

Bangladesh: Financial Sector Support Project (FSSP)

**Environmental and Social
Management Framework
(ESMF)**

Annexures

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Annexure 1: Overview of Environmental Policy and Legislation in Bangladesh

Note: This summary is provided for information purposes only, and is not necessarily an exhaustive nor a World Bank Group approved list of all relevant environmental legislation and institution framework.

National Environmental Policy 1992

Bangladesh National Environmental Policy (GOB, 1992) was approved in May 1992, and sets out the basic framework for environmental action, together with a set of broad sectoral action guidelines. Key elements of the policy are:

- Maintenance of the ecological balance and overall progress and development of the country through protection and improvement of the environment.
- Protection of the country against natural disasters
- Identification and regulation of all types of activities which pollute and degrade the environment
- Ensuring sustainable utilization of all natural resources
- Active association with all environmentally-related international initiatives

Environmental policy contains the following specific objectives with respect to the industrial sector:

- To adopt corrective measures in phases in industries that causes pollution.
- To conduct Environmental Impact Assessments (EIAs) for all new public and private industries.
- To ban the establishment of any industry that produces goods that cause environmental pollution, closure of such existing industries in phases and discouragement of the use of such goods through the development and/or introduction of environmentally sound substitutes.
- To ensure sustainable use of raw materials in industries and to prevent their wastage.

National Environmental Management Action Plan (NEMAP)

National Environmental Management Action Plan, also referred to as NEMAP (GOB, 1995) is a wide-ranging and multi-faceted plan, which builds on and extends the statements set out in the National Environmental Policy. NEMAP was developed to address issues and management requirements during the period 1995 to 2005, and sets out the framework within which the recommendations of the National Conservation Strategy are to be implemented.

NEMAP has the broad objectives of:

- Identification of key environmental issues affecting Bangladesh;
- Identification of actions necessary to halt or reduce the rate of environmental degradation;
- Improvement of the natural and built environment;
- Conservation of habitats and biodiversity;
- Promotion of sustainable development;
- Improvement in the quality of life of the people.

One of the key elements of NEMAP is that sectoral environmental concerns are identified. In outline, the environmental issues of the industrial sector include the following:

- Pollution arising from various industrial processes and plants throughout the country causing varying degrees of degradation of the receiving environment (Air, Water, and Land).
- There is a general absence of pollution abatement in terms of waste minimization and treatment.
- Low level of environmental awareness amongst industrialists and entrepreneurs.
- Lack of technology, appropriate to efficient use of resources and waste minimization leading to unnecessary pollution loading in the environment.
- Economic constraints on pollution abatement and waste minimization such as the cost of new technology, the competitiveness of labour, and intensive production methods as compared to more modern methods.
- Concentration of industry and hence pollution in specific areas which exacerbate localized environmental degradation and exceed the carrying capacity of the receiving bodies.
- Unplanned industrial development has resulted in several industries located within or close to residential areas, which adversely affects human health and quality of human environment.
- Establishment of industries at the cost of good agricultural lands and in the residential areas.
- Lack of incentives to industrialists to incorporate emission/discharge treatment plant in their industries.

Environment Conservation Act 1995

An Act to provide for conservation of the environment, improvement of environmental standards and control and mitigation of environmental pollution.

The national environmental legislation known as Environmental Conservation Act, 1995 (ECA-95) is currently the main legislative document relating to environmental protection in Bangladesh, which repealed the earlier environment pollution control ordinance of 1997 and has been promulgated in 1995.

The main objectives of ECA-95 are:

- Conservation and improvement of environment, and
- Control and mitigation of pollution of environment.

The main strategies of the act can be summarized as:

- Declaration of ecologically critical areas, and restriction on the operation and process, which can be carried, out or cannot be initiated in the ecologically critical areas.
- Regulation in respect of vehicles emitting smoke harmful for the environment.
- Environmental clearance
- Regulation of the industries and other development activities - discharge permit.

- Promulgation of standards for quality of air, water, noise and soil for different areas for different purposes.
- Promulgation of standard limit for discharging and emitting waste.
- Formulation and declaration of environmental guidelines.

Department of Environment (DOE) is implementing the Act. DOE is under the ministry of Environment and Forest and is headed by a Director General (DG). The DG has complete control over the DOE. The power of DG, as given in the Act, may be outlined as follows:

- The DG has the power to close down the activities considered harmful to human life or the environment. The operator does have the right to appeal and procedures are in place for this. However, if the incident is considered an emergency, there is no opportunity for appeal.
- The DG has the power to declare an area affected by pollution as an ecologically critical area. DOE governs the type of work or process, which can take place in such an area.
- Before going for any new development project, the project proponent must have to take Environmental Clearance from DOE. The procedures to take such clearance are in place.
- Failure to comply with any part of ECA-95 may result in punishment by a maximum of 05 years imprisonment or a maximum fine of Tk. 100,000 or both.

The ECA-95 also provides for restricting manufacture, sale etc. of articles injurious to environment.

The provision of granting Environmental Clearance Certificate to industrial units or project by the Director General has been provided under the Act. The Act also provides for the formulation and publication of environmental guidelines relating to the control and mitigation of environmental pollution, conservation and improvement of the environment.

Environment Conservation Rules 1997

A set of the relevant rules titled Environment Conservation Rules 1997 (ECR-97) to implement the ECA-95 has been promulgated (August 1997). The ECR is further amended in 2002 and 2003. The rules mainly consist of:

- Categorized list (green, orange and red) of the projects;
- Application format to take environmental clearance;
- Ambient standards in relation to water pollution, air pollution and noise, as well as permitted discharge/emission levels of water and air pollutants and noise by industries.

The Rules incorporate "inclusion lists" of projects requiring varying degrees of environmental investigation.

Green List Industries are considered relatively pollution-free and therefore do not require an environmental clearance certificate from the DOE and no environmental study.

Orange List Industries fall into two categories. Category Orange - A industries are required to submit general information, a feasibility report, a process flow diagram and schematic diagrams of waste treatment facilities along with their application for obtaining DOE environmental clearance. Category Orange-B industries are required to submit an Initial Environmental

Examination (IEE) report, along with their application and the information and papers specified for Category Orange - A industries.

Red List Industries are those which may cause 'significant adverse' environmental impacts and are therefore required to submit an EIA report. It should be noted that they may obtain an initial site clearance on the basis of an IEE report, and subsequently submit an EIA report for obtaining environmental clearance along with other necessary papers, like the feasibility study report, no objection from local authority.

As per ECR '97 all existing industries/projects in Orange B and Red category require an Environmental Management Plan (EMP) (not IEE or EIA) to be prepared and submitted along with necessary other papers while applying for environmental clearance.

The procedure for issuing Environmental Clearance Certificate and the steps to be followed for the various industrial categories has been provided in the Rules. The Rules provides for issuance of Location Clearance Certificate for industrial units and projects falling in the Orange – A, Orange – B and Red categories, prior to the issuance of Environmental Clearance Certificate. However if the the Director General considers it appropriate, can issue Environmental Clearance Certificate directly without issuing a Location Clearance Certificate.

Environmental standards in operation in Bangladesh also Promulgated under the ECR-97. There are standards prescribed for varying water sources, ambient air, noise, odour, industrial effluent and emission discharges, vehicular emission etc.

The Bangladesh standards intend to impose restrictions on the volume and concentrations of wastewater/solid waste/ gaseous emission etc. discharged into the environment. In addition a number of surrogate pollution parameters like Biochemical Oxygen Demand, or Chemical Oxygen Demand; Total Suspended Solids, etc. are specified in terms of concentration and/or total allowable quality discharged in case of waste water/solid waste. Additionally specific parameters depending on the manufacturing process are specified such as phenol, cyanide, copper, zinc, chromium etc. Air emission quality standards refer mostly to concentration of mass emission of various types of particulate, sulphur dioxide, and oxides of nitrogen and in some cases volatile organic compounds and other substances.

Application format for environmental clearance is in place can be collected from divisional offices of DOE.

Annexure 2: Guidance Note on Stakeholder Analysis

Stakeholders are people or organizations who either (a) stand to be affected by the project or (b) could ‘make or break’ the project’s success. They may be winners or losers, included or excluded from decision-making, users of results, participants in the process.

Stakeholder analysis is the identification of a project's key stakeholders, an assessment of their interests in the project and the ways in which these interests may affect a project.

The reason for doing a stakeholder analysis is to identify:

- which individuals or organizations to include in coalition (although its composition may evolve during project design and implementation)
- what roles they should play and at which stage
- who to build and nurture relationships with
- who to inform and consult about the project

It helps in justifying these decisions.

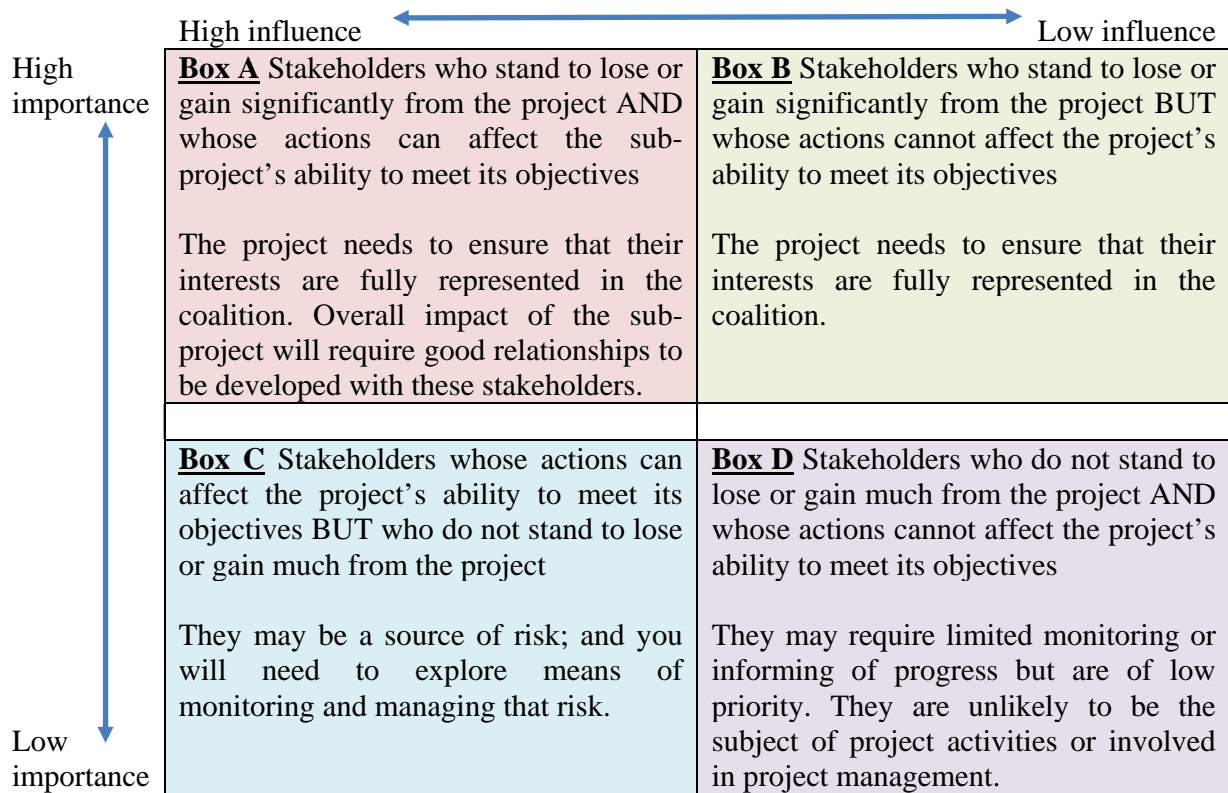
There are many ways of preparing this analysis. Both the coalition and other (external) stakeholders should be considered. The table at the end of this section is provided for guidance based on those stakeholders that are adjudged to be high priority.

Specificity in naming stakeholders and considering those which can be realistically consulted in critical.

For practical reasons, prioritising the most relevant stakeholder is critical to this exercise

Matrix for prioritising key stakeholders:

The following matrix may be considered for prioritising key stakeholders



- Those in Box D are not key stakeholders and can be effectively ignored in project design and implementation.
- Those in Box A are the most important stakeholders and their interests should be represented. It should be ensured that the interests of the strongest stakeholders in Box B are represented on the coalition.
- It is useful to build and nurture relationships with the most influential stakeholders in Box C, to 'keep them on board'.

Annexure 3: Key Environmental Impacts of Industries in Textile Sector

Textile industries are characterised not only by the vast quantity of water required, but also by variety of chemicals used. Generally there is a long sequence of wet processing stages, and therefore many requirements for resource inputs and several sources of waste generation. Another notable feature of this industry includes variations in production and profiles and hence fluctuations in waste flow rates and its concentrations.

Amongst the waste generated, the wastewater dominates over air emissions and solid waste generated in terms of severity of environmental impacts. The wastewater is generated due by the wet operations, which are conducted during different parts of the textile manufacturing process and contain substantial pollution load in terms of organic matter, suspended matter, mineral oils, non-biodegradable or low biodegradable surfactants and at times heavy metals. Odour and colour are two other characteristics of the wastewater generated.

The impacts of the wastewater, when discharged untreated, can be significant. Some chemicals discharged can have toxic effects on the receiving environment. Discharge of such effluents into aquatic bodies can cause lowering of dissolved oxygen and threats to aquatic life and downstream water users, due to toxicity and deterioration in the aesthetic value of the water quality. The following table provides a typical overview of wastewater generated.

Unit process	Possible pollutant in the wastewater	Nature of the wastewater
Desizing	Starch, glucose, carboxyl methyl cellulose, poly vinyl alcohol, resins, fats and waxes	Significant concentrations of organic matters and solids. BOD ₅ and COD loads from desizing may be significant (35 to 50 percent of the total load), and COD concentrations up to 20,000 mg/L may be generated.
Scouring	Caustic soda, waxes and greases, soda ash, sodium silicate, detergents, etc.	Strongly alkaline, and a significant portion of BOD ₅ and COD loads, dark colour
Bleaching	Hydrogen peroxide, sodium hypochlorite, chlorine compounds, caustic soda, adsorbable organic halogens (AOX), acids, etc.	Strongly alkaline
Mercerizing	Caustic soda	Strongly alkaline
Dyeing	colour pigments, halogens (especially in vat, disperse, and reactive dyes), metals (e.g. copper, chromium, zinc, cobalt, and nickel), amines and other chemicals used as	Strongly coloured, fairly high BOD ₅ and COD

Unit process	Possible pollutant in the wastewater	Nature of the wastewater
	auxiliaries in dye formulation	
Printing	Colours, starch, gums, oil, china clay, mordants, acids and metallic salt	an oily appearance and significant volatile organic compound (VOC) levels, highly coloured, fairly high BOD ₅ and COD
Finishing operations	Traces of starch, tallow; salt, etc.	Slightly alkaline, low BOD ₅ and COD

While the impact of air emissions from textile manufacturing may not be significant the use of auxiliary processes like power generation and steam generation through boilers contribute to air pollution. The type of fuel being used and the efficiency of the systems are critical factors to look into in these cases.

In order to reduce the environmental impacts from textile industries, various pollution prevention / cleaner production techniques may be used to eliminate waste streams or to reduce waste strength and volume. Pollution prevention / cleaner production techniques not only reduces the environmental impacts but most of the times improves process efficiencies, thus contributing to cost reduction in the production processes.

Some of the recommended pollution prevention techniques for each of the unit processes used in textile industries are tabulated below.

Unit process	Illustration of possible pollution prevention techniques
Desizing	<ul style="list-style-type: none"> • Selection of more bio eliminable sizing agents • Application of enzymatic or oxidative desizing with starch and modified starch sizing agents, followed by washing systems • Integration of desizing / scouring and bleaching in a single step to reduce effluent generation • Recovery and reuse of specific water-soluble synthetic sizing agents
Scouring	<ul style="list-style-type: none"> • Use of readily biodegradable detergents / surfactants that do not give rise to toxic metabolites • Adoption of low volatile organic compound (VOC) emitting solvent wash for removal of water insoluble oil
Bleaching	<ul style="list-style-type: none"> • Use of hydrogen peroxide bleaching agent, instead of sulphur- and chlorine-based bleaches • Reduce the use of sodium hypochlorite
Mercerizing	<ul style="list-style-type: none"> • Recovery and reuse of alkali from mercerizing effluent
Dyeing	<ul style="list-style-type: none"> • Use of automatic systems for dosing and dispensing dyes • When applicable, use of continuous and semi-continuous dyeing processes • Use of machinery with automatic controllers of temperature and dyeing cycle parameters

Unit process	Illustration of possible pollution prevention techniques
	<ul style="list-style-type: none">• Substitution of chrome dyes with reactive dyes• Adoption of low-salt dyeing techniques
Printing	<ul style="list-style-type: none">• Selection of water soluble and biodegradable lubricants for knitted fabrics instead of mineral oil• Use of organic solvent washing for non-water soluble lubricants
Finishing operations	<ul style="list-style-type: none">• Selection of water soluble and biodegradable lubricants for knitted fabrics instead of mineral oil and wash them with water• using mechanical dewatering equipment to reduce water content of the incoming fabric

For the remaining wastewater generated after the pollution prevention techniques have been applied a combination of treatment techniques are available. The treatment system put in place should be designed to meet the discharge standards prescribed under the ECR-97.

Annexure 4: Illustrative Terms of Reference (ToR) for Engaging E&S Consulting Firm (ESCF)

**SELECTION OF CONSULTANT FOR
TECHNICAL ASSISTANCE FOR SUPPORTING IMPLEMENTATION OF
ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF) OF THE
FINANCIAL SECTOR SUPPORT PROJECT (FSSP)
ON BEHALF OF
BANGLADESH BANK**

Background

The Bangladesh Bank (BB) is implementing the Financial Sector Support Project (FSSP) aimed at helping in scaling-up access to affordable financing and enhancing markets for long-term debt in order to meet the long term financing needs of manufacturing industries including SMEs. The FSSP is supported by the World Bank credit line. The FSSP will support long term financing through participating financial institutions (PFIs) to firms in Bangladesh. Given that the specific transactions will only be identified during implementation, an E&S Management Framework (ESMF) has been developed to ensure that these transactions and project activities are properly assessed for and will not create adverse E&S impacts. The ESMF defines and outlines policies, procedures, roles, and responsibilities for managing impacts, risks, and effects on E&S aspects of subprojects that are financed by FSSP.

FSSP will provide firms in Bangladesh with access to long term finance and also provide technical assistance to PFIs on this area. Imports of new equipment (capital machinery) are expected to be the primary use of funding, but the Project is open to be used for setting up new manufacturing units, up-gradation (including improving health and safety compliance) and expansion. However, the sub-projects developed under the FSSP would not involve any involuntary land acquisition, involuntary resettlement or impact on indigenous people.

BB requires the services of a national or an international consultancy firm that shall function as the Environmental and Social Consultancy Firm (ESCF) under the FSSP to provide support to the PFIs, prospective borrowers of long term fund of FSSP and its relevant stakeholders on complying with the ESMF framework of FSSP. The following Terms of References are applicable to the carrying out of the requested services.

Objective

The of the assignment are

- to assist BB in implementing the ESMF of the FSSP and

- build capacities in the PFIs with regards to environmental and social assessments relevant to the sub-projects that will be using the funds

Reference Frameworks

The reference framework for carrying out this assignment shall be the following:

Applicable:

- Applicable local, national and international environmental and social legislation.
- OP 4.01 on Environment Assessment (The World Bank), revised April 2013
- The World Bank Guidelines: The General EHS Guidelines, April 2007 and EHS Guidelines for the various Sectors to the extent applicable.
- Bangladesh Bank's Environmental Risk Management

Guidance:

- IFC's Environmental and Social Performance Standards to the extent applicable.

Scope of Services

The scope of work entails the following:

1. The assignment consists of providing BB with assistance and support for implementing the ESMS for the FSSP. Also the Consultant shall provide all necessary support to the PFIs with regards to the FSSP project implementation in the areas of E&S issues.
2. The Consultant shall conduct regular training programmes for the staff at BB and PFIs to ensure that there is full awareness about E&S issues and the implementation of the ESMF.
3. In line with the approach described in the ESMF, the Consultant will guide and support the PFIs in carrying out relevant environment document assessment as asked by them. This will include analysis of the data collected to ascertain if stand-alone Environmental Assessments (EA) and E&S Management Plans (ESMP) are needed.
4. The Consultant shall conduct workshops/seminars for Project staff in BB and the PFIs and other stakeholders (businesses, government, etc.) to enhance the participation, commitment and perception of the various aspect of the FSSP including communicating the ESMF

Outline of Tasks

All Tasks shall be carried out in close coordination and communication with the Green Banking and CSR Department (GBCSRD) of the BB.

The assessment will comprise of five tasks:

A. Supporting implementation of ESMS:

The Consultant's team will familiarize itself with the ESMS and its application along with the applicable elements of the Reference Frameworks.

A help desk will be established by the Bangladesh Bank in GBCSRD to provide support to the PFIs and the sub projects for implementing the ESMS for the FSSP. The contact details should be readily available with all concern. The queries raised should be responded in shortest possible time. All such communication shall be well documented. The consultant will assist BB in implementing and operating the help desk.

B. Capacity Building on E&S:

The consultant shall conduct regular training programmes on E&S issues, the ESMF, E&S assessment, reference frameworks, etc. A schedule of Program for a quarter should be pre-announced in consultation with GBCSRD and communicated to the BB and the PFI team. Depending on the need few programmes may be repeated (in consultation with the GBCSRD) during the year.

It is expected that the Consultant will carry out at least 6 training Programmes in a year's times.

C. Supporting in E&S assessment:

The consultant's team shall be available to the PFIs to advice and guide (and if required carry out) the E&S assessment of sub-project applications if asked by the PFIs. The data collection, analysis and analysis of the data collected to carry out the screening and categorization of the sub-projects. The Consultant will also be responsible to determine the mitigation measures as well as the need for stand-alone Environmental Assessments (EA) and E&S Management Plans (ESMP).

Conduct of workshops/seminars:

In order to raise awareness not only amongst the PFIs but also among the project proponents and other stake holders, a series of workshops are being proposed. These workshops will be used to communicate ESMF requirements of FSSP as well as the various aspects related to E&S management.

At least two workshops shall be conducted every year.

Reporting and Deliverables

The Consultant shall submit a monthly progress report highlighting its activities and achievements during the month. Also the target for the subsequent month shall also be communicated in these reports.

Besides the monthly reports, the Consultant shall also be responsible for the review and the finalization of the 'E&S section of the Loan Application Format' as well as the Environmental and Social Screening Form for all the sub-projects seeking loan from the various PFIs.

Team

The assignment has to be carried out by suitably qualified independent E&S experts, with appropriate environmental and social auditing background and experience in the industrial sector as well as having work experience with the financial institutions. Work experience in Bangladesh is necessary.

Duration of the Assignment

The assignment shall be for a period of three years phased out over during the entire project. .

However BB holds the right to terminate the assignment prior to completion of the three years. However, the Consultant shall be notified at least one month in advance if such a decision is take. This will not be applicable if the termination arises as a punitive action by the BB.

Eligibility criteria

The Consultant responding this ToR shall fulfill all the below mentioned eligibility criteria.

- The consultant or their associate organizations shall have proven track record in providing services on environmental and social aspects related to industrial management having an experience at least for 3 years.
- Average Annual financial turnover of BDT. XXX during last three financial years ending 31st March 2015

Submission of response

The Consultants are invited to submit their Technical Proposal and a Financial Proposal. The replies must be straightforward and concise, and must be presented in the following proposed format:

A. Presentation of the Consulting Firm

- Brief history and description of your firm's activities
- Organizational chart
- Number of employees (in general, and in the sector involved with this mandate)
- Contact details (names, positions, addresses, telephone numbers and e-mail addresses) for this mandate
- Turnover and results for the past three financial years
- Current or past dealings with the World Bank or BB if any (brief description of past contracts, value and the contact names within the group).

B. Summary of proposal

- Understanding of BB's expectations (needs assessment)
- Summary of the planned stages and overall calendar for the mandate

C. Description of methodology, services and resources deployed

D. Recommendations, prerequisites and constraints

E. Detailed table of tasks and deliverables

F. Individual profile of the consultant's Personnel involved

G. References

- Principal references in this type of mandate, and in the related sector
- Client references who can be contacted (names, positions, telephone numbers and email addresses) in relation to similar services

H. Detailed financial proposal

- Flat-rate fee
- Rates applied by each level of Consultant
- Payment schedule for each deliverable

Submission of responses

The response complete in all respect with all the supporting documents should be sent by e-mail, using standard Microsoft Office programs (Word/Excel/PowerPoint) to:

XXX@XXX.com

YYY@YYY.com

Deadline for submission of proposal

The proposals must be delivered no later than 10 working days after reception of these Terms of Reference.

Selection of Consultant

BB reserve the right to select the Consultant(s) on the basis of the proposals received, and may undertake and continue negotiations with one or several Consultant(s) contacted after all the proposals have been received. The Consultant(s) will be selected after in-depth analyses of all proposals and according to criteria which best reflect the needs of BB.

BB expects its service providers and partners to supply services of high quality, in line with our own objectives and investments.

Any proposals which are incomplete, delivered late or which do not meet the requirements expressed by BB in this Terms of Reference will not be taken into consideration.

Award Criteria

The contract will be awarded in accordance with the criteria listed below.

Method of selection: **Quality and Cost Based Selection (QCBS)**

Criteria, sub-criteria, and point system for the evaluation of Technical Proposals are described below:

Criteria	Sub criteria	Points						
(i) Specific experience of the Consultancy relevant to the assignment	<ul style="list-style-type: none"> • Experience in implementation of ESMSs for Financial Institutions • Confirmed Environmental, Social and Safety Audit experience • Confirmed Audit experience against Bangladesh Laws and IFC Performance Standards • Confirmed experience in Industries, particularly in textile industries • Specific experience of working in Bangladesh 	30						
(ii) Adequacy of the proposed methodology and work plan with Terms of Reference	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">a) Technical approach and methodology</td> <td style="width: 10%; text-align: center;">4</td> </tr> <tr> <td>b) Work plan</td> <td style="text-align: center;">8</td> </tr> <tr> <td>c) Organization and staffing</td> <td style="text-align: center;">8</td> </tr> </table>	a) Technical approach and methodology	4	b) Work plan	8	c) Organization and staffing	8	20
a) Technical approach and methodology	4							
b) Work plan	8							
c) Organization and staffing	8							
(iii) Key professional staff qualifications and competence for the assignment	<ul style="list-style-type: none"> • Experience in implementation of ESMSs • Confirmed Environmental, Social and Safety Audit experience performed against Bangladesh Laws and IFC Performance Standards • Confirmed experience in Industries • Specific experience of working in Bangladesh 	40						

(iv) Suitability of the transfer of knowledge (training) program	<ul style="list-style-type: none"> • Relevance of training program; Training approach and methodology; Qualifications of experts and trainers 	10
Total points for the four criteria:	The minimum technical score (St) required to pass is: 80 Points	100

The formula for determining the financial scores is the following: $S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price and F the price of the proposal under consideration. The weights given to the Technical and Financial Proposals are $T = 0.7$; and $P = 0.3$.

The total score (S) will be determined by the following formula:

$$S = 0.7 \times S_t + 0.3 \times S_f$$

Costs of Submitting the Proposal

The Consultants must bear all the costs incurred in relation to the preparation of their proposals.

Prices

The agreed prices may not be revised upwards during the term of the contract, even in the case of an increase in the Consultant's published prices. The prices agreed will be flat rate, for the entire scope of the agreed services.

The prices thus negotiated will include all the expenses borne by the Consultant, and all the charges, fees and other costs relating to the provision of the service.

Contacts

Any queries relating to this TOR should be sent by e-mail to XXX@YYY.com with a copy to ZZZ@YYY.com and it must make reference to the TOR.

Annexure 5: Qualification and experience of the E&S expert to be engaged by the third party audit firm.

The consultant needs to have substantive knowledge and experience in environmental and social safeguards with specific experience in the manufacturing sector. The expert also needs to have specific skills in undertaking compliance assessments with combined considerations of social and environmental issues more specifically in developing and implementing action plans. Experience in Bangladesh and in the region is essential.

The consultant must be familiar with the World Bank environmental and social safeguard policies and have direct experience on environmental and social assessment of the World Bank funded projects. The awareness of environmental and social regulatory framework of Bangladesh relevant to the manufacturing sector is essential. The knowledge and understanding of Bangladesh Bank's 'Environmental Risk Management' guidelines will be an added advantage.

The consultant should have: an advanced degree in relevant field with specialized focus on environmental or sustainability related issues; proven abilities to review safeguard compliances and draft project reports. This would also include development of assessment reports (involving E&S due-diligence audits, management system audits, compliance audits and synthesis), work plans, good organizational, substantive and communication skills to interact with people inside and outside of the project team including, but not limited to, the Bangladesh Bank, the participating financial institutions (PFIs) and firms seeking loans under the Project.

Annexure 6: Prohibited Investment Activities List

FSSP's finance will not be invested in the following:

- Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES.
- Production of or trade in weapons and munitions.¹
- Production or trade in alcoholic beverages (excluding beer and wine).¹
- Production or trade in tobacco.¹
- Gambling, casinos and equivalent enterprises.¹
- 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 trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%
- Firms that discharge untreated polluted water into international waterways¹.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

¹ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

¹ Untreated polluted water means ***the industrial wastewater, which does not meet the standard specified in the Bangladesh Environmental Conservation Rules'97 and subsequent amendments.***

International Waterways (as per OP 7.50 - Projects on International Waterways) means (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank¹members or not; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states--and any river flowing into such waters.

Annexure 7: Assessment Process for Sub-Project Screening & Categorization

(This Guidance should be read along with section 6 of the ESMF, Annex 8 - E&S Section of the Loan Application Format and Annex 9 - Environmental and Social Screening Form)

This Screening approach will be used for the following purposes:

- Assigning of the environmental category for the project
- Finalizing Terms of Reference for Environmental & Social Due Diligence (ESDD), Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA), Corrective Action Plan (CAP) or Environmental & Social Management Plan (ESMP)

Guidance to the E&S Screening	Reference
Based on the sub-project description made available by the potential Firm, the PFI will ascertain the category of the industry as per the ECR-97. Also project eligibility will be ascertained by ensuring that the activities of the industry do not violate the Prohibited Investment Activities List.	refer Section 5.2.1 and Annex 9
The PFI then ascertains that the FSSP specific exclusions (refer section 5.2.2) is not violated by the potential Firm. This includes establishing that the factory / enterprise located inside an industrial zone or in factory environments ² and no land acquisition and displacement of people. Any proposed sub-project that does not comply with the above shall be rejected without any further analysis. If the information is unknown, additional information is required before proposal can be considered.	refer Section 5.2.2 and Q 1 to 4 of the Environmental and Social Screening Form (Annex 9)
Once the eligibility of the sub-project is ascertained, the PFI shall establish if the sub-project activities are entirely different from the existing operations of the industry. In case they are different the PFI shall assess to understand if the proposed activities of the sub-project: <ul style="list-style-type: none"> • may cause large scale adverse impacts on local air quality, noise levels, generation of hazardous wastes as well as nuisance to community • may permanently alter landuse, natural drainage or destroys habitat • may create impacts that is hitherto unknown <p>If any of the above situations is found to be a possibility for the sub-project, the sub-project shall be considered as High-risk transaction. Such sub-projects may require E&S Assessment (ESA).</p> <p>The approach for dealing with High-risk transactions is given under section 6.6.</p>	refer Q 5 to 7 of the Environmental and Social Screening Form (Annex 9)
The PFI then shall check the applicable operating permits, licenses,	refer Q 8 to 13 of

² Factory environment will be considered as those factories which are outside the industrial zones but have the required land use clearances (for industrial use of the premises / building) to construct factory as well as has building permissions from the local authorities.

Guidance to the E&S Screening	Reference
<p>approvals etc. in doing this the PFI will ensure that these are available and valid for the existing operations of the industry.</p> <p>The PFI then shall check if the introduction / operation of the sub-project will have an increase in the production capacity such that this infringes any of the permits, licenses, and approvals. If so the requirement to revise the permits, licenses, and approvals shall be checked.</p> <p>The PFI then shall check if the sub-project will contribute to the generation of water effluents and air emissions which will require additional environmental control measures in order to ensure compliance with the DoE standards.</p> <p>Also the environmental and social liabilities (e.g. pending legal proceedings involving environmental issues worker / community issues, etc.) that are pending against the industry should be assessed.</p> <p>If there are any gaps in the existing facility compared to the stipulated conditions of the permits, licenses, approvals etc., the approach for bridging the gap shall be looked into.</p> <p>If any of the above situations is found to be a possibility for the sub-project, the sub-project shall be considered as substantial-risk transaction. Such sub-projects may require an E&S Due Diligence (ESDD) Audit.</p> <p>The approach for dealing with Substantial-risk transactions is given under section 6.5.</p>	<p>the Environmental and Social Screening Form (Annex 9)</p>
<p>The PFI subsequently checks for the following due to the sub-project:</p> <ul style="list-style-type: none"> • handling of hazardous/ dangerous chemicals in its operations • adverse health and safety impacts is created • disturbances to the adjoining neighbourhood during construction or operation of the sub-project • impact any physical cultural resources • generate waste that needs special management provisions • generation of polychlorinated biphenyls (PCBs) or mercury-containing devices • removal of building materials containing asbestos • lead to adverse impact on the livelihood of the workforce <p>Also if any complaints have been raised by local affected people or groups regarding conditions at the facility should also be ascertained.</p> <p>If any of the above situations is found to be a possibility for the sub-project, the sub-project shall be considered as Medium-risk transaction. Environmental & Social Management Plan (ESMP) will be prepared for such sub-projects to address the discrepancies. If required, E&S covenants should also be included.</p> <p>The approach for dealing with Medium-risk transactions is given under</p>	<p>refer Q 14 to 27 of the Environmental and Social Screening Form (Annex 9)</p>

Guidance to the E&S Screening	Reference
section 6.4.	
Sub-projects for which none of the above conditions apply will be considered as Low risk transaction.	
The approach for dealing with Low-risk transactions is given under section 6.3.	

It is recommended that while carrying out the assessment, the PFI should verify the submissions made by the Firm by physical checks at site visit, review of past records and interview of workers.

Annexure 8: E&S Section of the Loan Application Format

(To be filled by the project proponent. Attach additional sheets, if needed)

Name of Industry	:	
Address	:	
Contact Person	:	
E-mail	:	
Telephone No.	:	
Type of sub-project	:	<input type="checkbox"/> Expansion <input type="checkbox"/> New Unit
Product	:	Existing products :
	:	Proposed products :
Brief description of sub-project	:	
Location of sub-project ^a	:	
Layout of the sub-project ^b	:	
Ownership of sub-project land	:	
Brief description of sub-project site ^c	:	
Key activities of sub-project	:	

^a *attach location map*

^b *attach layout drawing. Where applicable indicate clearly the existing setup and proposed expansion*

^c *indicate the information on present landuse, and Important Environmental Features³ (IEFs) adjacent the site*

³ human settlements, educational institutions, health care, pond, canal, river, utility infrastructure , park, green area etc.

Identify the key stakeholders to the sub-project along with their interests in the sub-project and the ways in which these interests may affect the sub-project :

Key emissions expected from the sub-project	Air :	
	Water :	
	Solid waste :	

Expected employment generation from the sub-project ^d	Male :	
	Female :	

Schedule of implementation	(a) Sub-project duration (months): :	
	(b) Tentative start date :	

Potential benefits from sub-project :

Any adverse impacts on livelihoods^e :

PI confirm the following are attached with this format:

#	Attachment	Yes / No / NA
1	Location map of the sub-project	
2	Layout drawing. Where applicable, indicating clearly the existing setup and proposed expansion.	
3	Gantt chart for schedule of implementation	
4	Location Clearance Certificate (If ECC is not granted)	
5	Environmental clearance certificate (ECC)	
6	For existing factories, recent emission monitoring reports*	

** Note: Emission monitoring reports for wastewater discharge, air emission from the key stacks should be submitted. These reports should be from either DoE or other reputed institution. The reports should not be older than 3 months.*

^{d.} provide a range

^{e.} for example, rendering labour redundant due to use of new technologies / equipment

Annexure 9: Environmental & Social Screening Form

	Subproject ID:				
	Subproject Name:				
	Subproject Location:				
	Factory / enterprise classification by DoE:	Green	Orange-A	Orange-B	Red

#	Assessment query	YES	NO	N/A	Guidance
1	Does the production or activities of the factory / enterprise figure in the prohibited activities list?				<i>Refer the Project Exclusion List</i>
2	Is the factory / enterprise located outside an industrial zone or in factory environments ⁴ ?				
3	Will there be land acquisition financed by the proposed sub project?				
4	Will there be displacement of people (physical or economic) for undertaking the proposed sub-project?				
5	Are any of the activities of the Sub-project entirely different from the existing operations and may cause large scale adverse impacts on local air quality, noise levels, generation of hazardous wastes as well as nuisance to community				
6	Are any of the activities of the Sub-project entirely different from the existing operations and may permanently alter landuse, natural drainage or destroys habitat				
7	Are any of the activities of the Sub-project entirely different from the existing operations and may create impacts that is hitherto unknown				
8	Are any operating permits, licenses, approvals etc. invalid or missing for the factory / enterprise?				
	Permits to screen for include:				
	Site / Location Clearance				
	Environmental Clearance				
	Factories Inspectorate's operating licenses & permits				
	Landuse Clearance				
Building permission					

⁴ Factory environment will be considered as those factories which are outside the industrial zones but have the required land use clearances (for industrial use of the premises / building) to construct factory as well as has building permissions from the local authorities.

#	Assessment query	YES	NO	N/A	Guidance
	Any other				
9A	In case of sub-project that involves setting up of new manufacturing unit, is there a requirement of Environmental Impact Assessment (EIA) to be carried out?				<i>Does the new manufacturing unit required by law to carry out EIA?</i>
	If YES, has the required applications been made and the TOR for the same made to the DOE and TOR obtained?				<i>If Yes, submit the TOR approved by DOE</i>
9B	In case of sub-projects that require the expansion of existing facilities, will there be increase in production capacity due to the sub-project that violates the above mentioned permits, licenses, approvals etc.?				<i>Does the existing enterprise required by law to seek revised Clearances?</i>
	If YES, has application to be made for revision of Environmental Clearance that will require Environmental Impact Assessment (EIA) to be carried out?				<i>If Yes, submit the TOR approved by DOE</i>
10A	Will the sub-project generate water effluents that would require additional environmental control measures in order to ensure compliance with the DoE standards?				
10B	Will the sub-project discharge untreated polluted water into international waterways ⁵				If yes, not eligible under FSSP
11	Will the sub-project generate emissions of pollutants into the air that would require additional environmental control measures in order to ensure compliance with the DoE standards?				
12	Are there any significant outstanding environmental fees, fines or penalties or any other environmental and social liabilities (e.g. pending legal proceedings involving environmental issues, worker / community issues, etc.)				
13	In case of sub-projects that require the expansion of existing facilities, are there any gaps in the existing facility compared to the stipulated				<i>If the finance requested is proposed to be used to remedy these conditions,</i>

⁵ Untreated polluted water means *the industrial wastewater, which does not meet the standard specified in the Bangladesh Environmental Conservation Rules'97 and subsequent amendments.*

International Waterways (as per OP 7.50 - Projects on International Waterways) means (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank¹members or not; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states--and any river flowing into such waters.

#	Assessment query	YES	NO	N/A	Guidance
	conditions of the permits, licenses, approvals etc.?				<i>provide details as Annexure.</i>
14	Will the sub-project involve handling of hazardous/ dangerous chemicals in its operations?				
15	Will the sub-project create adverse health and safety impacts for the employees that may pose significant risk?				<i>e.g.</i>
16	Will the sub-project cause any fire hazards?				<i>e.g. New fuel storage to be constructed. If Yes, Provide details of emergency management system details as Annexure.</i>
17	Will the construction work or functioning of the sub-project disturb other academic / hospital / residential activities in the neighbourhood?				
18	Will the construction work of the sub-project impact any physical cultural resources?				<i>Physical cultural resources assets could be structures related to archaeology, architecture, sculptures of national or religious interest</i>
19	Will the subproject generate waste that needs special management provisions or require handling through licenced agencies?				<i>e.g. in case of procurement of new equipment that replaces existing equipment, how will the old equipment be managed?</i>
20	Will equipment containing polychlorinated biphenyls (PCBs) be removed / disposed?				<i>e.g. transformers, capacitors, hydraulic and heat transfer systems, etc.)</i>
21	Will building materials containing asbestos be removed / disposed?				
22	Will mercury-containing devices be removed / disposed?				<i>e.g. switches, gauges, thermostats)</i>
23	Will the sub-project lead to adverse impact on the livelihood of the workforce?				<i>e.g. rendering labour redundant</i>
24	Have there been any complaints raised by local affected people or groups regarding conditions at the facility?				
25	Are 100 percent of the workers provided with				

#	Assessment query	YES	NO	N/A	Guidance
	written and duly signed Employment Contracts				
26	Is “No Child Labour” policy followed at the factory?				
27	Does the company pay wages (excluding overtime) which is equal or above the minimum wages admissible as per government norms?				

a) Screening Decision

(General Note: Please review the environmental screening and summarize the environmental impacts. Suggest the next step including the Environmental Management Plan).

Annexure 10: Generic Format for E&S Management Plan

The E&S Management Plan (ESMP) outlines the specific programs proposed by the project sponsor that will avoid, mitigate or compensate for anticipated environmental effects of the proposed project. The ESMP is designed to provide a description of the various measures proposed by the Sponsor to avoid significant effects to the environment and provide the framework for monitoring and managing the effectiveness of the various mitigation and compensation measures.

Following is a generic format for preparing ESMP.

Introduction:	<i>Brief but concise information on objective of the EMP and its connection with the ESMF</i>
Sub-project description	<i>Provide brief description of the sub project.</i>
Issue Addressed:	<i>Provide brief description of the identified risk based on the safeguard screening following the criteria in the ESMF, identify potential impacts (positive and negative)</i>
Mitigation measure proposed:	<i>Provide brief description of the proposed mitigation measure and how it is expected to alleviate the risk</i>

Activity Plan of ESMP

Sl. No.	Activity*	Performance Indicator	Target (w-m-y)	Additional Resources Required [#]

* Actions to be carried out as part of the mitigation measure

[#] Additional resources could be in terms of monetary requirements or physical or manpower requirements

Implementation Arrangements	<i>Explain the responsibilities assigned, implementation schedule, cost estimate, and how the EMP will be integrated into the subproject</i>
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Monitoring Plan

#	Activity	What parameter is to be monitored?	Where is the parameter to be monitored?	How is the parameter to be monitored?	When is the parameter to be monitored?	Responsibility

Consultation and information disclosure	<ul style="list-style-type: none"> • <i>If relevant, provide summary on consultation activities and stakeholders on the EMP at subproject level and concerns raised and responses.</i> • <i>Locations and dates of EMP to be disclosed should be provided.</i>
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Annexure 11: Guidance on Public Consultation for Sub-Projects under FSSP

The process of consultations (design and implementation) is the Firm's responsibility. This has to be carried out in consultation with the PFI.

Depending on the scope and context of the sub-project, consultations should take place as part of an integrated Environment and Social Assessment.

The issues to be addressed include:

- What are the issues on which there needs to be consultation?
- Who should be consulted on these issues?
- What form should the consultations take?
- What is the appropriate timing / schedule for conducting consultations?
- How will the consultations be documented, and their results incorporated in the E&S assessment?

The scope of the consultations is based on the scope of the sub-project and the potential impacts, risks and opportunities associated with it. The stakeholders should be presented with the sub-project design, expected achievements, the possible adverse impacts and the associated mitigation measures should be communicated to the stakeholders.

Identification of stakeholders

The stakeholders can be analysed based on stakeholder analysis (refer [Annex 2](#)). In the Project context the workers and the neighbourhood community are two of the key stakeholders besides the government. If the sub-project implementation has the possibility of workers losing employment, these workers should be separately identified as stakeholders. People whose businesses are temporarily affected during construction activities should be identified.

It is important to consult beneficiaries of a sub-project in order to enable them to give comments and suggestions on project design. Key interest groups (e.g., trade unions, academics, professional organizations) who are known to have views on issues being addressed by the project should also be identified.

Participation of the concerned PFI should also be ensured.

Conduct of the consultation

There are several ways to conduct consultations, which include: (a) public hearings or meetings; (b) focus group discussions with particular types of stakeholders; (c) household surveys with structured questionnaires, and (d) electronic consultations. However considering the Project context and looking at the possible sub-project sizes, focus group discussions and/or household surveys should suffice. However, it may be noted that the Firm is free to use any of the abovementioned (or another) method till such time the fairness and effectiveness of consultation is ensured.

The form of consultation is left to the choice of the Firm, till such time all key stakeholders are meaningfully consulted.

The key stakeholders should be encouraged to share their views and suggestion. Towards this it is important to ensure that the key stakeholders have been adequately informed well in time with specific details on the consultation.

Focus groups are extremely useful to obtain the views of different categories of stakeholders: When there are various categories of stakeholders differentiated by the type of impact, the characteristics of the group, or their location – for example, people losing employment, temporarily or partially affected people, people affected indirectly, women, – it is important to have focus groups for these categories. For example, if a sub-project affects a large neighbourhood due to noise pollution or increased traffic, consultations with one or two persons cannot be deemed to adequately cover the issues and concerns of all affected neighbourhood; focus groups or public meetings need to be held so that all affected people at least have an opportunity to participate and express their views. Focus groups are also very useful when some of the stakeholders, especially the more vulnerable, are not likely to be able to express their views openly and freely in large public meetings.

Consultation location

Consultations should be held as close to the location of sub-project as possible. If the key stakeholders need to travel to the consultation venue transport needs to be provided to and from the location, with clear advance information about how to take advantage of the transport facilities offered. It is important that the location needs to be perceived as safe by participants. The venue should be adequate in terms of size, facilities, acoustics and lighting.

Documentation and dissemination

A good record of all consultations should be maintained in a language that is understood by the key stakeholders. The record of consultations should describe: (a) key issues discussed; (b) any agreements reached; (c) the form and manner in which the comments and suggestions received during consultations have been taken into account; (d) points on which there is disagreement either between different stakeholders or between stakeholders and the Firm; and (e) the reasons why some of the comments made by the stakeholders cannot be accommodated.

The concerned PFI may attend consultations as an observer, but make it clear at the outset that the primary decision-making related to the various design aspects of the project remains with the Firm.

Consultations in projects where the PFI gets involved at a late stage:

There may be projects where the PFI's involvement starts after project preparation is well underway. In such cases, the PFI should assess the quality and comprehensiveness of the stakeholder analysis and consultations that have taken place prior to PFI involvement, and determine the need for, and the scope and form of additional consultations to be carried out.