



AGA KHAN FOUNDATION

Empowering Microfinance and Enterprises for Resilience and
Growth Project (EMERGE)

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Draft

Stakeholder Engagement Plan
(SEP)

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Acronyms and Abbreviations

ACGF	Afghanistan Credit Guarantee Fund
AKDN	Aga Khan Development Network
AKF	Aga Khan Foundation
AP	Accelerate Prosperity
AMA	Afghanistan Microfinance Association
CB	Capacity Building
CBCM	Community-based Complaints Mechanism
CBI	Community-Based Institutions
CBSGs	Community-based Savings Groups
CDC	Community Development Councils
CIGs	Common Interest Groups
DDA	District Development Assembly
E&S	Environmental and Social
ECA	Entry Criteria for Access
EMERGE	Empowering Microfinance and Enterprises for Resilience and Growth Project
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESS	Environmental and Social Standard
GRM	Grievance Redressal Mechanism
HH	House Holds
INGO	International Non-Governmental Organization
IP	Implementing Partners
ITA	Interim Taliban Administration
MAIL	Ministry of Agriculture, Irrigation, and Livestock
MEW	Ministry of Energy and Water
MFI	Microfinance Institutions
MFP	Microfinance Provider
MRRD	Ministry of Rural Rehabilitation and Development
MSMEs	Medium Small and Micro Enterprises
NEPA	National Environmental Protection Agency
NGO	Non-Governmental Organization
PAIL	Provincial Agriculture, Irrigation, and Livestock
PIU	Project Implementation Unit
PME	Participatory and gender-sensitive monitoring
PPA	Participatory Poverty Assessment
PPI	Poverty Probability Index
PRA	Participatory Rural Appraisal
PRA	Participatory Rural Appraisal
PRA	Participatory Rural Appraisal
SCA	Swedish Committee for Afghanistan
SDG	Sustainable Development Goals
SDGs	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SHG	Self-Help Groups
TA	Technical Assistance
WB	World Bank

1. Introduction/Project Description

The Afghanistan Empowering Microfinance and Enterprises for Resilience and Growth (EMERGe) aims to build sustainable solutions for developing both the demand for and supply of finance for micro and small enterprises in Afghanistan, prioritizing women's financial inclusion. Given the endemic poverty, undiversified economy, rampant informality, and the escalating uncertainties on the role of women in economic activity - efforts to support job creation (especially for women) in Afghanistan in the near to medium term need to be pragmatic, strategic, and focused. To this end, the project will bolster the stability of the microfinance sector by providing performance-based capital support grants (linked to sponsors own capital injections). Additionally, the operation will provide support to MFPs as they transition to Islamic Finance through Shariah compliant product development and operational capacity building. The project addresses gaps in access to finance, which disproportionately impact women. It also aims to improve economic agency and provide job opportunities to targeted female beneficiaries. The project aligns with the need to deliver to women and ensure the participation of women.

Project Components: The project consists of two complementary components that will be implemented across 8 provinces in Afghanistan. The project will be implemented by the Aga Khan Foundation USA (AKF-US) and the AKF-USA will also engage AKF Afghanistan (AKF-A) and the Afghanistan Credit Guarantee Company (ACGF) as implementation partners by signing a Subsidiary Grant Agreement (SGA) with each. The Afghanistan Credit Guarantee Company ACGF will be responsible to implement Component 1 and the AKF-A will be responsible to implement Component 2 with the support of private sector companies if required.

Component 1: Reviving Micro-Finance Providers (MFPs - US\$10 million): The first component will strengthen the supply of finance to micro and small enterprises in Afghanistan by supporting the MFPs on two fronts. Firstly, performance-based Capital Support Grants (CSGs) will be provided to the 3 MFPs currently operating in Afghanistan. These are designed to clean the balance sheets of the MFPs with a legacy of Non-Performing Loans (NPLs), more specifically, NPLs that originated before August 2021. This will put the MFPs on the path to stability and sustainability. Secondly, to deepen the sector and to enhance its outreach, Technical Assistance (TA) to the MFPs and CAEDO will target the deployment of Shariah-compliant products, promote digitization, support operational capacity building, and so on. This component will be implemented by the Afghanistan Credit Guarantee Company (ACGF).

Sub-Component 1(a): Capital Support Grants (CSGs, US\$7 million): This sub-component will provide performance based CSGs to the MFPs to help build back their capital and clean their balance sheets. The amount of grants payable to each MFP has been agreed with each institution. It is determined based on their legacy portfolio and current capital position. The grants will be performance-based and contingent on the MFPs ensuring their institution is on a timebound recapitalization plan. In this regard, sponsors have committed to augmenting the CSGs with their own capital injections (US\$18.1 million) and retained earnings over a 12-month period. The CSGs will also serve to bolster the liquidity of the MFPs. Targets have been set to ensure that significant amounts of new loans for women borrowers are also originated. All the mechanics of CSG disbursements — including linking grants to the MFP sponsor's recapitalization commitments, performance standards and all related monitoring — will be part of the Project Operations Manual (POM).

Sub-Component 1(b): Product Diversification and Deepening of Microcredit Sector (US\$1.8 million): This sub-component will provide TA to the MFPs as they transition operationally to the Islamic finance model and

the provision of Shariah-compliant products. TA will also be provided to support lending to women and women-led businesses (through product development, staff training, and so on). Capacity building will be provided to MFPs to enhance operational efficiencies (including through the promotion of digitization and automation of processes where possible). Additionally, TA to operationalize the recently established CAEDO NGO will also be provided under this component. A detailed TA implementation plan will be included in the POM. Activities under this sub-component will also work closely with the International Finance Corporation (IFC) and other donors to build a consensus around a roadmap for the growth of the microfinance sector in Afghanistan, including identifying opportunities for greater World Bank and IFC collaboration as the transition to Approach 3.0 proceeds.

Sub-Component 1(c): Component Management and Implementation Costs (US\$1.2 million): This component will support the costs that the ACGF incurs to manage and oversee Component 1, including technical support, training, monitoring, and reporting. It will finance: (a) the direct project management and supervision costs required to support project implementation; (b) general management support and indirect costs and fees; and (c) project monitoring, evaluation, and coordination.

Component 2: Building a Pipeline of Bankable Micro and Small Enterprises (US\$6 million): This component will support the demand for credit among micro and small enterprises¹ (including women-led enterprises or those which create jobs for women) by developing a pipeline of bankable enterprises and connecting them to the formal financial system (especially the MFPs under Component 1). This component will include: (i) business development services to firms; and (ii) the establishment of a credit viability fund. It will be implemented by the Aga Khan Foundation (AKF) United States through its Afghanistan office of Aga Khan Development Network (AKDN) in collaboration with the AKF's teams of Accelerate Prosperity (AP) and the Aga Khan Cultural Services (AKCS).

Sub-Component 2(a): Business Development Services (US\$1.5 million): Leveraging the existing networks and programs of the implementing partner at both the micro and small enterprise level, this activity will support businesses in becoming more bankable by building capacity, enhancing firm-level productivity, and promoting entrepreneurship and financial literacy. This capacity building support will be structured around two existing programs of the implementing partner to ensure minimal cost overheads, as well as to ensure the operation leverages existing implementation channels in an otherwise complex operating environment.

- a. **Capacity building of Small Enterprises for Credit Readiness (US\$ 750, 000):** This activity will provide technical and businesses development training to entrepreneurs and their employees (including existing and potential businesses) through the AKF's Afghanistan Accelerator Program (AP). Small enterprises are defined in this context as firms that have 5-19 employees at the time they start the credit-readiness program. The AP program will provide incubation-level technical assistance to small firms, focusing on product development, marketing, financial modelling, pipeline development, and so on. The objective is for small start-ups to work toward formalization. Training will be provided to women-led firms or firms with demonstratable job creation for women.
- b. **Capacity building of Microenterprises for Credit Readiness (US\$750, 000):** The key objective of this activity is to facilitate the graduation of women-led microenterprises from informal savings groups to accessing formal channels of credit. The engagement will work through an existing network of 5,290 community-based savings groups (CBSGs) across 8 provinces in Afghanistan. These CBSGs are small and informal associations of 10-20 male and female volunteers from rural communities that are mostly active in agriculture value chains, the handicrafts sector, small-scale manufacturing, and so on. Although many of the CBSGs have now transitioned to clusters of micro-

enterprises (with 1-4 employees), they are still not connected to the formal financial sector. As such, they continue to rely on communal savings for ongoing business investments. This activity will provide capacity-building training through clusters, but it shall be done at the enterprise level. Training will focus on financial literacy, business planning, budgeting, marketing, and so on. The training will be provided through the existing trainer network of the AGCS, and it will focus on women-led micro enterprises.

Sub-Component 2(b): Credit Viability Fund (US\$3.6 million): A Credit Viability Fund (CVF) will be established to help ensure that eligible credit-ready micro and small enterprises (from Component 2a) can access formal financial channels, especially as they begin to (re)build their businesses. Even with the provision of credit readiness support, the ability of micro and small enterprises to access affordable credit will remain a challenge in the current economic and political environment in Afghanistan. When credit is available, it is generally not on terms that are affordable for (especially micro and small) businesses operating in a very fragile context. As such, this CVF will work to ease collateral requirements and/or provide pricing discounts to eligible credit-ready firms without the MFPs having to ease their lending standards. Additionally, the appetite to lend to women is dampened by the restrictions placed on their mobility, as well as the general political uncertainty about women's economic activities. To this end, the CVF will also de-risk female borrowers from any ITA edict which impacts their ability to work and thus service their loans. As such, to ensure the MFPs continue to lend to women, in the event of a publicly verifiable event that curtails a female borrower's ability to service her loan, the CVF will make payments on her behalf. This is designed to ensure that women are not excluded from borrowing and that the portfolios of the MFPs are protected from such political developments. This differs from a guarantee instrument in that it also protects the credit history of the borrower (thus, it is more like an insurance instrument).

The project will involve and/or affect directly or indirectly, a vast and diverse number of stakeholders at the individual, community, provincial, regional, and national level in the context of a severe political, economic, social, and humanitarian crisis in Afghanistan. The World Bank's Environmental and Social Standard 10² recognizes the importance of open and transparent engagement with all project stakeholders, based on the recognition that effective stakeholder engagement can improve E&S sustainability of project activities, enhance project acceptance, and implementation, and allow stakeholders to contribute to project design. This SEP outlines stakeholder engagements for the project activities in a systematic way. It defines legal and policy requirements regarding stakeholder engagements, lists stakeholder engagements that have already been undertaken, provides a stakeholder analysis of all relevant project-affected parties, including members of MFPs and their borrowers (both existing and future), as well as micro and small enterprises particular emphasis on women-owned businesses, community-based saving groups CBSGs and cluster, and lays out the means of dissemination of information to different parties as well as means and ways to continue to consult different stakeholder groups throughout the project cycle. Furthermore, it contains a monitoring plan for the implementation of the SEP.

The SEP will be implemented by AKF-A, ACGF and all other relevant implementers. Both AKF, ACGF and other implementing partners will each implement Grievance Redressal Mechanism (GRM) and will be responsible for handling all project-related grievances, as described in this SEP.

This SEP will apply to all components of the project. It aims at facilitating stakeholder engagement throughout the Project's life cycle and across the various project components.

² The World Bank, Environmental and Social Framework (ESF), 2018.

The objectives of this SEP are:

- To identify project stakeholders, including members of community base saving groups CBSGs and cluster, MFPs and their borrowers (both existing and future), as well as micro and small enterprises particular emphasis on women-owned businesses, their priorities, and concerns.
- Identify strategies for information sharing and communication to stakeholders as well as consultation of stakeholders in ways that are meaningful and accessible throughout the project cycle.
- To specify procedures and methodologies for stakeholder consultations, documentation of the proceedings and strategies for feedback.
- To establish an effective, transparent, and responsive grievance redress mechanism for the project.
- To develop a strategy for inclusive and meaningful stakeholder participation in the monitoring of project impacts, documenting, reporting and dissemination of results among the different stakeholders.

2. Regulations and Requirements

Stakeholder engagement is an inclusive process conducted throughout the project life cycle to support the development of strong, constructive, and responsive relationships that are important for successfully managing a project's environmental and social risks. The World Bank's Environmental and Social Framework (ESF) includes Environmental and Social Standard (ESS) 9 and 10, "Financial Intermediaries" and "Stakeholder Engagement and Information Disclosure", which recognizes "the importance of open and transparent engagement with the project stakeholders as an essential element of good international practice". The ESS10 also provides that effective stakeholder engagement can significantly improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

The application of these standards, by focusing on the identification and management of environmental and social risks and Financial Intermediaries, will support recipients in their goal to reduce poverty and increase prosperity in a sustainable manner for the benefit of the environment and their citizens. The standards will:

- a. support recipients in achieving good international practice relating to environmental and social sustainability.
 - b. enhance and create jobs opportunities/employments at the community level.
 - c. improved new created MFPs, micro enterprise and entrepreneur and it increased their local products.
 - d. create and support the facilities for community local products.
 - e. increased the beneficiary's income generation and reduced the poverty as well.
 - f. Support and assist recipients in fulfilling their national and international environmental and social obligations.
 - g. enhance non-discrimination, transparency, participation, accountability, and governance; and
 - h. enhance the sustainable development outcomes of projects through ongoing stakeholder engagement.
- Stakeholder engagement is also provided for in the various forms of national legislation including the constitutions, Islamic Banking regulations, and legislation on environmental and social impact assessments and audits. The instruments unanimously advocate for meaningful involvement of project stakeholders in decisions that affect them, participatory planning, and trans-parent grievance management mechanisms.

3. Brief Summary of Previous Stakeholder Engagement Activities

For now most of the stakeholder meetings and engagements have revolved around AKF, ACGF, AKCS and the World Bank in pursuit of designing the project. The initial set of meetings focused on a broad-based

private sector support which included matching grants, investments in enabling infrastructure and so on. AKF held several meetings and workshops aimed at scanning the private sector situation in the country and relating best case scenarios and solutions. AKF-ACGF also held several bilateral meetings to find an amicable and strong partnership to strengthen women-led businesses.

Given that engagement with the Interim Taliban Administration is not possible, no further consultations have taken place. In-depth stakeholder consultations will be conducted after the Effectiveness Date, and the SEP will be updated accordingly by AKF and ACGF as relevant.

Details about the meetings and consultations held with stakeholders are presented below.

Table 1. Previous Stakeholder Consultations

Place	Month	Participants	Key points raised
Online	July 2022	National and Regional AKF management [CEO, Program Director, Regional Director, National and regional sector lead (EI, AFS, Infrastructure and MERL, & Sector Lead	<ul style="list-style-type: none"> ● Regional consultation within AKF provincial stakeholders about the <ul style="list-style-type: none"> ○ SME development ○ Access to finance ○ Market infrastructure ○ Vocational and professional trainings
Online	Sep 2022	National and Regional AKF management & Sector lead	<ul style="list-style-type: none"> ● Finalizing the targets in potential sectors with AKF internal stakeholders <ul style="list-style-type: none"> ○ SME development ○ Access to finance ○ Market Infrastructure
Online	August 2023	AKF USA, AKF Afghanistan	<ul style="list-style-type: none"> ● Discussion on proposed implementation structure, project implementation unit between AKF USA and AKF Afghanistan
Online	Multiple engagement from June 2022 to September 2023	AKF Afghanistan, AKF Geneva AKF USA	<ul style="list-style-type: none"> ● Project design ● Implementation structure ● Project document
	Upcoming	AKF Afghanistan and Ministry of Economy, ministry Commerce, provincial Governor,	Registration of project and MOU with Ministry of Commerce Introduction of project to Provincial Governor, directorate of economy, commerce, and district governor

		directorate of Economy, Commerce, district Governor	
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4. Stakeholder Identification and Analysis

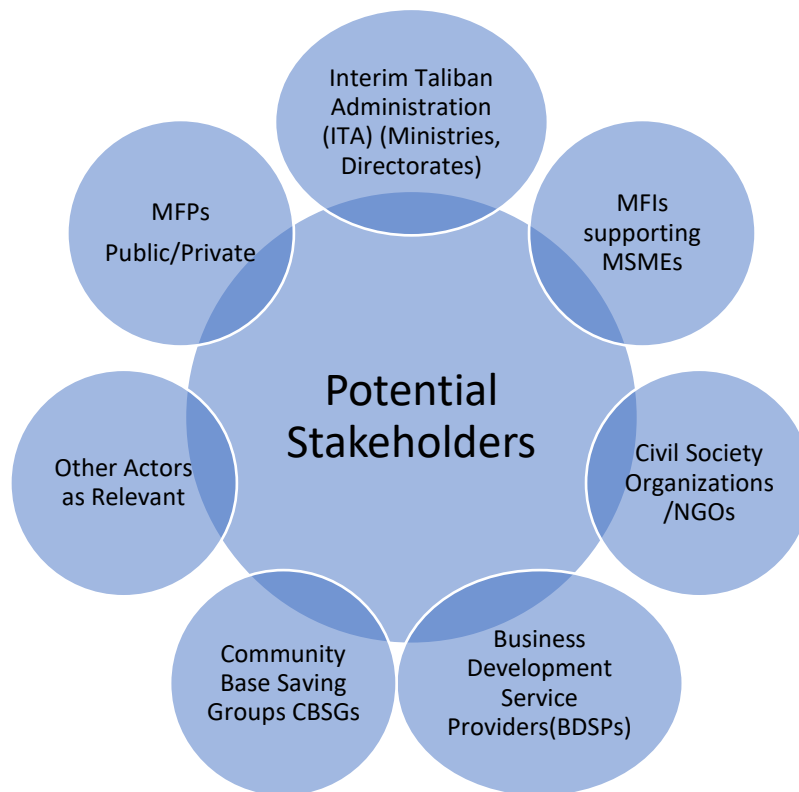
For this project stakeholders are defined as *individuals, formal or informal associations/ organizations, private and public entities whose interests or rights will be affected, directly or indirectly by the project, both positively and negatively, who may have an interest, and who have the potential to influence the project outcomes in any way.*

The following matrix and diagram illustrate different levels of stakeholder engagement and interest in the project.

Table 1 Levels of Stakeholder engagement

Stakeholder	Primary (1 st)	Secondary (2 nd)	Stakeholders interest in project	Potential Level of interest on proposed project (high/medium/low)
Interim Taliban Administration (ITA) (Ministries and Directorates)-national level		x	Private sector development is of great interest to the ITA at all levels; therefore, given the scope of the project and based on recent experience implementing similar projects involving matching grants, credit facilities etc, the ITA will likely be interested in being frequently appraised of progress.	High
ITA provincial and district authorities		x	The ITA authorities at both provincial and district level are likely to have significant interest as subprojects start rolling out.	High
Community Based Saving Groups (CBSGs)	x		Strong interest in project and implementation including ownership and monitoring aspects.	High
Community Development Councils (CDCs)	x		The elected member/s of CDCs are of a rural community under the existing CDC, which is headed by a community leader. They are democratically elected by all village residents. They are closely linked with community-based savings groups so they will naturally be interested in capacity building and internal lending mechanism and technical training for CBSG clusters.	High
Women's Groups (e.g., Community-Based Savings Groups)	x		Strong interest in being Consulted and or/engaging in the implementation of microfinance project activities.	High
Afghanistan Women Chamber of Commerce and Industry (AWCCI)	x		AWCCI holds annual exhibitions for women-led businesses and also advocates policies for private sector development. They will have significant interest in the CVF and other instruments.	
Non-Agriculture Cooperatives	x		Strong interest in being consulted and or/engaging in the implementation of project activities.	High
Women and Girls	x		A household workers women and girls will have great interest in the microfinance services related projects, and finding employment through the project	High
Unemployed People	x		Strong interest in seeking employment opportunities.	Low
Persons with Disabilities (PWDs)	x		Strong interest in seeking employment opportunities and benefitting from project activities. Strong interest in accessing microfinance services.	Medium
Internally Displaced Persons (IDPs)		x	Some interest in finding benefited groups of the projects. Strong interest in accessing microfinance products.	Low
Ethnic and Religious Minorities		x	They may articulate their concerns and convey that they are being marginalized or they have not been properly represented etc. The project may receive grievances from ethnic and religious minorities.	Medium

Female-Headed Households	x		They are often marginalized and sidelined from public services. They will have a positive interest in microfinance and working with enterprises' projects.	High
Academia/Researchers	x		For microfinance and enterprise services and dialogue.	Medium
Pastoral Nomadic Communities	x		For microfinance and enterprise services.	Medium
Residents, business entities such as MSMEs, small products entrepreneur, and individual entrepreneurs in the project that can be affected or can benefit from employment opportunities.	x		These will be directly affected parties and obviously will have significant interest in the success of the project.	High
MISFA Microfinance Investment Support Facility for Afghanistan		x	They may articulate their concerns and convey that they are being marginalized or they have not been properly represented etc. The project may need some technical inputs from MISFA.	Low
MSMEs Micro, Small, and Medium Enterprises	x		The MSMEs will be directly affected parties and obviously will have significant interest in the success of the project.	High
AMA Afghanistan Micro Finance Association	x		Highly interest in project technical supporting and implementation as AMA vision is to promote financial inclusion through creation of an enabling environment for the development finance sector.	High
WB World Bank	x		Highly interest in technically, supporting for the successfully implementation of project	High
DAB Da Afghanistan Bank		x	has interest for facilitating the microfinance services project implementation.	Medium
ETN Entrepreneur (Enterprise holder)	x		Strong interest in being Consulted and or/engaging in the implementation of microfinance project activities.	High
MFIs Micro Finance Institutions		x	They have much interested in the MF implementing particularly and technically.	Medium



In accordance with the ESS10, this SEP categorizes the stakeholders into three groups:

- **affected parties** - stakeholders that are affected or may be affected by the project.
- **other interested parties** - other parties who may have an interest in the project.
- **vulnerable/ disadvantaged groups** - individuals or groups who may require special engagement efforts due to their vulnerable status.

4.1. Affected Parties

The EMERGE will have multiple stakeholders ranging from the Interim Taliban Administration (ITA), which will be engaged indirectly, to the private sector, academia, civil society (including CDCs, CBSGs and women groups), and the public. AKF and where applicable ACGF will ensure that consultations are held with all relevant stakeholders directly bearing upon project outcomes.

For the purposes of their engagement, stakeholders who are likely to be directly affected, and involved in the implementation of the project are classified as Affected Parties. The stakeholders below are classified under each component.

For Component 1 (a, b and c) the following will be affected parties:

- Da Afghanistan Bank, AIB, Scheduled Banks
- Microfinance Providers
- Business entities such as MSMEs, small products entrepreneurs, and individual entrepreneurs which can be affected or can benefit from employment opportunities.
- Business Development Services leveraging the existing networks and programs of the implementing partner at both the micro and small enterprise level.

For project component 2, the following will be directly affected parties:

- Community Base Saving Groups CBSGs
- Business Member Organizations (BMOs)
- Afghanistan Women Chamber of Commerce and Industry (AWCCI)
- Business Development Service Providers (BDSPs)
- Community representatives and Community Development Councils (CDCs)
- Trainees’ parents/families
- Kabul Historic Garden Trust
- Ministry of Labor and Social Affairs
- Workshop/business Owners
-

4.2. Other Interested Parties

The complex community landscape dictates that there will be individuals, associations or even private companies with vested interests overshadowing or influencing the project in ways that may or may not positively impact project outcomes.

As such the project’s stakeholders would include parties other than those directly affected. These include:

- Civil society groups and NGOs on the regional, national, and local levels, that pursue or are engaged in microfinance services interests and may become partners of the project.
- MFPs of services and products within the project area that will be involved in the project’s wider services providers or may be considered for the role of the project’s services providers.

- Local conservation organizations and environmental activists
- Mass media and associated interest groups, including local, regional, and national print and broadcast media, digital/web-based entities, and their associations.
- Community-based organizations, including Community Development Councils (CDCs) and Women’s Groups.

Engagement with ITA: Interactions with the ITA will be limited to coordination and accessing the beneficiaries. Coordination entails participation in relevant Bank (Islamic commercial Bank *Murabaha*), NGO coordination forums, sharing higher-level information about the project plan and intended outcomes, and consultation on technical matters that require input. Access to beneficiaries requires adherence to the local regulations, including registration of the project to the Ministry of Economy, provision of biannual progress reports, exchanging letters of approval with relevant line ministries, participating in the provincial development committee meetings, compliance with tax regulations, and working closely with the district authorities on the implementation. These measures are complemented by higher level interactions at the policy level by the AKF Regional Directors, CEO, and the AKDN’s special envoy to Afghanistan. Managerial and technical may require that ministry staff participating in project activities will be vetted and no form of compensation will be provided.

4.3. Disadvantaged / Vulnerable Individuals or Groups

Given the diversity of ethnic and linguistic groups across Afghanistan there are always situations where various groups of people are excluded or in many instances represented disproportionately. Socially excluded groups often lack voice and the power to influence decisions and to express their concerns or understand the impacts of a project.

The Project will aim to include all stakeholders and ensure not only diverse representation but meaningful participation/ engagement, particularly of disadvantaged/vulnerable individuals or groups. This value is articulated in the ESF, as well as in AKDN’s Ethical Framework which binds AKF programs and provides an anchor for advancing social engagement agendas.

The following disadvantaged and vulnerable groups have been identified for this project.

- Persons living below the poverty line /ultra-poor households.
- Internally displaced persons (IDPs), and returnees
- Persons with Disabilities (PWD)
- The population living in hard-to-reach places.
- Elderly People
- Pastoral Nomadic Communities
- Women and girls that haven’t financial security
- Beneficiary/householders that can’t be repaid.

Vulnerability can be exacerbated by compounding intersecting factors, such as a person’s origin, gender, age, health condition, economic deficiency and financial insecurity, disadvantaged status in the community (e.g., minorities or fringe groups), dependence on other individuals or natural resources, etc.

Women are considered one of the most vulnerable groups in Afghanistan. They often face multiple levels of discrimination – as rural women, widows, disabled women, internally displaced women, etc. Overall, vulnerability of different groups has exacerbated since the loss of livelihoods in the wake of the regime change in August 2021. The World Bank offers a unique combination of global expertise and customized instruments to address the immediate financing and TA needs of the financial and private sector in fragile and vulnerable economies. The discussions with the private and financial sector stakeholders, World Bank surveys (Welfare Monitoring, Gender Monitoring, and Private Sector) and research of the development partners substantiate

that any meaningful recovery for Afghanistan will require measures to support the continued resilience and growth of the financial and private sectors.

The World Bank Group's FCV Strategy recognizes the critical role of partnerships in operationalizing support in FCV settings. Guided by this strategy, the World Bank will build its partnerships based on respective complementarities and comparative advantages. The extensive knowledge of the Bank regarding the key players in Afghanistan is based on its prior engagement. This knowledge has contributed to the identification of key implementation agencies and partners. The critical nature of an effective presence on the ground is vital to delivering results in FCV settings. Thus, the trust built with the AKF-USA and the ACGF over time will prove helpful in the current country context. The AKF and ACGF have had a continued presence in Afghanistan since the 2021 crisis. This will allow the project to leverage existing implementation capacity and relationships in Afghanistan. AKF has been implementing this exercise and is accordingly very familiar with who is vulnerable and how to reach different groups. implementing partners will deploy similar methods. Furthermore, engagement and feedback mechanisms for disadvantaged / vulnerable individuals or groups will be facilitated through the various engagement forums that will be established during the project (see section below). In addition, AKF often engages women groups, such as Community-Based Savings Groups, as a critical entry point to consult vulnerable women at various stages of a project e.g., project design, community management of microfinance services to ensure sustainability, dissemination of key messaging. AKF and ACGF will conduct a gender analysis at the onset of the project including consultations with women, men, community/religious leaders, and CSOs, to ensure that the unique experiences and needs of women are amply considered and addressed in the project design, implementation, and monitoring and evaluation.

4.4. Summary of Project Stakeholder Needs

Table 2 Stakeholder needs

Community	Stakeholder Group	Key Characteristics	Language needs	Preferred notification means (email, radio, phone, letter)
Provincial Level	<p>Beneficiaries/ Communities in the vicinity of the project’s planned activities.</p> <p>Residents, business entities such as MSMEs, small product entrepreneurs, and individual entrepreneurs in the project can be affected or can benefit from employment opportunities.</p> <p>Residents of the other rural communities in the project area, who benefit from entrepreneurs’ products and training opportunities for other rural communities.</p> <p>Project direct beneficiaries.</p> <p>ITA Provincial and District Authorities</p>	<p>PWDs are particularly marginalized in Afghanistan. The PWD are more likely to be excluded from participation and benefit from public services.</p> <p>Government and local authorities play a crucial role in stakeholder engagement through various strategies aimed at fostering collaboration, transparency, and community involvement</p>	<p>Pashto/Dari and local languages as relevant in areas where the majority speak to them.</p>	<p>Email, internet, radio, mobile phone, social media, and individual meetings</p>
	<p>ETN Entrepreneur (Enterprise holder)</p> <p>Non-Agricultural Cooperatives</p> <p>Community Development Councils (CDCs)</p> <p>Community-Based Saving Groups CBSGs</p> <p>Women’s Groups (e.g., Community-Based Savings Groups)</p>	<p>Enterprise Holders and NACs are committed to facilitating the execution of AKF's programs, thereby strengthening project implementation and promoting specific objectives.</p> <p>CDCs and community-based organizations are well-capacitated community platforms with experience in prioritization and consultations.</p>		

Community	Stakeholder Group	Key Characteristics	Language needs	Preferred notification means (email, radio, phone, letter)
	<p>Persons living below the poverty line.</p> <p>IDP and returnees</p> <p>Elderly People</p> <p>Pastoral Nomadic Communities</p> <p>Women’s Groups</p> <p>Female-headed households</p> <p>Unemployed people</p> <p>Ethnic and religious minorities</p> <p>Persons with Disabilities (PWD)</p>	<p>Almost 70 percent of the rural population depends on agriculture. Crops are mainly rain-fed, which makes agriculture a vulnerable livelihood. Livestock levels have fluctuated due to droughts. Generally, droughts as well as flooding, and years of protracted conflict have resulted in high levels of poverty in rural households.</p> <p>Urban growth has significantly increased in Afghanistan over the last couple of decades. In 2020, the WB recorded 3.4 percent of urban growth. The urban population accounted for over 10 million people in the country. This has come along with increased poverty, with many urban poor households living in slums due to disorganized urban growth.</p> <p>Afghanistan is made up of various ethnic and religious groups, with a number of ethnic and religious minorities living in precarious conditions post takeover of Afghanistan by the</p>	<p>Pashto/Dari and/or the local languages in areas where the majority speaks to them.</p>	<p>Community radio, telephone, women group meetings, notice boards</p>

Community	Stakeholder Group	Key Characteristics	Language needs	Preferred notification means (email, radio, phone, letter)
		Taliban in August 2021. These groups usually comprise individuals with a low level of education who are reluctant to participate in consultations.		
	Vulnerable Communities	Vulnerable and little access to assistance, highly food insecure, and with an emergency livelihood coping index.	Pashto/Dari and/or the local languages in areas where the majority speaks to them.	Community radio, community meetings, notice boards, and community mobilizers to reach out
	Community Leaders and Members	Their authority will depend on the presence and strength of community leaders of other groups; leaders can have a significant influence on the communities	Pashto/Dari and/or the local languages in areas where the majority speaks to them.	Community meetings, individual meetings, notice boards, social media, community radio, TV
Regional Level	Interim Taliban Administration (ITA) (Ministries and Directorates)- national level Contractors and Local Partners Suppliers	Government and local authorities play a crucial role in stakeholder engagement through various strategies aimed at fostering collaboration, transparency, and community involvement	Pashto/Dari and/or the local languages in areas where the majority speaks to them.	Community meetings, individual meetings, notice boards, social media, community radio, TV

Community	Stakeholder Group	Key Characteristics	Language needs	Preferred notification means (email, radio, phone, letter)
National Level	UN agencies, international NGOs, bilateral donors	Established UN, NGO, and donor coordination mechanisms, including ACBAR	English	Internet/email, ACBAR, UNCT
	National CSOs, NGOs, Academia and Researchers	Good capacity	English	Internet/email, individual meetings, telephone
	Other Agencies operating at national level	Good capacity	English	Internet/email, individual meetings, telephone

5. Stakeholder Engagement Program

5.1. Purpose and Timing of Stakeholder Engagement Program

The overall objective is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the inception, microfinance services, and operation phase of the proposed subprojects. The SEP outlines the ways in which the implementing agencies/MFPs will communicate with stakeholders and includes a mechanism by which people can raise concerns and provide feedback about the Implementing Agencies/MFPs. The SEP will facilitate communications and ensure fruitful interactions between the implementers of a sub-project e.g., microfinance services, etc., and its stakeholders, including beneficiaries.

The detailed objectives of the SEP are summarized as follows:

- Outline the stakeholder engagement activities of the project in line with the World Bank ESS10.
- Define roles and responsibilities for the implementation of the SEP.
- Identify key stakeholders that are affected, interested, and/or able to influence the project.
- Guide implementing partners, and sub-project MFPs to build mutually respectful, beneficial, and lasting relationships with stakeholders, particularly beneficiary communities.
- Provide guidance for stakeholder engagement, including the timing and methods of engagement with stakeholders throughout the life cycle of the project.
- Describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured.

- Identify effective ways and methods to disseminate project information as per the needs of the stakeholders.
- Establishment of grievance redress committee GRC at the targeted project area.

The implementing partners will involve stakeholders as early as possible and will continue their engagement process throughout the life cycle of the project including planning, beneficiary selection process via approved criteria, implementation and monitoring and evaluation. The dialogues and exchange of information will continue until each project (Microfinance Services), proper tracking/monitoring system will be followed as per the agreement via MFPs. The engagement process will seek to promote local buy-in for the project activities and ensure that stakeholder concerns, feedback and suggestions are properly received and addressed, and MFPs expectations regarding microfinance services are managed. Continuous dialogues with stakeholders will contribute to reducing conflict and minimize misunderstanding with regards to the project interventions.

5.2. Proposed Strategy for Information Disclosure

Implementing partners (MFPs) will build on their pre-existing knowledge of the MFIs (Microfinance Institutions) networks, and relationships to advance constructive engagements for the project. They will also draw upon various tools and approaches which are contextually relevant as part of our continuous interaction with the MFIs and other relevant stakeholders. Experience demonstrates that methods used for disseminating information to statutory officials may be different from the format of providing information to MFIs on technical aspects. Therefore, for the information dissemination process to be effective and meaningful, implementing partners/MFPs will adapt techniques that are specifically tailored to the identified stakeholder groups.

Generally, the format of information dissemination seeks to meet basic requirements on accessibility, i.e. information will be provided at venues that are easily reachable and do not require long commutes, entrance fee or preliminary access authorization, cultural appropriateness (i.e. with due respect to the local customs and current norms including gender segregation), and inclusiveness, i.e. engaging all segments of the local society, including women and girls, people with disabilities, the elderly, minorities, and other vulnerable individuals.

Implementing partners/MFPs will seek to raise the communities' and stakeholders' awareness about the planned and current activities of the project.

If necessary, logistical assistance may be provided to enable participants from remote areas, persons with limited physical abilities, and those with insufficient financial or transportation means to attend public meetings scheduled by the project.

Table 3 Information Disclosure Strategy

Project Stage	List of information to be disclosed	Methods proposed	Timelines: locations / dates	Target Stakeholders	% of target population reached	Responsibilities
Project Design	SEP (incl. GRM), ESCP	Internet/email, individual meetings, telephone	Virtual / Kabul Prior to project approval.	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia)	50%	AKF's PIUs
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Regional capitals / Kabul 3 weeks after Effective Date	Regional-level stakeholders (NGO Network – ACBAR)	20%	AKF's PIUs
		Public meetings Email, internet, radio, mobile phone, social media	At the project targeted areas (MFPs) 3 weeks after Effective Date	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	10%	AKF's PIUs
		Community radio, telephone, women group meetings, notice boards	At project area level 3 weeks after Effective Date	MFPs	10%	AKF's PIUs
	Other relevant project documents and information	Internet/email, individual meetings, telephone	Virtual / Kabul 3 weeks after Effective Date	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia)	20%	AKF's PIUs
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Regional capitals / Kabul 3 weeks after Effective Date	Regional-level stakeholders (NGO Network – ACBAR, etc))	20%	AKF's PIUs
		Public meetings	At the project targeted areas (MFPs)	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable	10%	AKF's PIUs

		Email, internet, radio, mobile phone, social media	3 weeks after Effective Date	groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities, etc))		
		Community radio, telephone, women group meetings, notice boards	At the project targeted areas (MFPs) 3 weeks after Effective Date	Provincial-level stakeholders MFPs/MFIS/ Community Based Saving Group CBSGs	10%	AKF's PIUs
Project Implementation	Activity – or site specific ESMPs or other site-specific E&S instruments	Internet/email, individual meetings, telephone	Continuous	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia)	50%	AKF's PIUs
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Continuous	Regional-level stakeholders (NGO Network – ACBAR, etc))	20%	AKF's PIUs
		Public meetings Email, internet, radio, mobile phone, social media	Continuous	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	10%	AKF's PIUs
		Community radio, telephone, women group meetings, notice boards	Continuous	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs	10%	AKF's PIUs
	Any project-related information (on activities, beneficiary selection etc...)	Internet/email, individual meetings, telephone	Continuous	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia, etc))	50%	AKF's PIUs
		MFPs/MFIs meetings, individual meetings,	Continuous	Regional-level stakeholders (NGO Network – ACBAR, etc))	20%	AKF's PIUs

		notice boards, social media, community radio, TV				
		Public meetings Email, internet, radio, mobile phone, social media	Continuous	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	10%	AKF's PIUs
		Community radio, telephone, women group meetings, notice boards	Continuous	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs	10%	AKF's PIUs
	GRM	Internet/email, individual meetings, telephone	Continuous	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia, etc)	50%	AKF's PIUs
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Continuous	Regional-level stakeholders (NGO Network – ACBAR, etc)	20%	AKF's PIUs
		Public meetings Email, internet, radio, mobile phone, social media	Continuous	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	10%	AKF's PIUs
		Community radio, telephone, women group meetings, notice boards	Continuous	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs	10%	AKF's PIUs

5.3. Proposed Strategy for Consultation

Implementing partners/MFPs will deploy a variety of engagement techniques to build relationships with stakeholders and to consult all relevant MFIs and stakeholders. The following set of consultation techniques will be utilized and adapted to broaden consultations of the stakeholders.

Efforts will be made to improve public feedback through pre-existing MFPs/MFIs structures, such as AMA where MFIs have grown comfortable providing feedback. This feedback can subsequently be used as input into the project's mitigation and enhancement measures. As discussed above, proper consideration will be given to the MFPs and MFIs and inclusiveness of the consultation environments, as well as to gender and other sensitivities that may prevail in the local community.

In addition to stakeholder consultations that will accompany the project throughout all phases, the team will prepare a rapid gender analysis (RGA), which will include primary data collection consisting of consultations with women, men, community/religious leaders, and other key stakeholders to examine contextual needs of women and girls, men and boys, across intersecting factors, such as ability, marital status, ethnicity, geographies, and other identities. The findings of the RGA will identify key gender gaps, which will be used to inform the Gender Equality Strategy (GES). The GES will outline key gender equality principles, priorities, and gender smart solutions to enhance equitable access and improve Microfinance Services and practices, to, in turn, strengthen the project's overall objective of improving access to microfinance services in project targeted areas.

Frequent consultations with the MFPs and other relevant stakeholders will be organized throughout the implementation of the EMERGe project. In particular, public consultations will be organized to consult relevant stakeholders about their needs and the project activities, as well as potential environmental and social risks and impacts and planned mitigation measures – of the entire project and of specific subprojects. Moreover, public consultations will be held on an ongoing basis as part of the overall citizen engagement process during the project cycle.

All implementing partners/MFPs will record and document minutes of these MFPs meetings, both for the purposes of transparency and the accuracy of capturing MFPs/MFIs and relevant stakeholders comments. These will serve used as a record of consent or input.

The following methods of meeting documentation will be used:

- taking written minutes of the meeting by a specially assigned person
- taking attendance of participants and their signatures/thumbprint as a record and proof of the meeting and their consent on a certain agreement (disaggregated by gender, age, type).
- audio recording with consent (e.g., by means of voice recorders).
- Photographing with consent.

Table 4 Stakeholder Consultation Strategy

Project stage	Topic of consultation	Suggested Method	Location and Date	Target stakeholders	Responsibilities
Project Design	Overall Project activities and E&S risks and impacts Beneficiary selection method	Email, individual meetings, telephone	Kabul During Project inception phase	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia)	AKF PIU
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Regional capitals During Project inception phase	Regional-level stakeholders (NGO Network – ACBAR, etc)	AKF PIU
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs During Project inception phase	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	AKF PIU
		MFPs meetings, mobile phone, social media, and individual meetings, CBSGs	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs During Project inception phase	Provincial-level stakeholders Community Based Saving Group CBSGs, MFPs)	AKF PIU
Project Implementation	Community infrastructure prioritization workplans, exercises	Email, individual meetings, telephone	Kabul Prior to commencement of microfinance enterprises, MFPs, MFIs and AMA	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia, etc)	AKF PIU
		Community meetings, individual meetings, social media MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Regional capitals Prior to commencement of microfinance enterprises, MFPs, MFIs and AMA	Regional-level stakeholders (NGO Network – ACBAR, etc)	AKF PIU
		MFPs/MFIs meetings, individual meetings, notice boards, social media, CBSGs	Provincial-level stakeholders MFPs/ Saving MFIS/ Community Based Group CBSGs	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty	AKF PIU

			Prior to commencement of microfinance enterprises, MFIs and AMA	line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	
		MFPs meetings, mobile phone, social media, and individual meetings, CBSGs	Provincial-level stakeholders MFIs/ Saving MFIs/ Community Based Group CBSGs Prior to commencement of microfinance enterprises, MFIs and AMA	User Associations, Community Based Saving Group CBSGs, MFIs)	AKF PIU
Sub-Project Specific ESMPs Sub-project specific E&S risks and impacts and mitigation measures		Email, individual meetings, telephone	Kabul Prior to commencement of microfinance enterprises, MFIs and AMA	National-level stakeholders (UN agencies, int. NGOs, bilateral donors, private sector companies, academia)	AKF PIU
		MFPs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Regional capitals Prior to commencement of microfinance enterprises, MFIs and AMA	Regional-level stakeholders (NGO Network – ACBAR, etc)	AKF PIU
		MFPs meetings, individual meetings, social media, CBSGs MFIs/MFIs meetings, individual meetings, notice boards, social media, community radio, TV	Provincial-level stakeholders MFIs/ Saving MFIs/ Community Based Group CBSGs Prior to commencement of microfinance enterprises, MFIs and AMA	Provincial-level stakeholders (beneficiary communities, disadvantaged/vulnerable groups – persons living below the poverty line, IDPs and returnees, elderly people, pastoral nomadic communities, ethnic and religious minorities, women, PWD, residents, business entities)	AKF PIU
		MFPs meetings, mobile phone, social media, and individual meetings, CBSGs	Provincial-level stakeholders MFIs/ Saving MFIs/ Community Based Group CBSGs Prior to commencement of microfinance enterprises, MFIs and AMA	User Associations, Community Based Saving Group CBSGs and MFIs)	AKF PIU

5.4. Proposed Strategy to Incorporate the Views of Vulnerable Groups

Engagement with vulnerable groups and individuals often requires the application of specific measures and assistance aimed at the facilitation of their participation in the project-related decision-making so that their awareness of and input to the overall process are commensurate to those of the other stakeholders. This includes addressing barriers which prevent vulnerable groups from participating. For example, ensuring that activities are scheduled at a time of day in which all groups are available (ex. women who have domestic work in the early morning would likely be better able to attend in the afternoon, to be determined in consultations). The project team will ensure that disadvantaged/ vulnerable individuals or groups are appropriately identified, made aware of project activities, and have opportunities to provide propositions/suggestions.

Consultations using relevant stakeholders/partners as an appropriate tool for the engagement of vulnerable groups will be carried out with representatives of people with disabilities, women, minorities, and marginalized ethnic groups. The relevant stakeholders/partners will be documented where vulnerable groups will provide their views and put forward their concerns that may be integrated into the delivery of various sub-projects.

Implementing partners/MFPs will carry out a beneficiary satisfaction survey during the 3rd and 4th quarters of the project which will also cover the vulnerable groups and attention will be paid to ensure that all stakeholder' opinions and feedback is reflected in the data collection mechanisms. The survey results and the lessons learned from it will be incorporated and will be used to inform decisions on the subprojects as they are rolled out.

Annual reviews will be conducted on the Gender Equality Strategy, which will be adapted as required in light of changing circumstances or new learnings to ensure that the GES is continually improving, relevant, and effective to the needs of the communities.

As such the engagement mechanisms and frequencies will be designed and customized based on the contextual needs of the vulnerable people. This will continue throughout the project life cycle. Implementing partners/MFPs will also build on its existing understanding of vulnerable people's needs and will integrate this in the inception phase as well.

In view of the current ban of female NGO staff, AKF and ACGF will ensure that women are adequately informed and consulted. ACGF will continue to inform and consult women directly. Where direct consultations are not possible, male MFPs/CDC members will be trained in conducting consultations with women and will serve as proxies in gathering and understanding women's inputs and concerns.

5.5. Timelines

Information disclosure and consultations are especially relevant throughout the early stages of the project, but also throughout the project cycle. Project design has therefore been based on consultations. Activities under each Component will include further consultations prior to their commencement to ensure transparency and accountability on project modalities, and to allow stakeholder voices to form the basis of the concrete design of every intervention and consultations will continue throughout the project cycle.

This is an Empowering Microfinance and Enterprises for Resilience and Growth Project with a fixed time

frame spanning 18 months. There may not be any future phases of the project. However, the implementing partners/MFPs will communicate to stakeholders when appropriate about the (i) subprojects preparation and development (ii) administration process; (iii) implementation; and (iv) tracking and monitoring of project impacts and operation mechanisms. Accordingly, they will not provide any additional information or make commitments with the MFPs and MFIs and stakeholders beyond the scope of the current project and its subcomponents. However, they will provide necessary and more detailed information about the operations and implementation.

6. Resources and Responsibilities for implementing stakeholder engagement activities.

AKF is implementing the World Bank supported Water Emergency Response Project (WERP) which has a fully staffed Program Implementation Unit with a robust mechanism and staffing. for the implementation of their SEP. To ensure efficiencies AKF will leverage capacities within WERP PIU to also assist in the implementation of SEP for the EMERGE project as well. in addition, ARTF MA will also oversee the implementation of the SEP under the EMERGE project.

7. Management Functions and Responsibilities

The SEP implementation will be the responsibility of AKF’s PIU Environmental and Social Specialist. He/She will implement the SEP with the assistance and coordination of MFPs ESM teams. He will be reporting to PIU, AKF and then the WB. The Environmental and Social Specialist will be dedicated to the implementation of the AKF GRM for Component 2.

***Proposed key staffs for microfinance services:**

No	Position	Qualification	Experience
1	Team Leader	Master’s degree,	5 years of experience
2	MIS Officers	Bachelor Computer sciences	Three Years Experiences
3	M&E Officers Bachelor,	Bachelor’s degree	Three Years Experiences
4	Loan Officer	Bachelor BBA,	Three Years Experiences

8. Grievance Redress Mechanism

A grievance is an issue, concern, or claim (either perceived or actual) that an individual or community group wants addressed or resolved by the programme. These may include complaints of impacts, damages or harm caused by the project or related activities during providing, operation and implementation microfinance services to the targeted group and area of the project.

A GRM will be established by the Project to provide a formal process for managing complaints from relevant stakeholders (members of the public, employees, and partners) as provided under ESS10 of the ESF.

The objectives of the GRM shall include:

- i. Ensure prompt, consistent, and respectful receipt, investigation, and response to complaints.
- ii. Identify and manage s relevant stakeholder grievances and concerns and thus support effective risk management.
- iii. Ensure proper documentation of complaints and implementation of actions.
- iv. Contribute to continuous improvement in performance through lessons learned.
- v. Enhance trust and positive relationships with relevant stakeholders; and
- vi. Ensure compliance with laws and regulations and reduce exposure to litigation.

Two different sets of GRM will be implemented for this project. AKF will set up and implement a GRM for Component 2 activities, and ACGF will implement a GRM specifically for Component 1 activities. Both organizations have already functioned GRMs in place in various projects in Afghanistan and will therefore continue with systems already in place.

8.1. AKF's Grievance Redress Mechanism

AKF is committed to safeguarding staff, beneficiaries, and other stakeholders and provides the needed support at all levels to create a safe environment for all. AKF will establish its GRM system for the project and a dedicated GRM specialist will be responsible for the implementation of the GRM by PIU and IPs throughout the project implementation. The GRM specialist ensures that staff and partners prevent harm to beneficiaries, particularly children and vulnerable adults, including exposure to abuse or exploitation; protects staff from inappropriate behavior such as bullying and harassment; and strongly penalizes everyone involved in financial misconduct including bribery, money laundering, and fraud. The IPs GRM officers within each provincial office monitor GR processes and reporting. They regularly conduct orientations and training for staff and partners on the social safeguards policy to ensure that staff and beneficiaries fully understand their rights and responsibilities. The policy also makes sure an effort will be made so that everyone involved understands social safeguard policies and reporting procedures. This is done through intermittent training, dissemination of information through leaflets, and consultation dialogues that are held with the communities and beneficiary partners.

AKF will form Grievance Redress Committee (GRC) at National Level by its PIU, Provincial and district level by its IPs and the members of the National level GRC will be ESM & Gender Manager, M&E Manager and the GRM responsible staff. For the provincial GRC committee members will be Provincial Manager, ESM/GRM officer, MFPs representatives and local authorities' representatives. The GRC members at district level will be IPs assigned district responsible staff, MFPs representative and district authorities' representatives.

Proposed Measures and Actions for GRM Strengthening: AKF has active Memorandums of Understanding

(MoU) with Awaaz Afghanistan, a toll-free, confidential humanitarian helpline in Afghanistan (signed in July 2019) for referring issues raised by callers on the ground and acting as a repository for information to stakeholders. Beneficiaries can call the Awaaz Afghanistan hotline number to report any concerns related to program implementation or social issues. AKF will distribute Awaaz Afghanistan cards to the individual beneficiaries and attach Awaaz Afghanistan posters in accessible and visible formats to encourage the beneficiaries to raise their voices and report any concerns.

AKF has also piloted a community-based complaint mechanism (CBCM) project through a community consultation process to develop reporting mechanisms based on how the community would prefer to report. This project was underpinned by a survivor-focused approach to mitigate risks to survivors and others in reporting and responding to safeguarding concerns. AKF will draw on this experience and adapt for different communities considering various contexts.

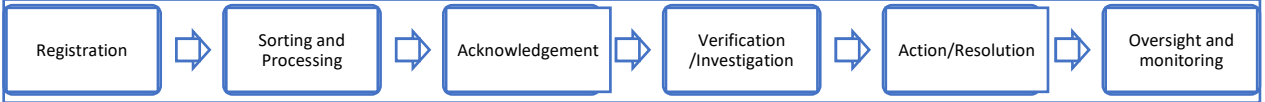
Socio-cultural norms have been taken into consideration in all safeguarding policies and procedures including reporting and responding mechanisms. There will be male and female CBCM focal points in the regional offices who are responsible for reporting grievances from beneficiaries of both genders.

AKF's will have a dedicated GRM specialist based in Kabul. In addition, dedicated staff of the IPs across provinces will be appointed. AKF will strengthen internal reporting and coordination mechanisms for the project.

Grievance Redressal Steps: Grievances through Awaaz Afghanistan are forwarded directly to AKF's PIU GEM specialist within 24 hours of complaint registration with Awaaz. The ESM unit will see the nature of the grievance if it's a safeguarding case so it will be responded to base on AKF safeguarding investigation guideline for allegations of misconduct towards beneficiaries. Other grievances e.g., the management or program-related issue will be referred to HR or program. And the safeguarding unit will have a follow-up on every grievance to make sure it's handled and responded back to the complainant properly.

According to AKF's Safeguarding Policy for the project, anyone receiving safeguarding cases should notify the designated focal person within 24 hours. Within 72 hours of a formal allegation being made, AKF will convene a Strategy Meeting to agree on next steps. Any urgent attention required should be provided to parties involved in an incident (e.g., where a child or adult has been harmed) such as medical attention or immediate protection from further harm. Based on the severity of the allegation, it is decided in the Strategy Meeting the timeline of investigating and responding to a grievance.

AKF will communicate its grievance mechanism with relevant stakeholders through provincial teams in the provincial offices. In both cases where a grievance is upheld or not, AKF will provide a response/explanation to the complainant.



Relevant stakeholders can submit their grievances regarding any element of the project without any restriction through a variety of means as listed below:

AKF will also explore grievance uptake channels already in existence to boost the grievance mechanism proposed, including the uptake channels at the regional and national levels.

While the existing mechanisms would be leveraged for this project, in order to address other requirements of ESS10, the system would be augmented for the purposes of this project in accordance with the objectives articulated above and the following steps:

- **Step 1: Uptake** – Project relevant stakeholders will be able to provide feedback and report complaints through several channels. The aggrieved party must be able to select the most efficient institution, the most accessible means of filing a grievance, and must be able to circumvent partial relevant stakeholders in the Project, who may be implicated in the complaint. He or she must further be able to bypass some grievance channels that are perceived as potentially unresponsive or biased. The means to file a grievance would include the toll-free hotline Awaaz, SMS, email, filling up grievance forms, verbally, sending a letter, to implementing agencies via the implementing institutions' websites, help desks and collection boxes stipulated for walk-ins at the sites of project activities. Anonymous grievances can also be raised. All uptake channels should permit grievances in Dari and Pashto as well.
- A help desk will also be set up by AKF and implementing parties during the implementation of activities at the central and provincial levels. At the help desk, aggrieved parties can inquire about project activities, or they can file a grievance directly with the person manning the desk. Grievances can be filed in writing or verbally at the Help Desk.
- The staff managing help desks and those operating the toll-free hotline number would be trained by the PIU for (a) the registration of a grievance; (b) the interaction with complainants; (c) appropriate responses to SEA/SH issues; (d) grievances of workers; and (e) Project components and Implementing Partners.
- **Step 2: Sorting and processing** – All grievances received will be transferred to the GRM Focal Point at the PIU by the Implementing Partner/AKF. The GRM focal point will categorize the complaint and forward it to the responsible unit. The GRM focal point will also record the grievance in the same format as would be used at the PIU.
- **Step 3: Acknowledgement and follow-up** – Within three (3) days of the date a grievance is submitted, the GRM focal point will communicate with the aggrieved and provide information on the likely course of action and the anticipated timeframe for resolution of the grievance. The information provided to the aggrieved would also include, if required, the likely procedure if the grievance had to be escalated outside the unit and the estimated timeline for each stage.
- **Step 4: Verification, investigation, action, and documentation** – This step would involve gathering information about the grievance to determine the facts surrounding the issue and verifying the validity of the grievance, and then developing a proposed resolution. It is expected that many or most grievances will be resolved at this stage. All activities taken during this and the other steps will be fully documented, and any resolution logged in the register. In case the grievance is not resolved at this stage, it will be escalated to the next tier.
- **Step 5: Monitoring, Evaluation and Reporting** – Monitoring refers to the process of tracking grievances and assessing the progression toward resolution. Each implementing agency would develop and maintain a grievance register and record all steps taken to resolve grievances or otherwise respond to feedback and questions. GRM data would be collated and reported monthly at all levels.
- **Step 6: Providing Feedback** – This step involves informing those who have raised complaints, concerns, or grievances about the resolutions to the issues they have raised. Whenever possible, complainants should be informed of the proposed resolution in person, which gives them the opportunity to ask follow-up questions. If the complainant is not satisfied with the resolution, he or she will be informed of further options. The GRM would not prevent access to judicial and

administrative remedies. Each complaint must be closed within thirty (30) days of receipt - either resolved, withdrawn, or escalated.

Grievances related to SEA/SH: Any grievance that surfaces to the Grievance Committee at the national level and if it is determined to relate to SEA/SH the Grievance Redressal Committee (GRC) will establish a case management team comprising GR focal point, HR and other relevant personnel from senior staff to handle the case. The case management team will do the investigation and provide the report of the investigation to the GRC team. Once the report is reviewed by the case management team/GRC, they will make the recommendations based on the findings.

Investigation findings may result in a range of outcomes. The matter may be resolved, dismissed, found to be false/malicious or upheld. Based on that, the disciplinary process would be initiated. All the investigation process will be survivor centered and AKF will ensure the protection of the complainant/victims.

Training: AKF will draw on its GR ToT for GRM staff and focal points who are responsible for delivering GR training to staff and onwards to the involved communities as relevant. AKF will organize a full-day training package for all new joiners and a half-day refresher training package for existing staff. The main topic of the training package will encompass AKF GR (or safeguarding) principles for staff, beneficiaries and implementing partners. The ToT will also provide information and sensitization to staff and beneficiaries on Do no Harm approaches, safe and positive culture, PSEAH, Speak Up, reporting and responding mechanisms.

GRM for SEA/SH grievances: SEA/SH related grievances are handled through a survivor-centered approach. All grievance uptake channels can be used to report on SEA/SH issues. No grievance uptake mechanism can reject such grievances, and all personnel directly receiving grievances will be trained in the handling and processing of SEA/SH-related grievances. The Awaaz call center also includes support for safe and confidential reporting for incidents of sexual exploitation and abuse (SEA). Any recipients of the grievance should, with the survivor's informed consent, report the case to one of the Project's formal grievance recipients. A survivor can ask someone else to act as a survivor advocate and report on her/his behalf.

Absolute confidentiality would be maintained for all grievances related to SEA/SH issues. This means that no information shall be disclosed at any time to any party without the informed consent of the person concerned. The survivor's consent would also be sought for undertaking any action on the grievance. Under no circumstances should the survivor be pressured to consent to any conversation, assessment, investigation or other intervention with which they do not feel comfortable. A survivor can withdraw such consent at any time as well. If a survivor does not consent to sharing information, then only non-identifying information can be released or reported on. In the case of children, informed consent is normally requested from a parent or legal guardian and the children.

Data on GBV cases recorded will only include the nature of the complaint (what the complainant says in her/his own words), whether the complainant believes the perpetrator was related to the project and additional demographic data, such as age and gender, will be collected and reported, with informed consent from the survivor. The GRM provides for offering the survivor referral to pre-identified GBV Service Providers in the area. Services can include health, psycho-social, security and protection, legal/justice, and economic reintegration support. This would be offered even if the survivor does not wish to file a formal complaint or if the complaint is not related to the project before closing the case. The SEA/SH Action Plan will list referral services in the different Project areas.

Where SEA/SH grievances have been allegedly committed by a Project worker, the grievance will also be reported to the respective employing agency. The PIU Social Specialist will follow up and determine jointly with the GRM Focal Point of the respective partner the likelihood that the allegation is related to the Project. The GBV Specialist will follow up and ensure that the violation of the Code of Conduct is handled appropriately. The responsibility to implement any disciplinary action lies with the employer of the perpetrator, in accordance with local labor legislation, the employment contract, and the code of conduct. The GRM focal point will report back to the survivor on any steps undertaken and the results.

All SEA/SH incidents would be reported to the World Bank in accordance with the informed agreement by the survivor within 48 hours.

9. Monitoring and Reporting

9.1 Involvement of Relevant Stakeholders in Monitoring Activities

The Project will involve project relevant stakeholders in monitoring of project activities, including project performance as well as environmental and social risks and impacts. The MFPs will be established at the targeted project area that will be the key stakeholder serving in a monitoring function. Representing the MFPs members will be able to represent the voices of the community on project performance and impacts from a local perspective through regular consultation meetings with the Project implementers (ACGF and NGO/CSO partners) at the local level (using methods described above).

In addition to the ARTF MA, AKF's M&E team in PIU will employ participatory and gender-sensitive monitoring and evaluation (PME) methods and approaches to ensure that relevant stakeholders are fully involved in projects' M&E activities to facilitate a bottom-up approach which supports people-centered decisions and observations. These PME methods and approaches will be implemented by IPs to make sure stakeholders are involved and engaged in monitoring of the project. Such involvement is made right from the design to the implementation where various local techniques can be used in any situation, urban or rural, with people of different literacy levels. Furthermore, PME is a process of self-assessment, collective knowledge generation, and cooperative action in which stakeholders in a program or intervention substantively and collaboratively identify the monitoring and evaluation issues, collect and analyze data, and take-action as a result of what they learn through this process" (Research Gate, 2018). There are several tools to be used during the PME processes, such as, direct observations, semi-structured interviews, participatory mapping and modeling transect walk including guided field walk, seasonal calendar, timelines and local histories, Venn diagrams, problem tree, direct-matrix pair-wise ranking and scoring and more. Every required tool will be fully administrated with the relevant stakeholders through a participatory approach where stakeholders will be the owners of processes and the M&E team will be the facilitators. In addition, the PME also provides a more people-centered approach and methods of reporting to the various groups of stakeholders using more contextual and local participatory methods.

9.2 Reporting Back to Stakeholder Groups

The SEP will be periodically revised and updated as necessary during project implementation to ensure that the method of engagement remains appropriate and effective in relation to the project context and specific phases of the development. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP.

Quarterly summaries and internal reports on public grievances, enquiries, and related incidents, together with the status of implementation of associated corrective/preventative actions, will be collated by the designated GRM officer, and referred to the senior management of the project. The quarterly summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in a timely and effective manner. Information on public engagement activities undertaken by the Project during the year will be conveyed to the stakeholders in the following manner:

- Publication of a standalone annual report on the project's interaction with the stakeholders.
- Monitoring of a beneficiary feedback indicator on a regular basis. The indicator used will be the number/percentage of public grievances received within a reporting period (e.g., monthly, quarterly, or annually) and number of those resolved within the prescribed timeline.