Terms of Reference for the development of Gargaara Company Limited

Environmental and Social Management System (ESMS)

Post Title:	ESMS Specialist
Project Title:	**Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift (scaled-up)**
Type of Appointment:	Consultant Firm
Duration:	6 months
Duty Station:	Mogadishu (Somalia), Ministry of Finance

Background

GARGAARA was established in April 2019 by the Federal Government of Somalia, with support of WB as a corporate apex institution under the Somalia Capacity Advancement, Livelihoods and Entrepreneurship, through Digital Uplift (SCALE UP) project facilitating access to finance for Medium Small and Micro Enterprises (MSMEs).

The underlying goal of Gargaara is to create jobs. Targeted beneficiaries are Somali individuals, especially women, groups and businesses who will gain access to finance. Gargaara avails financing to Participating Financial Institutions (PFIs) and provides benefits to the PFI in terms of capacity building in financial service delivery and demand generation. The PFIs are to gain knowledge and experience in lending to underfunded MSMEs in the fisheries, energy, livestock agricultural sectors, which represent the core of the Somali productive economy, the MSMEs, particularly women and female owners of MSMEs, gain access to finance to expand their businesses and gain experience working with local financial institutions.

Objective of the Consultancy

The project is implemented in a fragile and conflict environment with weak institutional capacity. As a financial institution company, Gargaara is required by the World Bank's environmental and socials framework (ESF) and particularly under environmental and social standards (ESS 9) to monitor and manage the environmental and social risks and impacts of their portfolio and FI subprojects, and monitor portfolio risk, as appropriate to the nature of their financing. It is required to develop and maintain an effective environmental and social systems, procedures, and capacity for assessing, managing, and monitoring risks and impacts of subprojects, as well as managing overall portfolio risk in a responsible manner in the form of Environmental and Social Management System (ESMS).

The ESMS will provide mechanisms including procedures and tools to apply the ESMS framework for Gargaara to make sound and structured decisions on environmental and social (E&S) issues, like screening of proposals, categorization and monitoring tools for different types (e.g., sectors, size) of projects, track environmental and social management activities, as well as a grievance mechanism. It will also inform which E&S instruments will be developed and implemented for its activities in order to diligently address risk areas that may be triggered by Gargaara-funded projects and activities.

Reference Framework

The reference framework will be:

- SCALED UP Environmental and Social Management Framework (ESMF);
- National environmental, social, occupational health and safety laws, standard and guidelines;
- World Bank Environmental and Social Standards (WB ESS 1-10) and corresponding Guidance Notes; WB ESS 9 specifically guiding the management of E&S risks and impacts for financial intermediaries;
- World Bank Group's General Environmental and Health and Safety Guidelines and applicable sector-specific Guidelines, as applicable;
- ILO Core Labor Conventions; and
- United Nations Principles for Responsible Investing.

PIU and Gargaara will share all available documentation with the consultant including but not limited to SCALED UP E&S instruments (ESMF, etcetera).

Scope of Work

The scope of work comprises the development of an environmental and social management system (ESMS) for Gargaara in line with the Reference Framework.

Specifically, the assignment will entail:

- Organize a project initiation kick-off meeting upon receiving the approval to commence the assignment;
- Request and review available E&S information and legislations relevant to the assignment;
- Develop an inception report with a work plan in 10 days after the award of the contract.
- Develop an Environmental and Social Policy;
- Conduct a desk review of other useful ESMS systems for similar financial organizations
- Develop E&S Procedures for;
    - Screening Environmental and Social Risks.
    - E&S Risk Categorization.
    - E&S Due Diligence for evaluating and mitigating risks and impacts
    - E&S Covenant or Clause to be included in the loan agreement.
    - E&S Portfolio Monitoring
    - ESMS Review and Continuous Improvement

- Develop Gargaara specific Exclusion List aligning with project Exclusion List.
- Develop an institutional grievance mechanism for Gargaara
- Develop a documentation system to ensure that the review and analysis conducted are integrated in the existing relevant documents.
- Develop ESMS training materials and capacity building plan
- Prepare a validation workshop for the discussion of the Draft ESMS with Gargaara management and any relevant stakeholders.
- Based on the Draft ESMS and the results of the validation workshop, the Consultant shall prepare the Final Version of the ESMS, including all supporting documents.
- The Consultant will deliver trainings as per the training and capacity building plan

Qualification of the Consultant Firm

Gargaara is looking for a consultant firm with the following knowledge, professional experience, and skills:

- At least 8 years of experience with ESMS development, including working for Financial Intermediaries such as Banks and Fund Managers; expertise must include extensive familiarity with the application of the Reference Framework on the level of individual institutions and/or projects as well as the level of ESMS.
- Experience with the environmental and social risk management requirements of development financial institutions such as the World Bank.
- Excellent and documented skills to work efficiently with partners who do not have in depth knowledge of the typical requirements, procedures and routines of an ESMS.
- Excellent reporting skills, including the ability to develop most practical formats and guidance for the application of an ESMS.
- Demonstrated ability to work in multidisciplinary teams and to establish working relations with people from different sectors.
- Knowledge, understanding and awareness of the team with the environmental and social dynamics in Somalia will be an added advantage.

Experience and qualification of the key experts

The key experts will compromise, at least:

Environmental Specialist/ the lead consultant should be a master’s holder in environmental science or other relevant discipline.

A minimum of five (8) years’ experience in environmental risk management related to financial institutions.

Social Development Specialist should be a master's degree holder in relevant social sciences (Sociology, Development Studies and Political Science)

A minimum of five (6) years’ experience in the management of social risks, social impact assessment, gender-based violence, grievance redress mechanism, and stakeholder engagement.

Supervision and Coordination

The consultancy will be implemented mostly as desk-based work in the consultant's office. E&S specialists at the PIU and Gargaara, will act as focal points for this consultancy.

The output will be revised and approved by the PIU, Gargaara and the World Bank. The consultant is expected to be available to undertake continuous dialogue as necessary with the PIU, Gargaara, and any technical advisors to the process.

Duration of the Consultancy

The duration of this consultancy is 6 months.

Outline of the Proposal

The proposal for the ESMS development should contain the section listed below:

1) Introduction and project description.
2) Understanding of the Assignment.
3) Reference Framework.
4) Approach and Methodology.
5) Project Team and Experience.
6) Costing and Project Schedule.

Payment Schedule

Payments will be made as per the schedule below:

- 10% on project initiation.
- 40% upon submission of draft ESMS;
- 30% upon submission and approval of final ESMS; and
- 20% after completion of ESMS training.