



TANZANIA AGRICULTURAL DEVELOPMENT BANK LIMITED

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

OVERVIEW

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1 What is an Environmental & Social Management System (ESMS)

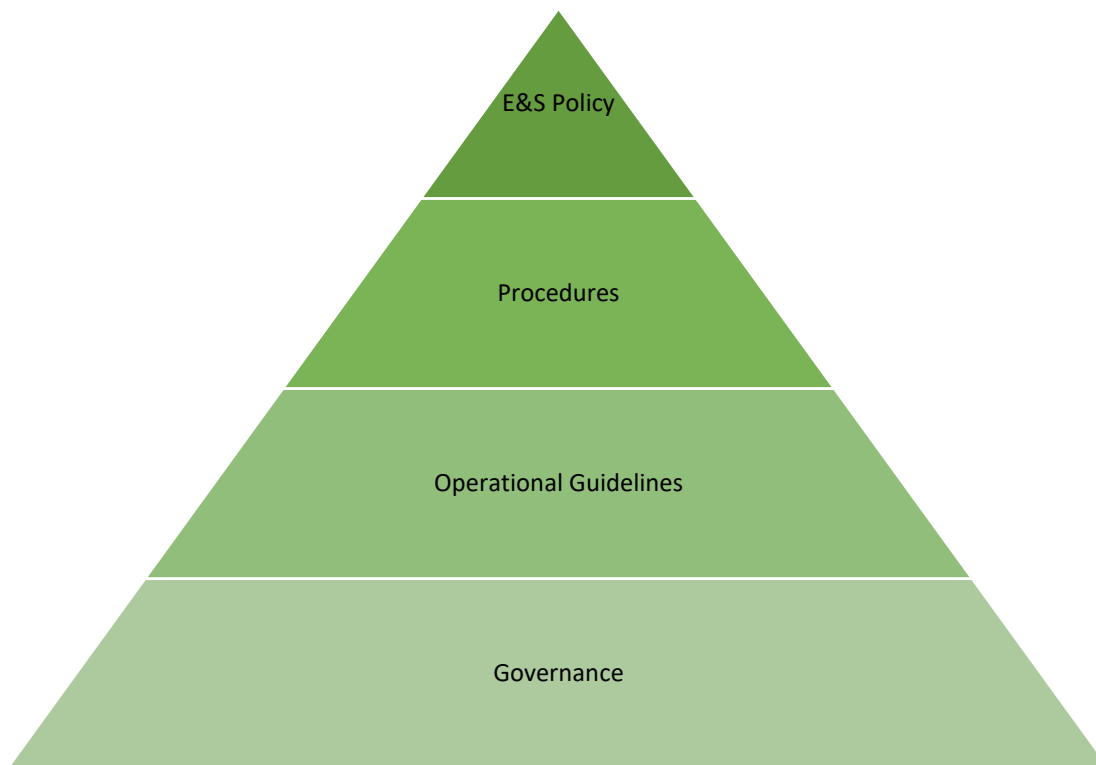
An Environmental & Social Management System (ESMS) is a framework that integrates environmental and social risk management into TADB's business processes. An ESMS is a set of actions and procedures that are implemented concurrently with the TADB's existing risk management procedures. ESMS ensures that the TADB's activities are in compliance with its Environmental and Social Policy ("ESP" or "Policy"), Environmental and Social Management Procedures of Investment Projects ("Procedures") and Performance Standards ("PSs"). An ESMS helps TADB to avoid and manage loans with potential environmental and social risks by conducting environmental and social due diligence prior to loan disbursement and adequate supervision of projects during the term of the loan agreement.

The primary objective of the ESMS is to provide to the Business Development Officers (BDOs) detailed procedures of ensuring that Bank-financed agriculture projects comply with environmental and social requirements throughout the project cycle. This ESMS guides the Bank while conducting its agricultural financing activities. Other objectives of this ESMS are to:

- Provide a formal process for the internal environmental and social review of the Bank-financed projects. The ESMS highlights the various steps that shall be followed to assess environmental and social risks and benefits along the agricultural project cycle.
- Ensure the integration of environmental and social dimensions into the projects financed by the Bank throughout the project cycle from project identification to final repayment.
- Make the Bank's clients/ stakeholders aware of Bank's requirement for environmental and social concerns when assessing its financed projects, thus enhancing their capacity to achieve sustainable development.
- Identify and assess social and environment impacts, both adverse and beneficial, in the project's area of influence and provide measures to minimize, mitigate, or compensate for adverse impacts on workers, affected communities, and the environment; and promote improved social and environmental performance of clients.
- Lay down the process to ensure that all activities undertaken by TADB are consistent with the Performance Standards and the Government of Tanzania's regulations on the environment, social, health and safety.
- The purpose of the ESMS is to improve decision-making and project results in order to ensure that the bank-financed projects are environmentally and socially sustainable as well as in line with Bank's policies and guidelines. The ESMS has therefore, been designed with the recognition that environmental and social dimensions shall be assessed early in the project cycle and taken into account in project selection, planning, and design.

- The ESMS provides ways to prevent, minimize, mitigate, or compensate for adverse identified environmental or social impacts, the process which will help to avoid incurring costs and delays in the implementation due to unanticipated problems.
- It assists TADB in reducing the need for project conditionality as appropriate measures can be taken in advance, incorporated into project design, or alternatives to the project can be considered.

2 Key Elements of the ESMS



2.1 Policy

The Tanzanian Agriculture Development Bank (TADB) is committed to promoting environmentally sound and sustainable development. The Bank recognises that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate. Therefore, the Projects that foster environmental and social sustainability are within the highest priorities of the Bank’s activities.

The Policy outlines how the Bank assesses and monitors the environmental and social risks and impacts of its Projects, it sets minimum requirements for managing environmental and social impacts and risks caused by TADB financed Projects throughout the lifetime of the Projects. It includes a strategic goal for the Bank to promote Projects with high environmental and social benefits, and it defines the respective roles and responsibilities of both TADB and its clients in designing, implementing and operating Projects in accordance with this Policy.

2.2 Procedures

The Environmental and Social Management Procedures for Investment Projects (the “Procedures”) describe the bank’s process for the environmental and social appraisal and monitoring of projects and the way in which this process is integrated into the overall TADB project cycle and decision making process (Project appraisal). The Procedures also describe

the respective roles and responsibilities of TADB's clients and the organisation and management of the bank involved in this process. The Procedures are applied in conjunction with the Environmental and Social Policy (ESP) and the Performance Standards (PSs), as well as relevant processes, guidelines, tools developed by TADB and country's law and regulations governing the Environmental and Social. The term "Project" refers to the set of works, goods, services and/or business activities defined in the financing agreements and for which TADB financing is sought by a client, and approved by TADB Board of Directors or, if the Board of Directors has delegated the approval authority, by bank's management.

2.3 Operational Guidelines

Environmental and Social Operational Guidelines assist TADB staff within the respective business units to take the steps for adequate environmental and social risks assessment of prospective borrowers and existing portfolio. These documents have been developed based on TADB sectoral guidelines as per bank's mandate and are subject to revision so as to align with the Bank's focus. They are used by the Bank in assessing environmental and social risks of projects when conducting projects screening, appraisal and monitoring. They are based on the principles of Good International Practice (GIP) as applied by AfDB, IFC and World Bank group as well as those stipulated by the Tanzanian regulatory requirements such as those required by the Tanzanian National Environmental Management Council (NEMC).

There are broadly two types of guidance notes;

Sector Specific / Industry Guidance Notes, which aim at confirming whether the business activity to be financed is in the Exclusion List of the Bank or not, size and principal activities of the business as well as risk categorization. They also provide data about the characteristics of the business, risk evaluation as well as risk management.

Monitoring Guidance Notes: These Notes provide information on data collection in order to evaluate environmental and social performance of mitigation measures, adherence to approved plans, environmental and social standards, and general compliance to terms and conditions set out in ESAPs and environmental permit certificates.

Guidance Notes for TADB Clients: These Notes are structured to assist TADB Clients to implement and adhere to TADB's Performance Standards (PSs).

2.4 Governance Processes

The key governance process linked to the ESMS is a Grievance Redress Mechanism (GRM).

GRM is an avenue for individuals and communities to submit complaints directly to the TADB if they believe that a TADB-supported project has or is likely to have adverse effects on them, their community, or their environment. The GRM enhances the TADB's responsiveness and accountability to project-affected communities by ensuring that grievances are promptly reviewed and addressed.

3 Roles and responsibilities for implementing the ESMS

