
Location of Companies Headquarter, Area of Business Activities	
Funding Purpose	
Funding Amount (USD)	

(For official use only)	
Assessor category	☐ GIZ specialist ☐ MFIs
Name of official assessor	
Name of organization	
Date of assessment	
Screening requirement	☐ Part I: Exclusion Screening ☐ Part II: E&S Screening
Preliminary assessment result	☐ Approve ☐ Approve with precaution ☐ Reject
Note for precautions	_____ _____ _____
Signature	
Date	

If **applicant answers 'yes' to one or more questions** below in the general eligibility criteria, the application will be automatically disqualified.

Part I: Exclusion Screening *Please cross out whichever does not apply.*	
Is your company involved in the following areas?	Yes / No
• Production or activities involving forced labor / harmful child labor;	X / OK
• Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;	X / OK
• Production or trade in weapons and munitions;	X / OK
• Gambling, casinos and equivalent enterprises;	X / OK
• Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);	X / OK
• Production or trade in radioactive materials;	X / OK
• Production or trade in or use of un-bonded asbestos fibers;	X / OK
• Production or trade in wood or other forestry products from unmanaged forests;	X / OK
• Production or trade in products containing poly-chlorinated biphenyl, or PCBs;	X / OK
• Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals;	X / OK
• Production or trade in pharmaceuticals subject to international phase outs or bans;	X / OK
• Production or trade in pesticides/herbicides subject to international phase outs or bans;	X / OK
• Production or trade in ozone depleting substances subject to international phase out;	X / OK
• Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such people.	X / OK
(For official use only)	**Disqualified or Proceed**

Part II: E&S Screening

Environment *Please cross out whichever does not apply.*	
Overall Assessment	
Will the project potentially have a considerable adverse impact on one or more of the following objects of protection?	
• Human health (e.g. as a result of environmental pollution or non-compliance with industrial health and safety provisions)	Yes / No
• Biodiversity (flora, fauna, genetic diversity, etc.)	Yes / No
• Ecosystems and ecosystem services	Yes / No
• Soil, water, air and landscape	Yes / No
• Cultural assets	Yes / No
• Interactions between the objects of protection mentioned above	Yes / No
Will the project be operating in an environment/sector that entails significant environmental risks although it is not directly responsible for these risks? Example: Advisory services to the management of an industrial park which is also the base of chemicals companies	Yes / No
Is an environmental impact assessment or a strategic environmental assessment required by law in Iraq/Kurdistan for project-based interventions?	Yes / No
If **applicant answers 'yes' to one or more questions** in the screening of the overall environmental assessment safeguards, a description of the potential impact must be drafted below.	

(For official use only) Is an impact/risk description necessary? ***Justification:*** *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Water Use	Yes / No
Does the business require water to operation? ♦ If Yes - estimate the weekly amount of water used in Liters: _____	-1 / 0
Is the business affected by water scarcity or low water quality?	-1 / 0
Is the business affected by unreliable water supply (man-made and natural causes)?	-1 / 0
Is the business affected by unreliable water quality (man-made and natural causes)?	-1 / 0
For water intensive businesses only Does the business have a well-structured water use and reduction guidelines? ♦ If Yes - Are all staff trained in understanding and using the water use and reduction guidelines? ♦ If No - How is the use of water managed? _____ _____ _____ _____	+2 / 0 +2 / 0

If **overall score in this section is equal to or below -2,** a description of the potential impact must be drafted below.

(For official use only) Is an impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Chemical Use	Yes / No
Does the business rely on the use of chemicals? ⬩ If Yes - What type(s) of chemical is use? _____	-1 / 0
Does the business require the use of pesticide in its operations? ⬩ If Yes - What type(s) of pesticide is use? _____	-1 / 0

For chemical intensive businesses only
Are all staff trained in the storage, use and disposal of chemicals?
Does the business have a well-defined protocol in the storage, use and disposal of chemicals?
    ⬩   If No - How is the use of chemicals controlled/managed?
 	
       _____
       _____
       _____
	+1 / 0
	+1 / 0

For agricultural businesses only Does the business have a well-defined protocol in the storage, use and disposal of pesticide? ⬩ If Yes - Are all staff trained in understanding and using the protocol?	+1 / 0 +1 / 0

⬩ If No - How is the use of pesticide controlled/managed? _____ _____ _____	

If **overall score in this section is equal to or below -2,** a description of the potential impact must be drafted below.

(For official use only) Is an impact/risk description necessary? ***Justification****:* *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Air Emissions and Air Quality
Please cross out whichever does not apply.

Climate/ Greenhouse Gas Emissions

Risk of immediate negative effects/impacts (Carbon Footprint)

Note: Immediate negative effects are those, which are co-financed or implemented by the project and taking place during project period.

Are there one or more of the following measures or activities directly implemented or financed by the project during the project period:	
⬩ **Infrastructure measures (new construction, renovation and/or restoration)**	Yes / No
⬩ **Agricultural activities**	Yes / No
⬩ **Activities in the forest sector**	Yes / No
⬩ **Economic activities**	Yes / No
Will there be any expected extensive travel activities by the project in the context of capacity development? Note: Not all GHG emissions produced by travel activities within the project are being recorded by the GIZ headquarter and through the Corporate Sustainability Handprint. If the travel	Yes / No

activities due to workshop attendance will be above average, a specific carbon footprint for the project will be imposed. If not, the project will be charged with a standard amount of 76 tons of CO2 a year (based on a study of 2019, this corresponds to about 10 trainings with 20 local participants and two international participants each, or 200 local trips and 4 international flights per year). An in-depth examination does not then have to be carried out. In this case, there is no need for an in-depth assessment furthermore.	
Besides the above-mentioned activities - are there more GHG-intensive activities directly implemented, financed or caused by the project that were not listed yet?	Yes / No
• If yes, please provide explanation from applicant:	

Risks by negative impacts, caused indirectly
Note: Negative effects, caused indirectly are those, which are caused within the effect logic of the project but are not co-financed or implemented by the GIZ or caused beyond the project period.

Are there any indirect GHG emissions through infrastructure measures (new construction, renovation and/or rehabilitation) caused by the project?	Yes / No
Are there any indirect GHG emissions through agricultural activities (use of fertilizers, rice cultivation, livestock farming etc.) caused by the project?	Yes / No
Are there any indirect deforestation or land degradation caused by the project?	Yes / No
Are there any indirect GHG emissions through economical activities, trade, energy production, mobility and other activities caused by the project?	Yes / No
If **applicant answers 'yes' to one or more questions** in the screening of Climate/ Greenhouse Gas Emissions safeguards, a description of the potential impact must be drafted below.	

(For official use only) Is a climate mitigation impact/risk description necessary? ***Explanation:*** *The checklist cannot be accepted without a reasonable explanation. You must be able to delineate in detail whether the project could contribute to significant greenhouse gas emissions – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Is it likely that climate change could have a considerable adverse impact on activities and/or the planned development results of the measure? **Impacts of climate change:** e.g. temperature change, changes in precipitation or wind, indirect climate-related events such as droughts, extreme weather events, severe flooding, rising sea levels, etc.	Yes / No
Is it likely that the measure will impact adversely on the climate resilience (adaptive capacities) of people and/or ecosystems? **Examples:** Increased water consumption in agriculture and industry; climate-sensitive cropping methods that result in lost harvests and thus in malnutrition and displacement as a result of climate events (e.g. drought, flooding); infrastructure measures that magnify the impacts of climate events (e.g. storms, heat waves), etc.	Yes / No

If **applicant answers 'yes' to one or more questions** in the screening of Climate/ Greenhouse Gas Emissions safeguards, a description of the potential impact must be drafted below..	
(For official use only) Is a climate adaptation impact/risk description necessary? ***Justification:*** *The checklist cannot be accepted without a reasonable explanation. You must be able to delineate in detail whether the project is dependent on direct climate parameters or whether there are risks of the project having a negative impact on the resilience of humans and/or ecosystems due to climate change. This can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Fuel Usage	Yes / No
Does the business require the purchase and use of fuel in the production, energy generation and transportation processes of the operations? ◆ If Yes - Are the following type(s) of fuel used? How many liters of fuel are used on a weekly basis for each type of fuel? ☐Petroleum _____ ☐Propane _____ ☐Oil _____ ☐Hydrogen _____	-1 / 0

☐Methane _____ ☐Natural Gas _____ ☐Diesel Oil _____ ☐Naphtha _____ ☐Other _____	
For fuel intensive businesses only Does the business have a fuel use guideline in place? • If Yes - Are all staff trained in understanding and using the guideline? • If No – How is the use of fuel controlled or managed? _____ _____ _____	+1 / 0 +1 / 0
Does the business provide any protective gear or equipment against air pollution for employees?	+1 / 0
If overall score in this section is equal to or below -1, a description of the potential impact must be drafted below.	
(For official use only) Is an impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Energy Consumption	Yes / No
Does the business require electricity to operate? • If Yes - estimate the weekly amount of electricity used in kWh. _____	-1 / 0
Is the business highly affected by unstable power supply?	-1 / 0
Does the company rely on electrical equipment, appliances or machinery to operate?	-1 / 0

For energy intensive businesses only Does the business undertake measures to ensure reliable power supply? ♦ If Yes - What measures are undertaken to ensure reliable power supply? _____ _____ _____	+1 / 0
Does the business have a well-defined energy reduction guidelines or measures in place? ♦ If Yes - Are all staff trained in understanding and using the energy reduction guidelines or measures? ♦ If No - How is the use of electricity controlled/managed? _____ _____	+1 / 0 +1 / 0

If overall score in this section is equal to or below -2, a description of the potential impact must be drafted below.

(For official use only) Is an impact/risk description necessary? ***Justification****:* *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Solid Waste	Yes / No
Does the company produce waste? ♦ If Yes - what type of waste is produced in the business (multiple types can be selected)? How much waste is produced on a weekly basis in kilogram for each type of waste?	-1 / 0

☐Household waste: _____ ☐Commercial waste: _____ ☐Industrial waste: _____ ☐Agricultural waste: _____ ☐Others: _____ • If Yes - does the business burn any form of waste?	-1 / 0
Does the business produce hazardous waste? • If Yes – what type of hazardous waste is produced (e.g. toxic, flammable, infectious, chemical)? Please state the type and amount in kilogram on a weekly basis. _____ _____ _____	-1 / 0

For hazardous waste intensive businesses only
 Does the business have a well-defined hazardous waste management policy / guideline in place?
 •   If Yes - Are all staff trained in understanding and using the hazardous waste management policy / guideline?
 •   If No –
    ➢   How is hazardous waste managed?
      _____
    ➢   How is hazardous waste disposed?
      _____
	+1 / 0
	
	 +1 / 0

If **overall score in this section is equal to or below -2,** a description of the potential impact must be drafted below.	
(For official use only) Is an impact/risk description necessary? **Justification**: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Electronic Waste	Yes / No

Is the business using the funding to acquire computer equipment and accessories, telecommunications equipment, electrical equipment or medical equipment? 　　◆　If Yes - please specify the type of appliances or equipment the business is planning to acquire. 　　_____	-1 / 0
Is the business producing e-waste? 　　◆　If Yes – What type of e-waste is produced and how much is produced on an annual basis in kilogram? ☐Computer equipment and accessories: _____ ☐Electrical equipment: _____ ☐Telecommunications equipment: _____ ☐Medical equipment: _____ ☐Others: _____	-1 / 0
For e-waste intensive businesses only Does the business have a well-defined e-waste management policy / guideline in place? ◆　If Yes - Are all staff trained in understanding and using the e-waste management policy / guideline? ◆　If No – 　➢　How is e-waste managed? _____ 　➢　How is e-waste disposed? _____	+1 / 0 +1 / 0
If **overall score in this section is equal to or below -2,** a description of the potential impact must be drafted below.	
(For official use only) Is an impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the environmental risks to protected goods that the project poses – this can be the case for a wide variety of main objectives. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Social

Please cross out whichever does not apply.

Employment Data

Please fill in the following employment data table. *(Full time employees only)*

	Male	Male %	Female	Female %
Senior Management				
Middle Management				
Frontline Staff				
Total		100%		100%

Age	Male	Male %	Female	Female %
Below 15				
15-20				
21-30				
31-40				
41-50				
51-60				
60 and above				
Total		100%		100%

Overall male to female ratio: _____

Is the measure planned in the subproject in which one or more forms of legal, political, economic, social, cultural or other discrimination and disadvantaging on grounds of gender exist?	-1 / 0
• If yes, could the measure unintentionally contribute to reinforcing and/or exacerbating existing discrimination and disadvantaging?	-1 / 0
Is the subproject planned to take place in a sector / project area in which there are gender-specific risks*, sexual and gender-specific violence** or harmful traditional practices***? *e.g. inadequate or non-existent medical care during pregnancy and childbirth (sexual and reproductive health and rights); multiple discrimination; increased risks in the context of displacement and migration, climate change, etc. ** physical, mental, sexual violence including rape; sexual abuse, sexual harassment, forced prostitution, etc. *** female genital mutilation (FGM), child marriage, forced marriage, preference for sons, 'honour killings', feminicide, etc.	-1 / 0
• If yes, is it possible that the proposed project could unintentionally contribute to these risks and/or forms of violence becoming entrenched and/or aggravated?	-1 / 0
Does the measure have significant potentials for making a positive contribution to mitigating and overcoming existing discrimination and disadvantaging on the grounds of gender, and thus for promoting gender equality?	+1 / 0
Is there a set of policies and procedures related to anti-discrimination and equality in place?	+1 / 0
If **overall male to female ratio is more than 70% OR overall score of this section is equal to or below -2,** a description of the gender gap must be drafted.	

(For official use only) Is a gender gap description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the gender risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Does the business employ part-time employees? • If yes – what's the overall full- to part-time staff ratio: _____	-1 / 0
Does the business employ people under the age of 15?	-1 / 0
Do all employees have a work permit?	+1 / 0
Is there a set of policies and procedures related to wages, benefits, holidays, and other labor policy in place?	+1 / 0
Does the company verify the age of applicants prior hiring?	+1 / 0
Does all employees have access to training opportunities via the business, associations or government programs?	+1 / 0
Does the business have a confidential reporting channel for complaints and employee support?	+1 / 0
• If Yes – are all employees aware of the channel?	+1 / 0
If **overall full- to part-time staff ratio is less than 70% OR overall score of this section is equal to or below -1,** a description of the employment practice must be stated.	

(For official use only) Is the employment practice description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the employment practice. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Human Rights	
1) Topic: discrimination Is the subproject planned in a sector/project area in which individual population groups suffer significant discrimination in terms of access to (state) services, productive resources or sources of income, such as corruption, stigmatisation or other access barriers?	-1 / 0
2) Topic: Restriction of civil society's freedom to act and infringement of specific participation rights Is the subproject planned in a sector/project area in which civil society organisations, media workers and human rights advocates are intimidated, persecuted or in any other way significantly restricted in their freedom to act?	-1 / 0
Are there indications that the participation mechanisms maintained by the subproject do not take sufficient account of the specific participation rights of children, people with disabilities and/or women?	-1 / 0
3) Topic: infringement of the rights of indigenous people to consultation/consent Is the subproject planned in a sector/project area in which the rights of indigenous people to consultation/consent regarding measures that affect their land/territory/natural resources and/or their identity are not sufficiently respected?	-1 / 0

4) Topic: evictions/forced resettlement Is the subproject planned in a sector/project area in which evictions and/or forced resettlements occur?	-1 / 0
5) Topic: infringement of fundamental labour rights Is the subproject planned in a sector/project area in which fundamental labour rights (ILO core labour standards and other labour-related human rights) are significantly infringed?	-1 / 0
6) Topic: human-rights-sensitive sector/other serious human rights violations Is the subproject operating in a sector in which serious human rights violations are committed in the country in question which are not already covered by the above topics (e.g. resource governance, nature conservation/ reserve management/ sustainable use of natural resources, security, refugee and asylum policy, migration)?	-1 / 0
If **overall score in this section is equal to or below -1,** a description of the potential impact must be drafted below.	
(For official use only) Is a human rights impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the human rights risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Covid-19	
Is COVID-19 a significant concern to the business?	-1 / 0
◆ If Yes - ➢ Does the business have COVID-19 guidelines at the workplace?	+1 / 0
▪ If Yes – are all staff trained in understanding the COVID-19 guideline or policy?	+1 / 0
◆ If No – ➢ Does the business practice social distancing rules at the workplace?	+1 / 0
➢ Are employees encouraged to stay at home when feeling sick?	+1 / 0
➢ Is wearing a mask at the workplace mandatory?	+1 / 0
➢ Is the temperature of staff taken daily upon arrival at the workplace?	+1 / 0

Does the business require all staff to be present at the workplace within working hours?	-1 / 0
Does the business have a remote work or work from home policy or practice?	+1 / 0

Does the business allow visitors at site?
• If Yes –
  ➢ Is the number of visitors at site regulated?
  ➢ Is there a COVID-19 guideline or measures for visitors?
    ▪ If Yes – are all staff trained in the COVID-19 guideline or measures for visitors?
	-1 / 0
	
	+1 / 0
	+1 / 0
	+1 / 0

Did the business reduce staff or took other measures to minimize labor costs due to Covid-19? • If Yes – how many male and female employees left the company? _____	-1 / 0
If overall score in this section is equal to or below -1, a description of the potential impact must be drafted below.	
(For official use only) Is COVID-19 impact/risk description necessary? ***Justification****:* *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the COVID-19 risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Occupational Health and Safety	

Is occupational health and safety (OHS) a major concern for the staff?
• If Yes -
  ➢ Are staff provided with Personal Protective Equipment that is appropriate and functional?
  ➢ Is there adequate safety equipment, such as fire extinguishers/ hydrants and first aid kits?
  ➢ Are there sufficient safety drills in case of emergency, such as fire, typhoon, flood, or others that require an evacuation from the building?
	-1 / 0
	
	+1 / 0
	
	+1 / 0
	
	+1 / 0

➢ Is there a specified person in charge of handling emergency situations, such as injury?	+1 / 0
➢ Is there any monitoring or controls in place to reduce physical hazards?	+1 / 0
➢ Are there any job hazard assessments conducted routinely?	+1 / 0
➢ Have issues submitted through complaint management mechanism been addressed?	+1 / 0
Have any workers been involved in accidents at the facility? ◆ If Yes - please describe what happened afterwards: _____ _____	-1 / 0

<div style="border:2px solid red">

If **overall score in this section is equal to or below -1,** a description of the potential impact must be drafted below.

</div>

(For official use only) Is COVID-19 impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the COVID-19 risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

Privacy and Data Safety	
Is the use of IT equipment and software important for the business? ◆ If Yes -	-1 / 0
➢ Are security measures such as anti-virus software and firewalls installed?	+1 / 0
➢ Does the business have a well-defined privacy and data safety management policy / guideline in place?	+1 / 0
Does the business collect online payments or mobile payments?	-1 / 0

♦ If Yes – are the payments processed by a licensed vendor?	+1 / 0
Is customer and employee data collected and stored on site?	-1 / 0
♦ If yes – is the storage secured from theft or unauthorized access?	+1 / 0
If overall score in this section is equal to or below -1, a description of the potential impact must be drafted below.	
(For official use only) Is Privacy and Data Safety impact/risk description necessary? ***Justification****:* *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the Privacy and Data Safety risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Business Ethics	
Does the business have a formal or informal code of conduct or staff handbook?	+1 / 0
♦ If Yes – Is there any anti-corruption policy or procedures in place?	+1 / 0
Does the business require all staff to sign a declaration with anti-corruption clauses?	+1 / 0

Does the business offer any anti-corruption training to its staff?	+1 / 0
If **overall score in this section is equal to 0,** a description of the potential impact must be drafted below.	
(For official use only) Is corruption impact/risk description necessary? ***Justification****:* *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the corruption risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No
Land Acquisition	
Does the business rely on a new parcel of land?	-1 / 0

• If Yes – What is the size of land required for the business operations? _____ (square meters) • If Yes – Would the acquisition of the new parcel of land result in any resettlement or displacement of the community or groups of people who were inhabiting there?	-1 / 0
If overall score in this section is equal to -2, a description of the potential impact must be drafted below.	
(For official use only) Is land acquisition impact/risk description necessary? ***Justification***: *The checklist cannot be accepted without a reasonable explanation. You must be able to provide a detailed and comprehensible description of the land acquisition risks. Please describe the extent to which the activities of your project are dependent on or independent of this.*	Yes / No

ANNEX 7: Social Responsibility and Environmental, Health and Safety Policy

_____ (Company Name)
Social Responsibility and Environmental, Health and Safety Policy

In addition to improving the lives of people through our company's products and services, our company is also committed to the promotion of social responsibility and environmental, health and safety management practices, contribution to the society, as well as improvement of labor rights and living standard quality.

In the future, the company will continue to integrate social responsibility, environmental, health and safety management into its business operations, and to implement this Social Responsibility and Environmental, Health and Safety Policy efficiently and effectively.

The company adheres to the following principles to implement this Social Responsibility and Environmental, Health and Safety Policy:

1. Operate with integrity and strictly abide by ethics;
2. Continuously improve and protect the rights and interests of all employees;
3. Promote the continuous improvement of health and safety policies and practices;
4. Counsel manufacturers to adhere and meet all relevant standards;
5. Abide by all material laws and regulations, to prevent pollution and to use resources effectively;
6. Comply with social responsibility standards, comply with laws and customer requirements, and achieve sustainable business operations.

SIGNATURE: _____

NAME: _____

TITLE: _____

DATE: _____

ANNEX 8: Accident/Incident Report Form

Please fill in this form if there has been a situation that poses or signals immediate threat.

Filling in the form
- Part A of the form is to be completed and signed by the person reporting the event.
- Once Part A is completed:
    - Send a copy of the signed copy to _____ , if applicable (MFI *email*)
    - Send a copy of the signed copy to _____(GIZ *email*)
    - Retain a copy for your records.
- Part B is to be completed by _____ (GIZ) and agreed by person responsible for the corrective and preventive actions.
- Part C is to be completed by _____ (GIZ).
- Use BLACK or BLUE pen and write in BLOCK LETTERS. Or complete a digital copy and return to _____ (GIZ email).

Ref. no.: *(Official use only)*	

Part A – Incident Report *(To be completed by person witnessing or reporting the incident)*

|	
Full Name	
Title	
Contact Details	Phone number: _____ Email address: _____
Were you directly involved in this event? If no, state capacity in completing this form	Yes / No
Date and Time of Event	
Location of the Event	
Nature of the Event	□ Environmental 　　□ Fire 　　□ Explosion 　　□ Natural disaster 　　□ Spillage, leakage, or uncontrolled discharge of substance 　　□ Spillage of special, hazardous, or restricted substance, e.g. oil, chemical, paint 　　□ Emission to air of gas, dust, fumes, or other pollutants 　　□ Pollution of water courses, surface water drains, foul water sewers 　　□ Contamination of land, flora, fauna 　　□ Noise, litter, light, odor, vibration or other nuisance 　　□ Other *(Please specify)*: _____ 　　_____ □ Social 　　□ Fatality of employees/ customers/ visitors 　　□ Injury or damage to health of employees/ customers/ visitors 　　□ Violence against women and girls 　　□ Civil unrest 　　□ Damage to property 　　□ Other *(Please specify)*: _____ 　　_____

Please describe what happened:

Give as much detail as possible. For instance, the names of any substance involved, what happened leading up to the event, the part played by any people including third parties, the names of any witnesses, any action taken at the time of the event.

Your Signature:	Date:

Ref. no.: _____

Part B – Corrective and Preventive Action *(To be completed by responsible person in collaboration with GIZ)*

Corrective Action(s): *(Taken at the time of the incident)*
  1.
  2.
  3.
  4.	

Date of Corrective Action(s) Completed:	
Name of Person(s) Responsible for the Corrective Action(s)	
Signature of Person(s) Responsible for the Corrective Action(s)	
Root Cause: *(What was the root cause of the incident? How did it happened and why did it happen?)* **Preventive Action(s):** *(To be taken to reduce the risk of the incident reoccurring)*	
Course of Action Approved by the _____ of GIZ: *(Print Name and Signature)*	
Agreed Date of Implementation:	
Name and Signature of the Person(s) Responsible for the Preventive Action(s):	

Part C – Follow Up and Verification *(To be completed by _____ of GIZ)*

Verification the Corrective Actions have been Completed and are Effective:

Approved by _____ of GIZ: *(Print Name and Signature)*	
Date of Closure:	

ANNEX 9: Environmental and Social Monitoring Report

Environmental and Social Monitoring Report

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE,
ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)
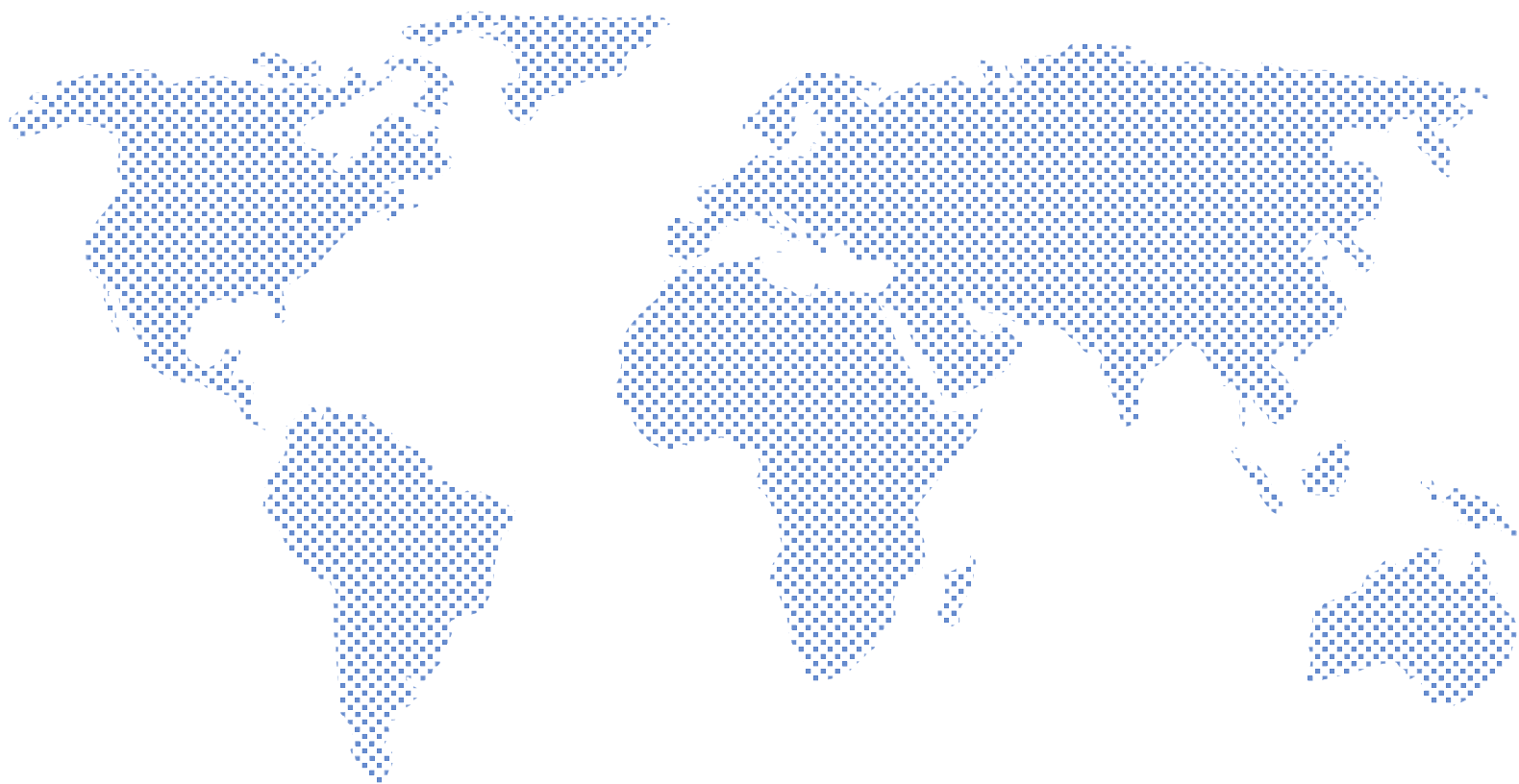
Quarterly Report

JUL – SEP 2021

Prepared by:
_____ (Environmental Safeguards Specialist);
_____ (Social Safeguards Specialist), and;
CKP Sustainability Consultants Limited (independent consultant)

CONTENTS

CURRENCY EQUIVALENTS

(Exchange Rate Effective [_____])

Currency Unit =

_____ = US$1

US$_____ = SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

ANDE	Aspen Network of Development Entrepreneurs
AS	Advisory Services
ASA	Advisory Services and Analytics
B2B	Business-to-Business
BDS	Business Development Services
CBI	Central Bank of Iraq
CERC	Contingent Emergency Response Component
CGAP	Consultative Group to Assist the Poor
CPF	Country Partnership Framework
DA	Designated Account
DFID	Department for International Development
EPIC	Entrepreneurship Program for Innovation in the Caribbean
ESMF	Environmental and Social Management Framework
ESCP	Environmental and Social Commitment Plan
ESRS	Environmental and Social Review Summaries
ESS	Environmental and Social Standards
ESSRP	Emergency Social Stabilization and Resilience
FAO	Food and Agricultural Organization
FCI	Finance, Competitiveness and Innovation
FCS	Fragile and Conflicted States
FCV	Fragile, Conflicted and Violent
FM	Financial Management
GA	Grant Agreement
GAP	Gender Action Plan
GBV	Gender-based violence
GDP	Gross Domestic Product
GIZ	German Corporation for International Cooperation GmbH Deutsche Gesellschaft für Internationale Zusammenarbeit
GOI	Government of Iraq
GP	Global Practice
GRM	Grievance Redress Mechanisms
GRS	Grievance Redress Service
HDI	Human Development Index
HR	Human Resources
I3RF	Iraq Reform, Recovery and Reconstruction Fund
IA	Implementation Agreement

IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDP	Internally Displaced Persons
IE	Impact Evaluation
IFC	International Finance Corporation
IFRs	Interim Financial Reports
IIA	Iraqi Innovation Alliance
ILO	International Labor Organization
IPF	Investment Project Financing
IQD	Iraqi Dinar
IT	Information Technology
KPI	Key Performance Indicator
LMP	Labor Management Procedure
LPs	Limited Partners
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MF	Microfinance
MFD	Mobilizing Finance for Development
MFIs	Microfinance Institutions
MFMR	Microfinance Sector in the MENA Region
MGF	Mashreq Gender Facility
MOF	Ministry of Finance
MOP	Ministry of Planning
MOU	Memorandum of Understanding
MSMEs	Micro Small and Medium Enterprises
NGOs	Non-Governmental Organizations
NPL	Non-performing loan
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of the Petroleum Exporting Countries
OSS	Operating Self-Sufficiency
PBC	Performance-based Contracting
PC	Project Counterpart
PDO	Project Development Objective
PIA	Project Implementing Agency
PMO	Prime Minister's Office
POM	Project Operation Manual
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
RAS	Reimbursable Advisory Services

RES	Rapid Enterprise Survey
RETF	Recipient Executed Trust Fund
ROA	Return on Assets
SEP	Stakeholder Engagement Plan
SGBs	Small and Growing Businesses
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
SPJ	Social Protection and Jobs
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
TOC	Theory of Change
UNDP	United Nations Development Program
UNHCR	United Nations Human Rights Commission
US$	United States Dollar
USISTEF	US–India Science & Technology Endowment Fund
VC	Venture Capital
WAs	Withdrawal Applications
WBG	World Bank Group
WeFi	Women Entrepreneurs Finance Initiative
WHO	World Health Organization
YR	Year

EXECUTIVE SUMMARY

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)

PROJECT AT A GLANCE

BASIC INFORMATION

Country(ies)	Project Name
Iraq	COVID-19 Adaptation and Recovery Pilot: Supporting Firms Resilience, Access to Finance and Growth in Iraq

Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P174273	Investment Project Financing	Substantial	Urgent Need or Capacity Constraints (FCC)

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[✓] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[✓] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[✓] Conflict
[ ] Deferred Drawdown	[✓] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	[ ] Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
28-Jan-2021	31-Dec-2023
Bank/IFC Collaboration	Joint Level
Yes	Complementary or Interdependent project requiring active coordination

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)

Proposed Development Objective(s)

To test the effectiveness of selected financial and firm-level interventions in providing liquidity, building capacity for targeted small and growing businesses (SGBs), and mobilizing private investment.

Components

Component Name	Cost (US$, millions)
Financial Inclusion	4.00
SME-Support Measures	9.10
Project Management	1.90
Contingent Emergency Response	0.00

Organizations

Borrower:	Federal Ministry of Finance
Implementing Agency:	GIZ

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	15.00
Total Financing	15.00
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	15.00
Iraq Reconstruction Trust Fund	15.00

INSTITUTIONAL DATA

Practice Area (Lead)	Contributing Practice Areas

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)

Finance, Competitiveness and Innovation

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● High
7. Environment and Social	● Substantial
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes   [✓] No

Does the project require any waivers of Bank policies?

[✓] Yes   [ ] No

Have these been approved by Bank management?

[✓] Yes   [ ] No

Is approval for any policy waiver sought from the Board?

[ ] Yes   [✓] No

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).
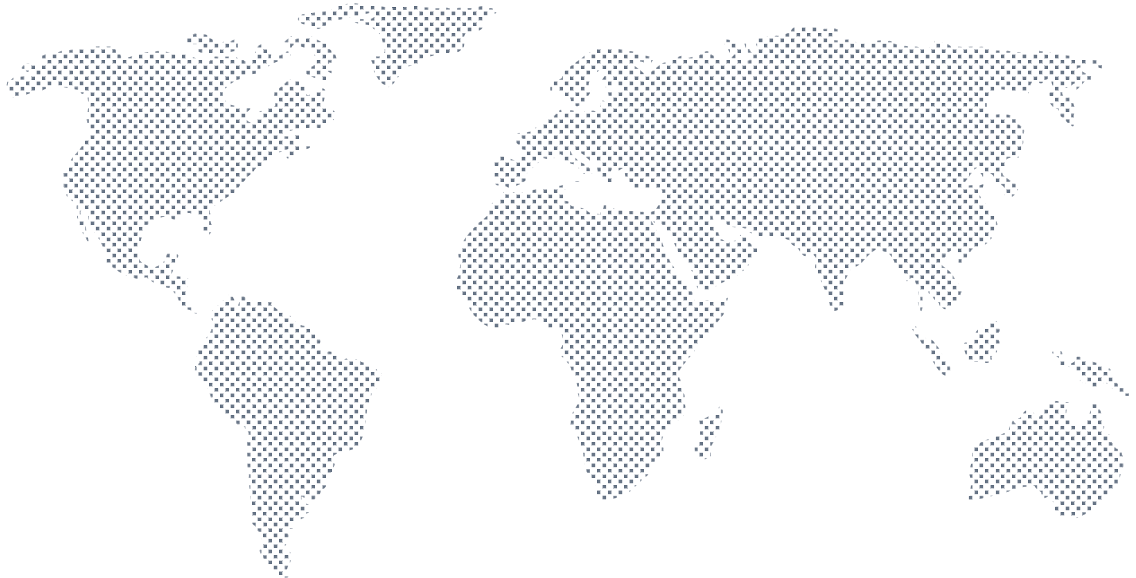
Legal Covenants

Sections and Description
The Project Steering Committee (PSC), with composition satisfactory to the Bank, has been established by the Recipient not later than 90 days after the signing of the Grant Agreement.

Conditions

Type	Description
Disbursement	No withdrawal shall be made under Category 2 until the Project Operational Manual, satisfactory to the Bank, has been adopted by the Recipient and the PIA.
Type	Description
Disbursement	No withdrawal shall be made under Category 2 until the Environmental and Social Management Framework, satisfactory to the Bank, has been adopted by the Recipient and the PIA.

IN

Introduction - IN THIS SECTION:

-
-
-
-

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO
FINANCE AND GROWTH IN IRAQ (P174273)

BACKGROUND

A. Country Context

1. **Iraq is facing a combination of acute shocks which the country is ill-prepared to manage.** The
   precipitous drop in oil prices and the spread of COVID-19 are exacerbating the social and
   economic downturn. The growing discontent over poor service delivery of essential services,
   rising corruption, and lack of jobs persists. Iraq now needs to navigate through these challenges
   and provide targeted alleviating measures in the short-term to maintain private sector
   livelihoods. If oil prices remain in the low-30s in 2020, Iraq will need to resort to a mix of
   domestic and foreign sources to finance the resulting deficit. The lack of access to international
   markets means that Government of Iraq's (GOI) already heavy reliance on local banks to finance
   its quasi fiscal expenditures will further crowd-out private sector financing. Large dependency on
   oil revenues coupled with built-up budget rigidities constrain fiscal space for a stimulus package;
   an undiversified economy and large presence of the state in economic and commercial activities
   make it hard to create the needed private sector jobs for a predominantly young population.

2. **The outlook for Iraq, which was already negative prior to the COVID-19 shock, has markedly
   worsened.** Near-term economic growth will be subdued by low oil prices, based on a new OPEC+
   agreement that has reduced oil production quotas, and unfavorable global and domestic
   conditions including transport disruptions from COVID-19 spread. As a result, the economy is
   projected to contract by 9.5 percent in 2020, down from a real GDP growth of 4.4 percent in
   2019, with both oil and non-oil sectors contracting by 12.4 and 5.1 percent respectively.

3. **Iraq ranks poorly at 120 of 189 countries in the 2019 Human Development Index (HDI).[78]** The
   poverty rate stood high at 20 percent in 2018; while the unemployment rate, which was falling
   before the ISIS crisis, has risen beyond the 2012 level to 9.9 percent in 2018. This also came on
   the back of a very low labor force participation rate, especially for women (12 percent) in 2018,[79]
   and in times where more than a fifth of the economically active youth do not have a job and are
   neither in employment nor in education or training. Furthermore, the humanitarian situation is
   still precarious with 1.4 million internally displaced persons (IDPs), 4.5 million returnees and over
   286,000 refugees (UNHCR 2020). These populations are susceptible to food insecurity,[80] with
   poor access to quality health care and education.

4. **Many households may lose all their incomes, especially those in the informal private sector.**
   The longer the crisis continues, the more any savings or coping mechanisms will be exhausted. In
   the absence of a significant government response, it is possible that over half of the population
   could fall into poverty.

5. The proposed project has received the approval to proceed under the application of Paragraph
   12 of Section III of the Bank Policy: Investment Project Financing (i.e. Situations in Urgent Need
   of Assistance or Capacity Constraints), including the deferral of the Environmental and Social
   Management Framework (ESMF) and the Project Procurement Strategy for Development (PPSD)
   to implementation. This decision was requested in recognition of a situation reflected in point 2-

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[78] UNDP: http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/IRQ.pdf
[79] World Bank staff estimates, MNA, Poverty and Equity Global Practice.
[80] United Nations, Food and Agricultural Organization (FAO), March 2020.

a (urgent need of assistance because of a natural or man-made disaster or conflict) and point 2-b (capacity constraints because of fragility in a Fragile State) of the Procedure on Preparation of Investment Project Financing. As of November 17, 2020, there has been 524,503 confirmed cases in Iraq with 11,752 deaths according to the WHO due to COVID-19. The virus spread puts additional strains on the under-invested healthcare system and deepens economic downturn as the strict containment measures forces closures of business. The pandemic is expected to have a larger impact on the most vulnerable segments of the population especially the poor and the displaced.

B. Sectoral and Institutional Context

6. Iraq continues to face structural challenges, and suffers from limited financial intermediation, which constrains Micro Small and Medium Enterprises (MSMEs) access to finance. Traditional banking sector has been slow in providing financing support to the Private Sector Activity. Most of the funds and credit allocations are absorbed by the government, leaving little space for private sector lending. Moreover, the effort of the Central Bank of Iraq (CBI) to provide much needed financing support through its SME support program through a dedicated Line of credit, its utilization has been stymied with the slow disbursement due to high collateral requirements and overall weak banking regulatory framework. Most private banks are small in size, lack credit risks analysis skills, and rely on currency arbitrage as their main revenue source as well as limited fee-based exchange services rather than perform their traditional credit intermediation role through lending.[81]

7. In Iraq, the lockdown measures needed to contain the COVID-19 pandemic in early 2020 have deepened the already slow economic activity particularly in the services sectors. The Iraqi private sector market, even prior to the outspread of COVID-19, has been facing severe challenges which were amplified as a result of the series of protests that started in October 2019. The additional challenges created include: (a) very limited fiscal capacity to absorb losses and articulate active policies to provide financial support to the private sector; (b) mounting liquidity pressures; and (c) asset quality deterioration that can adversely lead to (individual and systemic) insolvency problems. Transport, trade, banking and tourism, which constitute around half of the non-oil economy have been the most impacted. The compounded shock has: (i) decreased the demand for selected goods and services, (ii) reduced and disrupted input supply, (iii) tightened credit conditions and caused liquidity crunch and (iv) increased uncertainty and risk. To avoid persistent negative effects on economies and workers, it is critical that viable firms survive, and that financial institutions continue to provide access to credit and working capital for businesses in a sustainable way. Transitioning Iraq towards a resilient and inclusive economy requires an integrated approach across sectors to tackle these key challenges.

8. **Like many large oil-exporters, the Iraqi economy is less diversified and hydrocarbon centric**. As of 2014, the largest non-oil economic sectors in terms of contribution to Iraqi GDP are transport, storage, information and communication (14 percent), public sector (13 percent), construction (13 percent), wholesale and retail (13 percent), and real estate (12 percent). The public sector accounts for 60 percent of Iraq's production. In addition, two-thirds of the banking sector and

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[81] World Bank 2020. IRAQ ECONOMIC MONITOR: NAVIGATING THE PERFECT STORM (REDUX)

one-third of the manufacturing sector are run by the state, and most construction projects are funded by the state.[82]

9. **As a frontier market, Iraq has a highly untapped SMEs potential.**[83] A Rapid Enterprise Survey (RES) found that private sector is characterized by low dynamism, and it has not adequately played its role as a creator of jobs. Iraq's annual number of new entrants fell from 5,293 firms in 2008 to 2,020 firms in 2016, according to the World Bank Doing Business Entrepreneurship Data.[84] A lack of entrepreneurship (in the formal economy) reduces the pool of young firms, which have been identified as the engine of job creation in other countries.[85] In a context where firms do not grow over their life cycle, the result is an ecosystem with a large number of small and medium old firms, leading to low firm turnover and lower jobs.

10. Iraq's unfavorable business environment constrains private sector activity and drives the concentration of firms towards the low-productive sector. In the World Bank Doing Business 2020, Iraq ranks one of the lowest ranking economies in the Middle East and North Africa region. A Rapid Enterprise Survey (RES) of Iraqi firms (2019) found that the following top three constraints are significantly impacting small firms (employing less than 20 employees): access to finance (32 percent), business service problems (18 percent), and physical damage and insecurity (17 percent). A significant 97 percent of MSMEs are facing a financing gap totaling over US$ 69 billion.[86] Low access to finance and the absence of a robust ecosystem are behind the concentration of MSMEs in low-productivity sectors. Moreover, most MSMEs are informal[87] and provide their products and services to local markets, and very few expand to national and international markets. Yet, MSMEs in the country generate more than 60 percent of total employment in the country (excluding oil).[88]

11. **The private sector in Iraq has poor gender balance.** Only a fifth of Iraqi women participate in the nation's workforce, indicating widespread exclusion from economic life.[89] Women-owned and women-operated businesses are scarce—only 7 percent of firms had a female owner while only 2 percent had a female top manager in 2011 (Women in business, WBES Iraq 2011). This is consistent with the findings of the RES, which also showed that only 9 percent of industry

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[82] UNESCO, 2019: https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/2019/04/UNESCO-EU-LMS-Report_ICT_20022019.pdf

[83] Fintech News: https://fintechnews.ae/692/iraq/iraq-underdeveloped-financial-system-challenge-opportunity-fintech/

[84] This number refers to limited liability of formal private sector firms, which have been sourced from the Iraqi Ministry of Trade.

[85] OECD - Oslo Manual 2018

[86] SME Finance Forum: https://www.smefinanceforum.org/data-sites/msme-finance-gap

[87] According to the World Bank's "Striving for Better Jobs" reports, almost 100 percent of Iraqi MSMEs are considered informal. http://documents1.worldbank.org/curated/en/445141468275941540/pdf/Striving-for-better-jobs-the-challenge-of-informality-in-the-Middle-East-and-North-Africa.pdf

[88] UNDP: https://www.iq.undp.org/content/iraq/en/home/stories/2020/06/celebrating-the-small--msmes-in-iraq.html

[89] In Iraq, where public employment constitutes a significant share of overall employment, women in the labor force also tend to self-select into public sector jobs which is perceived as stable employment.

employees are women. The services sector is the main employer of women, with gender-related barriers thwarting the economic potential of women both as employees, entrepreneurs, and business-owners. There is a growing body of literature and international experience that suggests female ownership of firms enhances productivity.[90]

12. Iraq's nascent entrepreneurship ecosystem requires systematic support to intermediary organizations, or business enablers, and other business development services (BDS) providers including business coaches, business consultancy firms, and technical advisors. The capacity of these organizations needs to be strengthened in order to translate into tangible impact on beneficiaries including firm survival and growth rates. While there is limited and recent data on the state of entrepreneurship in Iraq aside that it is characterized by high informality and poor gender balance, it is widely acknowledged that existing support structures do not adequately provide training and funding for MSMEs. Several organizations have piloted targeted BDS interventions to address these constraints. This includes donor-funded activities including MSME training programs facilitated in partnership with local business chambers, the International Labor Organization's (ILO) GET Ahead for Women in Enterprise training activities[91] and locally-driven programs including Iraqpreneurs.[92] Prior to COVID-19, Iraq's *digital* entrepreneurship ecosystem was also beginning to emerge and flourish, with the establishment of the Iraqi Innovation Alliance (IIA),[93] a network of incubators and innovation spaces located across Iraq and Kurdistan. Iraq's developing technology sector has attracted interest from regional and global incubators and early-stage financiers inspired by the emerging success stories of Lezzoo,[94] Miswag,[95] and Magnitt.[96] During COVID-19, members of the IIA successfully transitioned their training programs into a virtual format, but still require additional technical assistance to provide services that help entrepreneurs mature from early-stage ventures into growing businesses.

13. **Access to financial services among households in Iraq is very low.** Iraq remains one of the most underserviced nations in the Middle East and North Africa (MENA) region, measured in terms of private bank branches per capita. According to Findex data, only 23 percent of adults have an account at a formal financial institution, and 3 percent of Iraqi adults borrowed from a financial institution, both second only to Yemen. By way of comparison, on average 48 percent of adults in the MENA region and 58 percent of adults in lower middle-income countries have accounts at formal financial institutions. In addition, the location of branches is disproportionate to the population in different provinces across the country, leading to the result that 63 percent of SME lending volume goes to only 33 percent of the provinces.[97]

14. **Microenterprises suffer disproportionately from low financial intermediation and are offered limited financial products.** The microfinance sector is one of the relatively smallest and least developed in the Arab region. Microfinance Institutions (MFIs) have faced various challenges

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[90] World Bank. 2018. "Bringing Back Business in Iraq: Analytical Note".
[91] World Bank Group 2020, Stakeholder Consultations
[92] https://ruwwadaliraq.com/Home/
[93] The alliance includes Fikra Space, Kapita, The Station, 51Labs, Basra Science Camp, and Re:Coded.
[94] Lezzoo is the first Iraqi- startup accepted into Y Combinator's acceleration program, viewed as the gold standard for seed-stage startups.
[95] Miswag is Iraq's first e-commerce platform which closed its second seed round in September 2020
[96] Similar to PitchBook, Magnitt is a data platform that includes information on investment transactions in the MENA region. Unfortunately, the Magnitt platform contains little to no data on transactions in Iraq.
[97] World Bank Market Assessment, 2011

due to the economic slowdown driven by conflict and political unrest for the past two decades, and decades and have more recently also been impacted by the pandemic. As a result, there are only four MFIs actively operating today, collectively reaching out to over 65,000 clients (28 percent of clients being female) and having a combined outstanding portfolio of $108 million, fulfilling only a small fraction of the potential demand.[98]

15. **The microfinance sector requires major regulatory and institutional reforms.** MFIs (currently non for-profit entities registered as NGOs) are currently regulated under the NGO Law of 2010 (no 12) and supervised by the NGO Directorate, which is not equipped to oversee financial institutions. While the Central Bank of Iraq's (CBI) SME Finance Company Ordinance of 2010 allows commercial companies to engage in lending activities and could well include microcredit, there is a lack of clarity on the process that would allow existing NGO-MFIs to transfer their assets to a finance company. This leaves current MFIs' status at risk of interpretation and politicization, leading so far to an inability to operate under a capital-based commercial model. Not only does this pose as a structural challenge for MFIs, it also hinders their access to liquidity (from commercial investors, local banks, or government funding) and overall growth opportunities. For instance, the CBI detected a US$ 800 million line of credit to support MSMEs, though not accessible by MFIs given the current regulatory structure. Moreover, donor support for the sector has dwindled over the years due to ongoing regulatory and economic challenges, with the most recent support provided in 2013. The CBI is exploring options to bring MFIs under its regulatory umbrella and to update its regulations to include microfinance. As such, support is required to facilitate the development of a unit dedicated to MSME or Non-Banking Financial Institutions (NBFI) Unit. Once effective, the Unit will increase the ability of NBFIs to operate sustainably through greater leverage and a diversification of their funding base through both debt and equity. It will also put in place an improved framework for risk management, including corporate governance, internal controls, and consumer protection.

16. In the face of the COVID-19 pandemic, and as borrowers struggle to make ends meet and to repay loans, MFIs need access to liquidity to help reschedule loans and maintain their operations so that they continue playing a vital role now and in the recovery phase. Since the beginning of the COVID-19 crisis in Iraq in March 2020, the amount of funds collected by MFIs from borrowers has decreased by 36 percent, amount disbursed has decreased by 56 percent and non-performing loans (NPLs) have risen to over 30 percent (See Annex 1). Evidence gathered thus far suggests that MFIs are looking to provide support to their clients through the restructuring of loans (i.e. providing flexible repayments and grace periods, in addition to new disbursements where needed). As country-wide restrictions continue, MFIs will begin to face serious operational and financial challenges. Without support, liquidity pressures in the short- and medium-term might turn into solvency issues in the longer term, hindering the MFIs ability to continue operations and provide their services.

17. The development of private sector with a focus on innovation and entrepreneurship in Iraq has been an increasing priority for the Government of Iraq. The government approved a Private Sector Development Strategy for 2014 - 2022 acknowledging that a viable and thriving national private sector, that is regionally competitive and globally integrated would contribute to economic diversification, sustainable development and job creation. A few of the activities spelled out in the Strategy included providing financing of up to US $5 billion to MSMEs through

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[98] World Bank Group 2020, Microfinance Interviews

the Tamwil Program[99], and establishment of a 200 billion IQD (US$ 170.5 million) Fund to provide seed capital, soft financing and loan guarantees for the private sector to expand their businesses, establish new enterprises, increase competitiveness and to promote entrepreneurship and innovation.

18. **Wider sector obstacles remain to be addressed on a medium to longer term timeframe.** This includes priority reform areas in governance and promoting private sector participation in selected productive sectors while considering diversification and integration into global value chains. The following actions are planned or underway: (a) ongoing assessments for wider governmental reforms and policy for sector restructuring: (i) stability of the financial sector or (ii) local content in the construction sector; and (b) interventions that are unable to impact in the short-term: (i) agriculture value chains or (ii) supplier's development program.

19. This project will also leverage the ongoing close collaboration with the Social Protection and Jobs (SPJ) GP on various projects and initiatives such as the Emergency Social Stabilization and Resilience (ESSRP) projects. FCI has designed and deployed similar interventions particularly in FCV[100]. Such Recipient Executed Trust Fund (RETF) activities will boost accountability, transparency, and trust with FCI's already strong relationships with the CBI and several key Iraqi players needed to drive the success of such a program through ongoing Bank Executed TA projects in support of the Private and Financial sectors funded by the I3RF.

20. **The World Bank Group (WBG) is the largest multilateral funder of the proposed solutions.** The combination of technical capacity and financial firepower of the public and private sector arms places the WBG in a very strong position to combine public policy advice and private sector knowledge with targeted financing instruments, technical assistance, as well as capacity to mobilize other investors. The WBG proposes solutions feasible and adapted to the challenges Iraq faces today, as well as it can prepare and supervise the implementation of such solutions with the highest standards. A brief description of solutions that the proposed project provides in support of firms (MSME) are listed below:

(a) While the development of a sound regulatory framework for MSME finance will address the regulatory and operational requirements, additional investments are needed to ensure challenges for long-term development are addressed (e.g. minimum capital, product range, leverage, capital adequacy ratio, liquidity management functions, specific issues related to NGO-MFIs ownership of not for profit finance companies and assets transfer to for profit companies to be licensed by CBI, rules and standards for the conduct of business, and complaints review systems have yet to be developed). The establishment of a CBI MSME

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[99] The Central Bank of Iraq followed up in 2016 with a proposed 5.9 trillion IQD ($5 billion) initiative called Tamwil, with the intent of offering competitive loans (five years, maximum 4.5% interest) in the hope of creating 250,000 private sector jobs. However, small firms find it difficult to access these funds due to prohibitive loan terms: in addition to proof of incorporation and full financial statements – a reasonable requirement under most circumstances, but a considerable barrier in Iraq – applicants are required to post significant real estate collateral and find two government employees to vouch for their application, all so that they can secure a loan on more favorable terms than the 7-20% they might be charged at a private bank

[100] Afghanistan - Payments Automation and Integration of Salaries in Afghanistan (2019); Burkina Faso - Financial Inclusion Support Project (2019); Guinea - Support to MSME Growth, Competitiveness and Access to Finance Project (2019); Lebanon iSME (2012); Palestine's Ibtikar; Somalia - Capacity Advancement, Livelihoods and Entrepreneurship through Digital Uplift Project (2019)

NBFI Unit to act as a supervisory function, through the support of the WBG, requires recruitment and training of key staff in supervision, extensive coordination between existing supervisory entities and alignment with the ongoing national financial inclusion strategy, and the provision and setting up of appropriate policies, systems and hardware and software. At the provider level, technical assistance is needed to ensure compliance with the new regulatory requirements, as well as to assist NGOs or others in the actual setup of for profit finance companies. In addition, issues related to responsible growth of MSME finance under the new regulatory framework, particularly surrounding consumer protection and sectoral stability, must be addressed.

(b) Revamping and creating SME support programs focused on the promotion of firm and productivity growth through the adoption of technology. The provision of knowledge will educate business, promote investments for worker training, management training, business development services (BDS) and the adoption of digital solutions. Forward-looking advice and guidance will strengthen businesses resilience.[101]

(c) **Provision of financial support to firms during the recovery phase.** Early-stage financing will leverage public and private sources of funding to new and existing MSMEs,[102] with a focus on (i) financial services, (ii) e-commerce, (iii) health, and (iv) education sectors as the biggest drivers for mitigation during the COVID-19. These sectors, at the heart of the "shut-in economy"[103], already showed the biggest potential pre-crisis and now offer the opportunity to improve the poor performance of traditional systems, for the benefit of both businesses and citizens.

C. Expected Outcome

21. The expected outcome of this project is to focus on firm's recovery from COVID-19 on the one hand while laying the foundations for a much larger growth program on the other hand around Financial Inclusion and MSME-Support Measures. The design and implementation of the project will be further informed or complemented by the ongoing work under the I3RF bank-executed Financial and Private Sector Technical Assistance.

22. The project will have 4 components. The project is expected to limit firms' closures, protect employment, help firms recover their revenues, and stimulate innovation in COVID-19 related sectors. The project will increase participating firms' and entrepreneurs' resilience and their access to liquidity (grants, microfinance, investment) and digitization opportunities (fintech, tech adoption, consumer internet access, digital enterprise solutions) to avoid persistent negative effects of the COVID-19 on the private sector.

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[101] An example of forward-looking support for companies to strengthen their business resilience has been launched in Queensland, Australia, where a mentoring program and financial workshops have been set up to assist small companies to address further impacts on their businesses. Similarly, Belgium has opened up existing instruments to support SME growth to help companies find new markets where demand from existing markets has slowed due to the outbreak. Korea is encouraging brick-and-mortar shops to open their business online.

[102] For example, the US–India Science & Technology Endowment Fund (USISTEF) provides grants to help early-stage creative ideas develop a proof of concept and/ or build a prototype with the ability to repurpose new or existing innovative solutions to meet the COVID-19 challenge.

[103] https://www.technologyreview.com/2020/03/17/905264/coronavirus-pandemic-social-distancing-18-months/

23. As a part of the project management support, consultants of the safeguards provide inputs on intermittent basis to monitor quality of the project implementation and compliances with environmental and social safeguards. The report in discussion is the Environmental and Social Safeguards Monitoring Report, which covers the period July to September 2021.

PURPOSE

24. The purpose of this report is to ensure that the subprojects directly funded through this project or through the MFIs is granted as fund recipients with due concern for environmental and social safeguards according to the ESMF, specifically to ensure that these issues are adequately addressed to the requirements of WB and GIZ: (i) assessment and management of environmental and social risks and impacts; (ii) stakeholder engagement and information disclosure; (iii) labor and working condition; (iv) resource efficiency and pollution prevention and management; (v) community health and safety; and (vi) financial Intermediaries.

METHODOLOGY

25. The methodology applied for this report includes collecting and reviewing records and documents, compiling data and statistics, conducting field visits and consultation with relevant stakeholders, such as affected persons, beneficiaries, MFIs representatives, female groups, _____ at different levels to (a) verify compliance issues pertaining to all safeguards matters related to funding contained environmental and social conditions and screening process; (b) carry out random performance checks on the work; and (c) access recipients' and MFIs' claims in terms of skills, staffing, experience, resources, and corporate legality.

PROJECT SCOPE

26. The scope of this report is to assess the progress with implementation and compliance of the Environmental and Social Management Framework (ESMF), Labor Management Plan (LMP), Grievance Redress Mechanism (GRM), including any corrective and preventive actions, for all beneficiaries of this project.
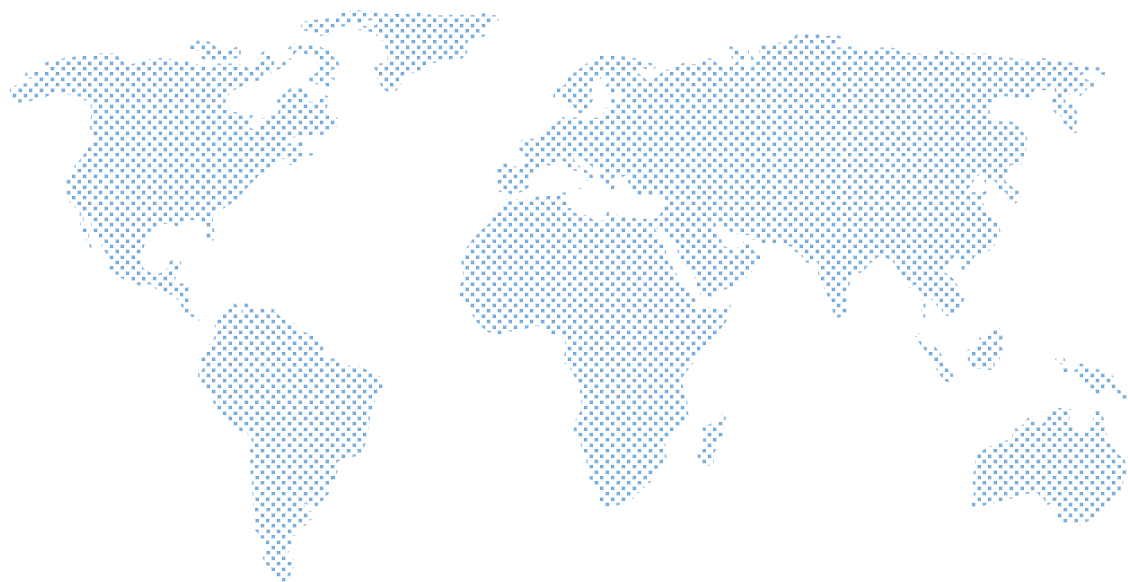
Project description and organization - IN THIS SECTION:

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PROJECT DESCRIPTION

27. The project was approved by the World Bank Group (WBG) in January 2021 for an amount of US $15.00 million from the Iraq Reconstruction Trust Fund. The Project cost is US $15 million of which US $1.90 million is project management, and the remainder funds financial inclusion and SME-support measures. The project implementation period is June 2021 - December 2023.

28. The Project comprises four components –

Components	US$ m
Component 1: Financial Inclusion	4.0
- Provide liquidity support to MFIs	3.1
o short-term liquidity support, mostly to the informal sector, through direct funding to eligible MFIs in the form of grants ("MFIs Grants")	
o can use the money to restructure and reschedule previously issued active loans, as well as top them up where needed, to allow microenterprises to survive	
o complementary capacity building in key underwriting areas such as stress testing and portfolio management as well as providing more in-depth advisory support to the MFIs to device post-COVID-19 recovery and growth plans.	
- Strengthen the legal and regulatory framework governing MSME finance in Iraq	0.8
o set the basis of an MSME finance regulatory and supervisory framework (policy, regulatory and institutional)	
o aim to improve transparency, disclosure and overall governance by supporting CBI to develop guidelines, establish and operationalize a unit dedicated to MSME finance with a focus on strengthening its institutional infrastructure	
Component 2: SME-Support Measures	9.1
- Aim to support the strengthening of the SME sector in Iraq, with a particular focus on Small and Growing Businesses (SGBs)	
- Component 2.1 focuses on enhancing the capabilities of firms	4.2
o particularly in a business and market landscape affected by COVID 19 – with a focus on helping firms develop greater short to medium term resilience and enhance their productivity and growth	
o both new and existing SGBs but is expected to give more emphasis to existing SGBs that aim to enhance their capabilities	
o provide a complementary set of initiatives to support the strengthening of SGB capabilities, productivity and resilience in Iraq: blended learning, capability building vouchers, and matching grants.	

- *Blended learning* will combine curated free online modules available to all Iraqi MSMEs
- *Vouchers* - amounting up to US$ 4,000 per beneficiary firm -may be used for enhanced learning/training (online and offline) - as part of the blended learning initiative - as well as an additional set of services. This can include conducting firm-level diagnostics, basic/standard business advisory services, as well as for intangible investments (e.g. subscriptions to a business software).

- ▪ *Matching grants* - amounting up to US$ 20,000 per grant ("COVID-19 Matching Grants") – available for firm that needs additional and more customized capacity building support beyond what is available through the learning and voucher programs. This can include accessing digital technologies to transition to a new way of doing business, upskilling and reskilling staff to benefit from new technologies or business models, and/or other critical investments essential for adapting and sustaining their operations and building resilience during ongoing and future crises.
- Component 2.2 focuses on catalyzing private investment into Iraqi SGBs
  - o serves as foundational program to develop Iraq's nascent SGB investment eco-system with a complementary set of *interventions*.
  - o place greater emphasis on early stage/start-up SGBs that have growth ambition and potential and which seek to raise capital
  - o These include (a) pre-investment grants, (b) co-investment grants, and (c) capacity development grants.
    - ▪ Pre-investment grants:
      - • provide funding to eligible SGBs administered through a facility managed by the GIZ and/or through carefully selected local partners
      - • involve grant funding to Iraqi SGBs that show business and investment promise but are not considered "investment ready" by investors
      - • designed to help entrepreneurs to address product/service and business shortcomings that could improve the prospects for subsequent investment within a short time frame (targeting 6-9 months).
      - • Up to a maximum of US$35,000
    - ▪ Co-investment grants
      - • provide funding to eligible SGBs administered through a facility managed by the GIZ and/or through carefully selected local partners
      - • provide supplementary funding to SGBs that are able to raise the majority of an investment round from angel investors, VCs or other private investors
      - • match a capital investment from an approved investor
      - • up to US$ 250,000
    - ▪ Capacity development grants
      - • provide funding for emerging seed/early stage investment programs in Iraq that aim to mobilize private investment into SGBs.
      - • up to US$ $400,000 each to 4 Iraq based emerging seed/early-stage program to support set-up costs, initial operations, technical training and capacity building.
  - o Women's Enterprise Finance Facility (WeFi):
    - ▪ Iraq women led SGBs will be provided hands-on and be-spoke coaching and support on investment readiness and raising capital from investors
  - o Climate Change Mitigation Co-Benefits:

4.9

- some of the SGBs supported can be categorized as a "green business" or are active in the "Greentech/cleantech space"
- the project will measure (1) the number of community facilities, such as innovation hubs and incubators/ accelerators, that have improved the data backup and recovery systems to prevent data loss in the event of natural disasters, including COVID-19; (2) the number of beneficiaries who received startup mentorship/training/capital support for income generating activities that are less climate-dependent; and (3) the share of beneficiaries under Component 2 whose business activities contribute to climate change.

Component 3: Project Management   1.9

Component 4: Contingent Emergency Response Component (CERC)   0.0

29. The key beneficiaries to receive financial and non-financial support will be MSMEs that do not have access to the traditional banking sector such as informal firms, micro, small and medium formal firms as well as small and growing businesses (SGBs), a sub-set of SMEs which are small businesses with innovative, scalable business models and significant potential for growth.

30. Critical MSMEs intermediaries will also benefit from project activities such as MFIs, Business Development Services (BDS) providers, and early-stage investment programs (such as angel networks and seed/early-stage funds managers) who have traditionally had minimal access to finance. The project can leverage their expertise and capital to contribute in achieving the PDO.

PROJECT ORGANIZATION

31. for this project, it was decided in consultation with GOI that the Ministry of Finance (MOF) will be the recipient of the grant and that the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) will be the project implementing agency (PIA).

32. For this project, MOF will enter into an Implementation Agreement (IA) with GIZ to act as the PIA. GIZ has extensive experience in implementing private sector development projects in Iraq. The implementation of the project by this uniquely qualified PIA will facilitate faster implementation of the project to urgently address the increasing needs of private sector enterprises in Iraq due to the COVID-19 crisis. The signing of the IA with GIZ will be a condition for effectiveness.

33. The overall project implementation arrangements entail three levels. At the apex is the Project Steering Committee (PSC). The PSC will be established and chaired by the MOF. The MOF will be the formal GOI Project Counterpart (PC). Overall management of the project is the responsibility of the PIA. The PIA is responsible for procurement, financial management, safeguards, and M&E, including annual work planning and progress reporting and oversight of the various grants' schemes under the project.

34. The MOF will maintain the overall responsibility for the project vis-à-vis the World bank, and will also be responsible for the following tasks:

(a) MOF will transfer the funds of the project in exchange of services rendered by the PIA in accordance with the terms and conditions set out in IA.
(b) MOF will exercise its rights under the IA in such manner as to protect the interests of the Government of Iraq (GOI) and the World Bank and to accomplish the purposes of the grant.
(c) MOF will establish and maintain throughout the Project Implementation the above-mentioned Steering Committee with a composition, mandate, and resources satisfactory to the World bank.

35. The PIA will be responsible for the overall Project implementation, management, intermediaries' selection, monitoring and evaluation.

Environmental and Social Safeguards

36. Environmental and social safeguards are introduced and addressed in the ESMF, where all measures and requirements are also set forth. These safeguards include requirements of exclusion from the WBG, as well as safeguards required under the Safeguards+Gender Management System of GIZ.

37. The WBG has classified 14 areas of business involvement that are exempted from funding from this project, including but not limited to production, trade or activities involving forced labor, harmful child labor, deemed illegal under host country, weapons or munitions, gambling, wildlife or wildlife products, radioactive materials, wood from unmanaged forests, or pesticides or herbicides subject to internationals phase out or bans.

38. GIZ's safeguards are designed to protect people and other objects of protection from adverse impacts from risks and unintended negative impacts. The Safeguards+Gender Management System sets out precautionary measures to avoid or mitigate unintended negative impacts in the areas of the environment and climate, human rights, conflict and context sensitivity, as well as gender equality.

39. During implementation of these funding projects, MFIs implement the ESMF. Environmental and social safeguard specialists and independent consultants monitor these activities. Similarly, GIZ implements and monitors the ESMF. MFIs prepare monthly monitoring report to GIZ. After compiling these reports, GIZ prepares quarterly reports with the assistance of independent consultants and sends these reports to WBG. Independent consultants also monitor and audit these activities and reports.

40. A comprehensive grievance redress mechanism has been established for the project under the Grievance Redress Mechanism framework. An incident/ accident reporting system is also implemented for emergency reporting. These systems are applicable for grievances and incidents arising due to environmental and social impacts.

Progress of the Project

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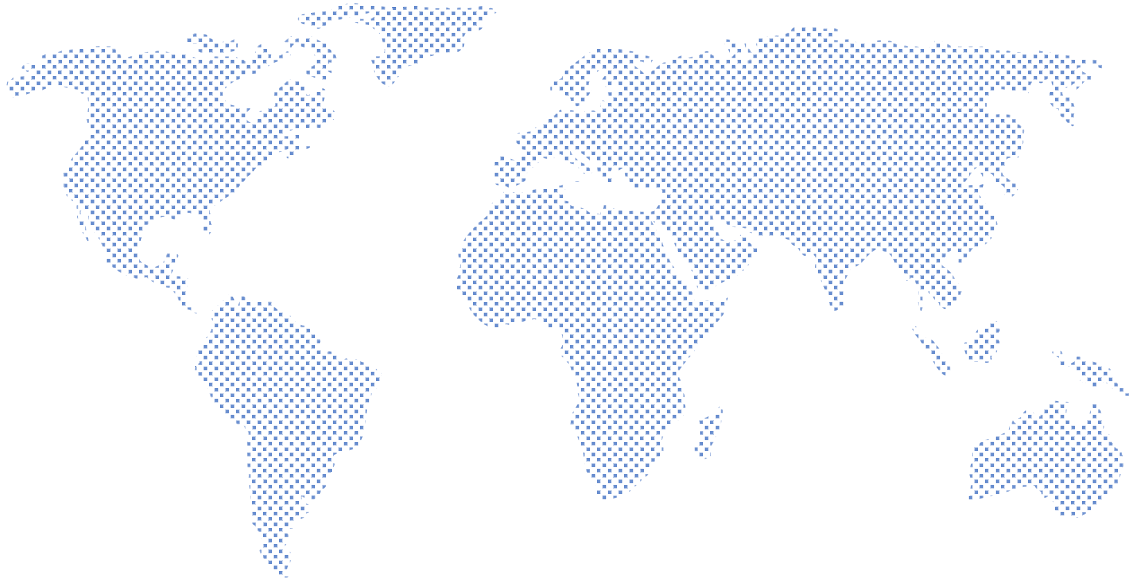
Environmental Safeguards Monitoring - IN THIS SECTION:

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Environmental Assessment

42.

Consultation and Participation
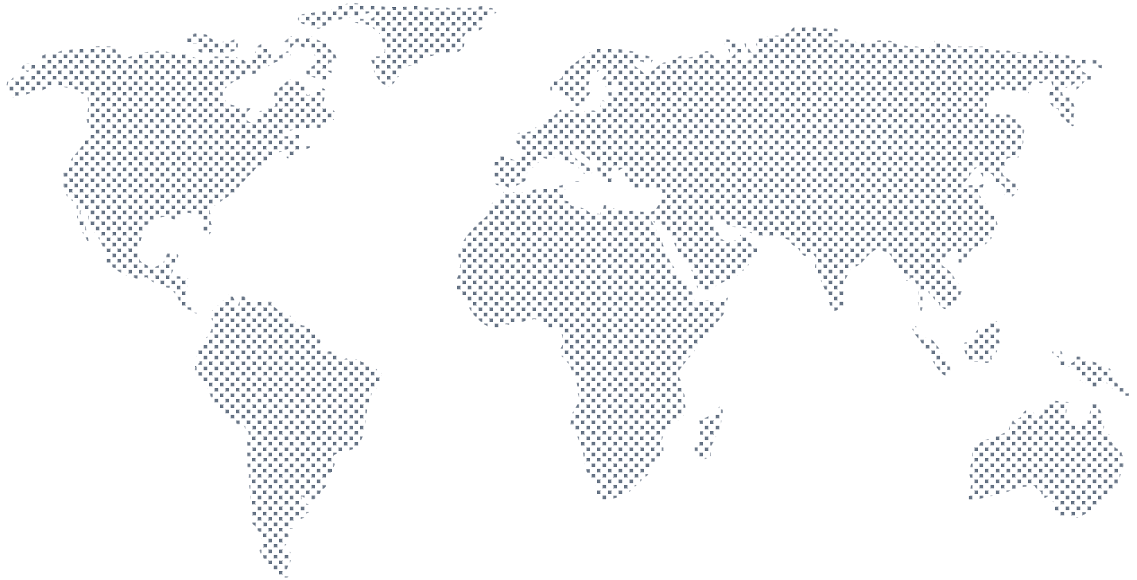
43.

Grievance Redress Mechanism

44.

Monitoring and Reporting

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46.

Social Safeguards Monitoring - IN THIS SECTION:

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Social Assessment

47.

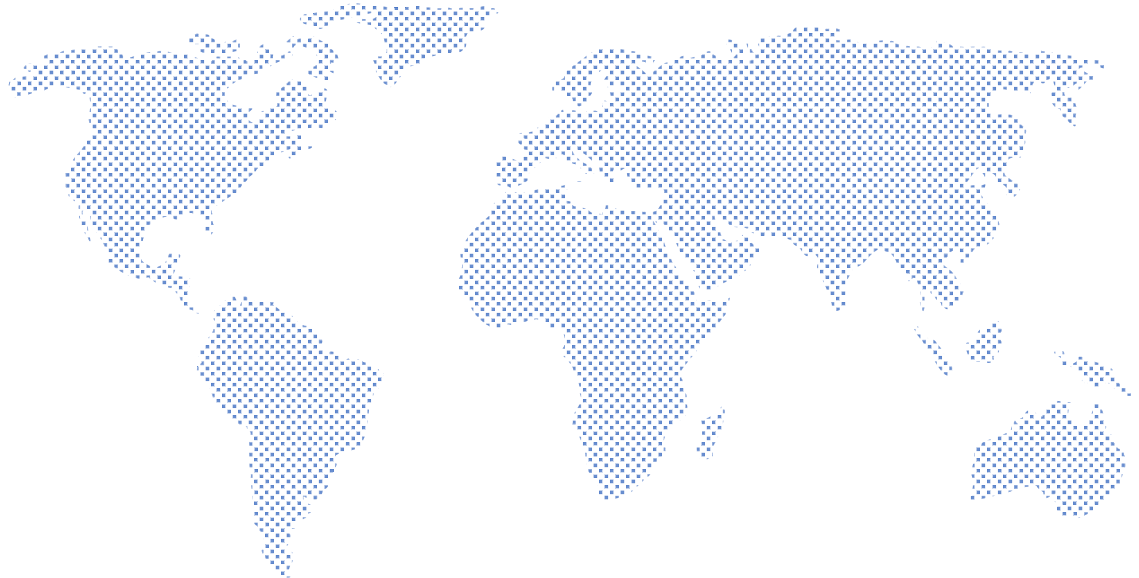## Consultation and Participation

48.

Grievance Redress Mechanism

49.

Monitoring and Reporting

50.

51.

Conclusion and Recommendations - IN THIS SECTION:

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Conclusion

52.

Recommendations

53.

ANNEX 10: Security Management Plan [Separately Attached]

A. Objectives, Mission, and Approach

1. Objectives of a Security Management Plan

- The plan is designed to guide the company's actions at the project in protecting against and mitigating risks of a security (as well as a human rights) nature that could threaten communities, employees, facilities, and ability to operate, as well as the reputation of the company and its global operations.

- The plan provides direction, organization, integration, and continuity to the security and asset-protection program. It is written with the understanding that effective security and regard for human rights are compatible.

- The systems outlined in the plan will be maintained throughout the lifetime of the project.

- The plan will be reviewed on an annual basis and after any change in the security-related context in which the project operates.

2. Mission of Company Security

- GIZ works on behalf of public sector bodies and third parties in countries and regions in which political or economic structures are unstable, environmental conditions are difficult and infrastructure is poor. This gives rise to a number of security risks. GIZ therefore has a special responsibility to take precautionary measures that ensure the safety and security of its workforce as part of its legal duty of care. Consequently, it accords a high corporate priority to a professional security risk and crisis management system, especially in the field structure.
- The safety and security of the workforce are crucial to GIZ's business interests and therefore have top priority for the company. Accordingly, workforce safety and security take precedence over the acquisition of new commissions, individual project interests and the interests of the partner or those of other third parties.
- In accordance with individual circumstances, GIZ will take the required and appropriate action to minimise safety and security risks to members of its workforce, to protect them from harm and to alleviate the consequences. As well as observing conventional standards of occupational safety, GIZ's mode of operation and precautionary security measures are based on the minimum safety and security standards (MSS) compiled by the Corporate Security Unit. In turn, these reflect the minimum standards used in industry and by the statutory accident insurance scheme in relation to safety and security risk management. GIZ's underlying approach to safety and security is mainly based on the principles of the 'acceptance strategy', although elements of protection, deterrence and prevention strategies are also brought to bear in contexts that pose a particular security risk.
- Due to the fragile context of Baghdad and Federal Iraq GIZ has established a well-resourced Risk Management Office (RMO) within Baghdad in order to support safe implementation of projects.
- GIZ **regularly records and assesses** security-related information and security risks in the countries of assignment and determines which measures are necessary and appropriate in order to minimise those security risks.
- GIZ **informs** all affected members of its workforce about the local security risk situation and undertakes to **prepare them specifically** for the given situation. It takes suitable measures to

train members of the workforce in managerial and non-managerial positions in preventive security and crisis management.

- GIZ **ensures** that members of its workforce are informed as promptly as possible about the security situation and security risks involved in planned assignments so that they can decide whether they are willing to accept those security risks.

- GIZ **recognises** the exceptional strain to which its workforce may be exposed in volatile security situations and provides the required medical and psychosocial support. This includes taking due account of possible extreme events and psychological trauma.

- GIZ will **withdraw** its workforce from a danger zone if there is a direct and unacceptable security risk – substantiated by concrete circumstances – that members of the workforce may be kidnapped, seriously injured or even killed (the acceptable level of security risk is exceeded). National personnel are not generally included in measures that involve evacuation outside the country; consular law applies in such cases.

3. Approach of Project Security

- Many security risks flow out of both inherent local social issues, such as ethnic tensions, and unrecognized issues between the project and local communities. As such, project Operations, Government Relations, and Community Relations staff are all involved in the security process.

- Key stakeholders from local communities are also included in assessing security risks and in considering how to mitigate and manage those risks. Security arrangements are transparent, to the extent possible and appropriate, and are included in disclosure to and consultation with the local communities.

- The project's grievance mechanism is an important tool for reducing potential security risks.

- Close links between all staff and consultants of the project and the Risk Management Office in Baghdad is critical to ensuring security is maintained at an appropriate level.

B. Policies and Standards

1. References to Company Policies and Documents

The following company policies and documents guide security management:

- Project Security Risk Assessment
- Corporate Security Policy
- Ethics and Policy
- Use of Force Policy
- GIZ Policy on the safety and security of the workforce
- Baghdad Security Risk Assessment
- Baghdad specific security minimum standards

2. Other Relevant Laws and Standards

The company adheres to the following guidelines, standards, and laws:

- National laws
- Applicable international laws
- IFC Performance Standards
- Basic Principles on the Use of Force and Firearms by Law Enforcement Officials

- International Code of Conduct Association for Private Security Companies

C. Overview of Security Situation

1. Project Setting

Iraq has an area of 168,754 square miles (437,072 square kilometers), and is mainly divided into 3 sections: a desert area in the west, a mountainous area in the north, and a large fertile plain in the middle of its southern area that is fed with water by the Euphrates and Tigris Rivers.

Baghdad is located on a vast plain bisected by the River Tigris. The Tigris splits the city in half with the eastern half known as Rusafa and the western Karkh. The land on which the city is built is almost entirely flat and low lying being of alluvial origin and due to the periodic large floods which have occurred on the river through time.

Baghdad is the Capitol of Iraq and smallest but most populous of Iraq's 18 governorates and one of the largest cities in the Arab World and accounts for 22.2 per cent of Iraq's population and 40 per cent of the country's gross domestic product. It has an extensive road network which consist of tar roads connecting everything together. Roads are normally well maintained. Baghdad also has an International Airport to the west of the city, which connects it to the world.

The Islamic State cells are concentrated in Kirkuk, Ninewa, Salahuddin, and Diyala provinces; tactics include IED attacks on security personnel, arson of agricultural land, and kidnap and extortion of locals. IS remain active in Baghdad, but with greatly reduced operations compared to a few years ago, and not on the same levels as other provinces, with significant arrests being made.

There is serious risk from civil unrest in Baghdad and southern governorates. Political violence (in the form of protests) were prevalent throughout Iraq in 2019. The protests will continue to be focused on political corruption, lack of employment opportunities for the young, low wages, lack of water and electricity.
Civil unrest continues and can occur at any time. Religious and political rallies can attract thousands of participants if conditions are right. Most protests are peaceful and focus on internal political and/or economic factors. ISIS has also targeted political and religious marches and rallies in the recent past. Additionally, movement throughout the country can be restricted due to religious pilgrimages, which occur throughout the year, primarily to Shia holy sites.

Kidnappings for political or monetary gain are common throughout Iraq; the threat posed by ISIS and militia groups to conduct such operations remains high. Criminal organizations continue to use kidnapping as a method to fund operations, as well as a bargaining method to demand concessions from the government. In Baghdad, the kidnapping threat comes almost exclusively from militia groups, who may use it as a method to undermine Western diplomatic, military, and economic objectives in Iraq, or from criminal groups targeting individuals perceived to be wealthy.

Anti-Western sentiment continues throughout Iraq even after the partial formation of the new government. This sentiment is present in print, television, social media, and in a variety of other platforms controlled by militia groups and political entities. Additionally, should the overall political

climate change, or should militia groups be pressured/influenced by malign regional actors, these groups could pose a considerable threat to American and other Western interests. The threat of kidnapping, rocket and mortar attacks, use of improvised explosive devices, and small-arms fire against official and private U.S. interests remains high, and is subject to domestic, regional, and international developments. Iranian backed militias such as Asa'ib Ahl al-Haq (AAH), Kata'ib Hizballah (KH), and Muqtada al Sadr's nationalistic Peace Brigades Militia have previously targeted U.S. interests. There are reports of militia groups kidnapping locals, foreign workers, and members of international organizations, and demanding ransoms from either their families or their employers. A number of militia groups remain hostile to U.S. interests and continue to pose considerable threats either as organized groups or through independent action.

2. Security Risks

The risk rankings in Baghdad are done through the Security Risk Assessment (SRA) for each province where GIZ operates. This tool allows the Risk Management Office (RMO) Iraq to identify the highest risks and to prioritise the mitigation measures for them. The post-mitigation risk rankings are not part of this scope, however all risks are mitigated to an acceptable level to allow implementation to occur within defined limits that are communicated to project staff via various Standard Operating Procedures (SOP), briefings, advisories etc.

GIZ is predominantly operating from three sites within the Karradah peninsula in Baghdad: Harlow Riverside, Jadriyah Office, and GMAC-PME.

The below indicators are presented for comparison. The German government's crisis level (Baghdad-specific) and the BMZ escalation potential (Iraq-wide) have an impact on some restrictions imposed on GIZ.

AA crisis level (AA)	BMZ escalation potential	IHS combined risk score	IEP global terror index	INFORM risk index natural Score
3a	Acute	high (2.6)	2nd place	8.7 very high

The following security risk ranking lists all security risks in Baghdad according to their total risk score, meaning according to their combined likelihood of occurrence and impact. All high, very high, and severe security risks shall receive special attention in the following section that focuses on security risk mitigation.

For further details on the on each risk please refer to Baghdad Security Risk assessment document. The following however, provides an overview on key risks and their levels (*Figure 1 also provides an overview heat map of risks by group*):

Severe risks includes:
- Murder,
- Roadside bombs and IEDs.
- Conflict/non-targeted armed attack affecting GIZ using light and heavy weaponry.
- Conflict/non-targeted armed attack affecting GIZ.

- Road traffic accident in urban areas.
- Suicide attacks.
- Sexual assault and rape.
- Road traffic accident in rural areas

Very high risks include:
- Extortion by state security forces.
- Burglary of private residence
- Armed Robbery
- Carjacking
- Physical assault based on sexual orientation
- Extortion by paramilitary/militias/other non-state actors
- Demonstrations/protests against GIZ partner organization
- Sexual harassment
- Poor quality of public transport
- Poor quality of medical care
- Explosive remnants of war
- Environmental conditions that can cause physical or psychological stress including high altitude, extreme hot and/or humid climate, cold etc
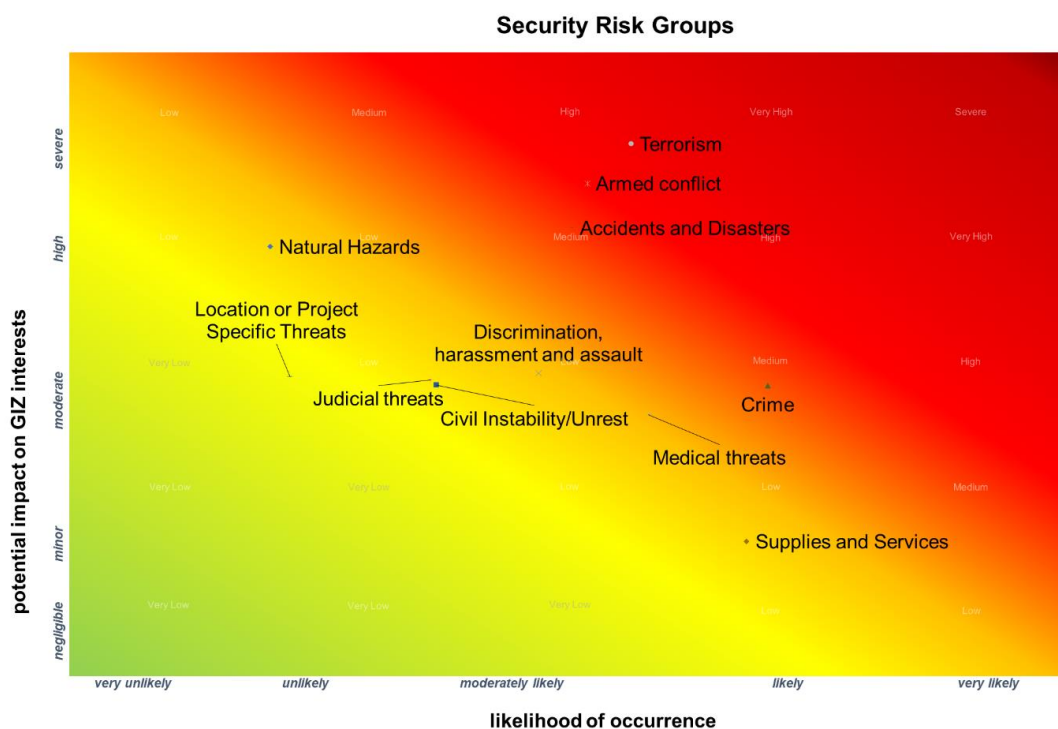

Figure 1: Heatmap of risks by groups

3. Security Arrangements

Private Security

Environmental and Social Monitoring Report (Sep 2021)

COVID-19 ADAPTATION AND RECOVERY PILOT: SUPPORTING FIRMS RESILIENCE, ACCESS TO FINANCE AND GROWTH IN IRAQ (P174273)

Two main security providers are used within Baghdad. Both of which have been recently assessed as part of a closed-bid procurement process and meet GIZ requirements for holding a PSC-1 license etc.

Static Site Security:
Al-Murabit Security (AMS) provides static security at the main international accommodation compound Harlow Riverside which includes armed guards posted in watchtowers and at access points (e.g. vehicle and pedestrian). Harlow Riverside is also the office location for County Office and RMO.

Control Risk Group (CRG) provides static site security of armed guards at two GIZ office sites (GMAC and Jadriyah) as well as a secondary international accommodation location at their camp in the International Zone.

Mobile Security:

AMS and CRG provide armored and armed transportation solutions for GIZ in Iraq. International staff (AMA, EH and international consultants) can use either a three-vehicles-armored high profile team (HP) or a single low profile armored vehicle (LP) for transportation within the city and between provinces. These movements are governed by a mobility policy developed in-country based on risk assessments. Additional options are available for national staff as low-profile approach in affected and stable areas.

D. Physical Security

- **Security Barriers—**
- Riverside compound has multiple CCTV systems covering the front, rear and sides of the compounds including all entrances. There are two vehicle gates. The riverside of the compound has a guard tower, covered by CCTV and anti-climbing fences. The guards have metal detection devices and conduct inspections on all packages entering the compound as well as search all vehicles (Including those which belong to GIZ service providers) using an under-vehicle scanning mirrors. In addition K9 services are available on an as required basis.
- **Surveillance/Electronic Security Systems—**The guards have metal detection devices and conduct inspections on all packages entering the compound as well as search all vehicles (Including those which belong to GIZ service providers) using an under-vehicle scanning mirrors.**Security Control Center—**
- In riverside, the site security manager is in charge of guards and access control, and is managed by and coordinates directly with the operations manager of compound security service provider (Harlow and AMS) in addition to liaising with GIZ Baghdad RMO.
- In case of emergencies, the operations manager coordinates closely with Baghdad RMO and directs the site security manager to implement relevant measures or SOPs as required. In stable situations, regular coordination meetings take place between GIZ and Harlow service providers.

- All employees, development workers and integrated experts have an **individual responsibility**. They must not endanger themselves or others and are obliged to help reduce security risks as far as possible. This applies both to their official and private conduct. For guidance, they should consult GIZ's Code of Conduct, the national laws and observe the

intercultural specificities of the country of assignment, as well as the (security) recommendations and instructions issued by the GIZ office and the Corporate Security Unit.

E. Security Operating Procedures

The country director is the overall responsible of the security operations, the RMO coordinates with the security service providers to ensure services such as transportations, static security and emergency producers are in line with Minimum Security Standards. This coordination is done through security risk management advisors (SRMAs) and a fleet manger from the RMO (Reports to RMO central and south team leader). The coordination also includes monitoring of context developments, security information sharing, movements organization on daily basis and during crisis management.

There are several standard operating procedures currently in place, these includes but not limited to:

- Mobility policy
- Contingency plan
- Crisis management plan
- Corona Policy

Additionally, each security service provider has their own SOPs

- **Boundary Security—**

  The RMO serves as the coordination body between projects and security service providers, this includes access coordination to compounds and offices. Some offices might have facility managers who are in charge of access coordination.

- **Access-Point Operations—**

    o Searches will only be conducted by security personnel who have received instruction and information regarding the procedure and the legal aspects of search and seizure;

- The guards have metal detection devices and conduct inspections on all packages entering the compound as well as search all vehicles (Including those which belong to GIZ service providers) using an under-vehicle scanning mirrors. In addition K9 services are available on an as required basis.

    o Body searches will only be conducted by trained security personnel of the same gender.

- **Incident Response—**

  The RMO Central and South team leader and each SRMA in Baghdad can respond to an incident involving GIZ staff either physically or through direct coordination with the service providers. Both AMS and CRG have 24/7 stand by emergency response teams (including medics) to respond to emergencies or incidents.

  Each staff member will receive a security briefing once in the country or after contracting with GIZ, the briefing will provide details of actions each staff member must take during emergencies. These actions include emergency communications (to relevant parties i.e. to RMO or service providers operations managers) and in case of specific incidents such as fire, IDF attacks, Small Arms Fire or attacks on offices or residential compounds.

  Communication and liaison with local law enforcement (police, Army and intelligence) can be initiated if the situation deems necessary. This can be done directly through the RMO or GIZ security service providers.

- **Security Patrols—**

  All GIZ offices and accommodation locations have guards provided by security services providers, all guards are trained and conduct scheduled patrolling and monitoring of sites surroundings.

- **Travel Security—**

  Travel security in Iraq is governed by the arrival process which has several SOPs every GIZ staff must commit to. These SOPs include pre-arrival (Staff are provided with documents and instructions to follow before flying to Iraq or moving to a certain location), on arrival (this includes secure transportations and airport fixers) and post-arrival (briefings on in-country security policies such as movements, action on emergencies and walkaround sites).

- **Information and Communication—**

  All presences and absences in the country of assignment or at the place of duty must be reported to the GIZ office using GIZ mandated Emergency Mass Notification System (EMNS). While in the country of assignment, each person must be contactable via the usual communication channels. Managers must ensure that they remain contactable by means of a clear deputisation arrangement that has been communicated to the workforce. GIZ provides a system to facilitate the recording and processing of this data. This system must be used.

- **Security incidents** and other events important to safety and security that could threaten, impair or damage the health of members of the workforce and/or tangible/intangible assets belonging to GIZ **must be reported to the GIZ RMO and on to the Corporate Security Unit**. All serious incidents must be analysed (After Action Review) in accordance with the methodological criteria prescribed by the Corporate Security Unit. The findings of this analysis are then used to review and where appropriate amend the existing security measures. After all major incidents, the country office or the local security risk management structure works with the Corporate Security Unit to draw up a report identifying the lessons learned. The report is based on GIZ-wide specifications stipulated by the Corporate Security Unit.

- **Firearms Security—**All GIZ offices and accommodation locations have a no-weapons policy. The guards provided by GIZ service providers are armed but not actively armed meaning that they have weapons the ammunition of which are stored in a safe. The guards' supervisor is the only person on site that has access to that safe, the weapons are used only when necessary for self-defense. All weapons are authorized and revisited under local state laws (Iraqi Ministry of Interior). Every site is regularly audited by the respective SRMAs from RMO and Guards manager from the service providers

- **GIZ employees, development workers and integrated experts are not supplied with firearms by GIZ and do not carry them.** The 'no weapons' policy is mandatory. All those working for GIZ undertake not to carry firearms in any location or at any time, either when performing their duties or as private individuals in the partner country. Applications for exceptions to the rule on private possession of firearms (e.g. for sports or hunting) must be made to the country director and can only be approved in accordance with national laws. In such cases, the carrying of weapons must be restricted solely to the employee's private activities. For those providing security services and for official security personnel when guarding buildings, accompanying business trips and in other specific circumstances.

F. Security Supervision and Control

1. Management Structure and Responsibility

The decision process – who is responsible in which situations?

Everyday project work in potential danger zones
The country director takes decisions based on advice from the RMO and/or the Corporate Security Unit and with due regard for the actions of other organisations in the local security network (German diplomatic mission abroad, national security agencies, NGOs, implementing organisations and international organisations).

If the acceptable level of security risk is exceeded or is likely to be exceeded imminently
The country director orders the immediate and complete suspension of all project and office activities and initiates any emergency measures required.

Ongoing security risk situations
The country director orders work on options for the continuation of project and office activities with the aim of bringing the security risk below the acceptable level. The director of division decides whether to continue project activities (once the required measures have been implemented and in consultation with the Corporate Security Unit) and handles any coordination with the commissioning party/client.

Temporary withdrawal from/reassignment to a danger zone in the country
The director of division orders a temporary withdrawal and takes decisions on the reassignment of staff (also communicating these to the commissioning party/client) in consultation with the director general of the department, the country director and the Corporate Security Unit. COPE is also involved at this stage.

Permanent withdrawal from a region, a country and/or termination of projects/ programmes
The director general of department orders a permanent withdrawal from the region or country and consequently the permanent termination of projects and programmes in the affected area (in consultation with the commissioning party/client). The relevant project manager informs the cooperation and implementation partners. The decision is closely coordinated with the director of division, the country director and the Corporate Security Unit. COPE is also involved at this stage.
Evacuation from the country
Country evacuation orders are issued by the Chair or Deputy Chair of the Management Board (thereby simultaneously approving the reimbursement of the evacuation and associated post-evacuation costs unless another commissioning party or client has already issued such instructions and a declaration assuming these costs). If warning of a possible evacuation has been issued, the country director notifies the Corporate Security Unit, which in turn informs the Chair of the Management Board.

2. Responsibility for Conducting Security Risk Assessments

The RMO advises on security and safety-related issues. Among other things, the RMO also offers an understanding of the context and risks through security briefings and analysis
Services we provide are:

- Monitoring the security situation and providing information to you about changes and how to respond to them

- Providing security briefings for new staff members, visitors, and consultants –

- Checking the security and safety conditions at GIZ project sites and for implementing activities (site security assessments, road assessments, colour-coded maps etc.), then designing ways and measures to work under adverse conditions and minimise risks

- Implementing the GIZ minimum security standards: chiefly by developing and implementing measures that mitigate security risks for GIZ staff, also writing and distributing guidelines on these measures

- Very generally advise GIZ staff members and management on security and safety-related topics and incidents

- Managing overland (road) travel and maintaining a vehicle tracking system

- Arranging services from private security companies

- Emergency, crisis, and contingency planning so that the worst cases are planned for

- 24/7 availability for all staff to help in emergencie

G. Private Security Force Management

1. Security-Guard Force Role

- Private security's role is to provide preventive and defensive services, protecting company employees, facilities, equipment, and operations wherever they are located.

- Private security personnel have no law-enforcement authority and will not encroach on the duties, responsibilities, and prerogatives reserved for public security forces.

2. Provision and Composition of the Security-Guard Force

In developing its guard force, the project will:

- Hire in accordance with national labor laws,

- Give preference in hiring to qualified local candidates where possible, and

- Promote diverse hiring practices, including gender and indigenous inclusiveness.

Security Contractor Management

- The project assumes responsibility for the oversight of security.

- **Selection**—In selecting a security provider, the project will perform proper due diligence that will include screening for institutional reputation, training standards, procedures for screening employees, and any history of allegations of human rights abuses or other criminal behavior.

- **Contract provisions**

- **Active oversight of contractor performance**—To ensure proper performance, the project will undertake audits, assist with training, inquire into any credible allegations of abuse or wrongdoing, and monitor site performance on an ongoing basis.

3. Security Guard Background Screening

- The project will perform and/or require its security provider to perform valid background checks on potential employees to screen for any allegations of past abuses, inappropriate use of force, or other criminal activity and wrongdoing.

- No guard or employee on whom there is credible negative information on these checks will serve on the project.

- These checks will be documented and maintained in individual personnel records, which are subject to review by the project.

4. Security-Guard Force Equipment

- Each GIZ site has a minimum of four guards and a maximum of 20 guards working in rotation according to Iraq's labour law. The guards are equipped with two-way radio communication devices, long-range VHF radios (Between the site and the service provider's operation room), a limited number of AK-74 assault rifles, uniforms, scanning mirror, duty phone and first aid kits.

5. Security Guard Use of Force

- The use of force by private security is only sanctioned when it is for preventive and defensive purposes in proportion to the nature and extent of the threat.

- When it is necessary to arm the guard force, the project will ensure that those who are armed exhibit high levels of technical and professional proficiency and clearly understand the rules for the use of force. This means being properly trained on using force effectively, proportionally, and with respect for human rights.

6. Security-Guard Force Training

- The project commits to maintaining the highest standards of guard-force technical and professional proficiency through a comprehensive training program. The guards are trained on site-lockdowns, evacuation and coordination, handling firearms, fire prevention, crowd control, vehicle inspections, personal searches, package inspections and access control. The project will review any third-party security provider's training program and, where necessary, augment the training through the use of qualified third parties or direct instruction.

- The project will ensure that security personnel receive procedural or knowledge training in:
  o Basic guarding skills,
  o Guard-post orders and procedures,
  o Proper conduct and ethics/human rights,
  o Rules of engagement,
  o Rules for the use of force,
  o Adequate weapons training (as applicable), and
  o Health, Safety, and Environment (HSE) mandatory training.

- All records of guards training are kept in the operation rooms of service providers, the RMO can have access to these records at any given time. Training will be open to inspection/audit.

H. Managing Relations with Public Security

1. Public Security Force Role

- Public security forces have responsibility for responding to and investigating all criminal activity. They also have the primary responsibility for controlling demonstrations or civil

disorder. For incidents involving criminal violations or potentially violent confrontations or demonstrations, they are requested to respond to protect company personnel and property.

I. Incident Reporting and Inquiry

- The company makes a commitment to expeditious inquiry into any allegations of abuse or wrongdoing.
- The private security contractor may conduct its own inquiry of an incident or allegation, but the project can conduct an independent inquiry on any serious abuse allegation or use-of-force incident.
- The inquiry findings will include a recommendation of any appropriate disciplinary action and policy or procedure changes that may be needed.

J. Community Engagement

- The project acknowledges that it may have an impact on communities and strives to mitigate risks. It will do this by providing:
  - Regulations for guard offsite behavior,
  - Protocol for arrangements with public security,
  - Shared information on security arrangements (as appropriate), and
  - Grievance mechanism for community members to report issues.