

THE LEBANESE REPUBLIC KAFALAT S.A.L.

BUILDING BEIRUT BUSINESSES BACK & BETTER (B5) FUND PROJECT

ENVIRONMENTAL and SOCIAL COMMITMENT PLAN (ESCP)

June 10, 2021

KAFALAT S.A.L.
BUILDING BEIRUT BUSINESSES BACK AND BETTER B5 FUND
ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. KAFALAT SAL (hereinafter the **Recipient**) shall implement the Building Beirut Businesses Back and Better Fund Project (B5 Project), (the **Project**). The International Bank for Reconstruction and Development and International Development Association (hereinafter the **Bank**) has agreed to provide financing for the Project.
2. The Recipient shall implement material measures and actions so that the Project is implemented in accordance with the World Bank Environmental and Social Standards (ESSs). This Environmental and Social Commitment Plan (ESCP) sets out material measures and actions, institutional, staffing, training, monitoring and reporting arrangements, grievance management and the environmental and social assessments and instruments to be prepared or updated, disclosed, consulted, adopted and implemented under the ESCP and the ESSs, all in a manner acceptable to the Bank.
3. The Recipient shall also comply with the provisions of any other E&S instruments required under the Environmental and Social Framework (ESF) and referred to in this ESCP, such as the Environmental and Social Management System (ESMS) with framework approach, the Labor Management Procedures (LMP) and the Stakeholders Engagement Plan (SEP).
4. KAFALAT SAL is responsible for compliance with all requirements of the ESCP and shall monitor the implementation of specific measures and actions conducted by other institutions, including Micro Finance Institutions (MFIs) which are both participating financial intermediaries and beneficiaries and Micro and Small Enterprises (MSEs) which are only beneficiaries.
5. Implementation of the material measures and actions set out in this ESCP shall be monitored and reported to the Bank by KAFALAT SAL as required by the ESCP and the conditions of the Grant Agreement, and the Bank shall monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. As agreed by the Bank and KAFALAT SAL, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, KAFALAT SAL shall agree to the changes with the Bank and shall update the ESCP to reflect such changes. Agreement on changes to the ESCP shall be documented through the exchange of letters signed between the Bank and KAFALAT SAL. KAFALAT SAL shall promptly disclose the updated ESCP.
7. Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Recipient shall allocate funds from the Project, if needed, to implement actions and measures to address such risks and impacts, which may include environmental, health, and safety impacts, COVID-19 transmission risks, and gender-based violence.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING:</p> <p>The Recipient through the Project Management Unit (PMU) shall prepare and submit regular monitoring reports to the Bank on environmental, social, health and safety (ESHS) performance of the Project and sub-projects, including but not limited to the preparation of the E&S documents required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism, including but not limited to grievance logs from workers and MSEs.</p>	<p>Starting from the Effective Date, reporting every 6 months throughout the Project implementation. Reports to be sent within 15 days after the reporting period ends.</p>	<p>Responsibility: Kafalat SAL, PMU Environmental & Social Specialist.</p>
	<p>FINANCIAL INTERMEDIARIES REPORTS</p> <p>KAFALAT SAL shall request FIs to prepare and submit reports on ESHS performance of subprojects supported under Part 1 of the Project, including the operation of their respective ESMS, according to the format set forth in the POM.</p>	<p>Participating FIs shall be required to furnish to KAFALAT SAL each progress report not later than 30 days after each quarter starting from the Effective Date. These reports shall be provided to the Bank, at the request of the Bank.</p>	<p>Responsibility: Kafalat SAL, PMU Environmental & Social Specialist, and participating financial intermediaries.</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
B	<p>INCIDENTS AND ACCIDENTS NOTIFICATION:</p> <p>1- KAFALAT SAL shall promptly notify the Bank of any incident or accident related the Project and sub-projects which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers including but not limited to:</p> <ul style="list-style-type: none"> • Occupational Health and Safety Issues • COVID19 pandemic infection • GBV, exploitation, discrimination, unresolved grievances <p>2- Provide sufficient details regarding the incident or accident, how it occurred, indicating immediate measures taken or that are planned to address it, and include information provided by any contractor and supervising entity, as appropriate.</p> <p>3- Subsequently, as per the Bank request, in addition to the initial notification, a report shall be prepared and submitted to the Bank on the incident or accident investigation and propose any measures to prevent its recurrence.</p> <p>4- KAFALAT SAL shall request Participating FIs to report any incident or accident that occur in subprojects financed under the Project. The report shall be prepared with the minimum requirements set forth in the POM.</p>	<p>Report any incident or accident to the Bank within 48 hours after becoming aware of the occurrence of the incident or accident.</p> <p>A report would be provided within 10 days of the initial notification to the Bank, as requested.</p> <p>File a closure report within 30 days or agreed time frame, as per the Bank’s request.</p> <p>Notification/reporting requirements shall be in place throughout the Project implementation.</p>	<p>Responsibility: Kafalat SAL, PMU Environmental & Social Specialist, and participating financial intermediaries.</p>
<p>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</p>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
1.1	<p>ORGANIZATIONAL STRUCTURE: KAFALAT SAL shall establish and maintain, throughout the Project implementation, an organizational structure (PMU) including an environmental and social risks and impacts management function with qualified staff and adequate resources to support management of environmental, social, health and safety (ESHS) risks and impacts of the Project, all with composition, mandate, and resources, and terms of reference satisfactory to the Bank.</p> <p>This organizational structure shall include an environmental and social (E&S) specialist to be nominated in the interim, i.e. during the hiring process of the E&S specialist.</p> <p>KAFALAT SAL shall require that each Participating FI designate a senior representative to assume overall responsibility for coordinating the management of the environmental and social aspects of the subprojects supported under the Project, and an environmental and social specialist responsible for the day-to-day implementation of the ESMS.</p>	<p>An environmental and social (E&S) specialist was nominated in the interim, i.e. during the hiring process of the E&S specialist prior to carrying out Project activities. E&S specialist shall be hired within 30 days of the Effective Date and shall be maintained throughout Project implementation.</p> <p>A draft organizational structure has been prepared and shall be finalized before commencement of Project activities by Effective Date.</p>	KAFALAT SAL and PMU Coordinator
1.2	<p>ENVIRONMENTAL AND SOCIAL ASSESSMENT: Update, disclose, consult upon, adopt, and implement the Environmental and Social Management System (ESMS) with framework approach, consistent with the requirements of ESS1 and ESS9 and in a manner acceptable to the Bank. KAFALAT SAL shall ensure the implementation of the ESMS which shall be amended and updated as required during the Project implementation if unforeseen changes to risks and impacts or changes to project design take place in consultation with Project Stakeholders.</p>	<p>An advanced draft ESMS with framework approach was already prepared and disclosed on June 2021. The draft ESMS shall be adopted prior to the Effective Date.</p> <p>The ESMS with framework approach shall be updated where required and implemented throughout project implementation</p>	Responsibility: KAFALAT SAL PMU – Environmental & Social Specialist

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
1.3	<p>MANAGEMENT TOOLS AND INSTRUMENTS: KAFALAT SAL shall incorporate the relevant aspects of the ESCP, including the relevant E&S documents and/or plans, and the Labor Management Procedures into the ESHS specifications of the procurement documents and contracts with contractors, supervising firms as well as subsidiary and sub-grant agreements with the Microfinance Institutions (MFIs) and Micro and Small Enterprises (MSEs). Thereafter ensure that the contractors, supervising firms, MSEs, and MFIs comply with the ESHS specifications of their respective contracts.</p>	As required throughout project implementation	<p>Responsibility: KAFALAT SAL</p> <p>PMU Team and Environmental and Social Specialist</p> <p>Vendors and participating financial intermediaries.</p>
1.4	<p>EXCLUSION: Exclude the following types of activities as ineligible for financing under the Project:</p> <ul style="list-style-type: none"> • Activities that may cause long term, permanent and/or irreversible adverse impacts (e.g. loss of major natural habitat). • Activities that may have significant adverse social impacts and may give rise to significant social conflict. • Activities that may affect lands or vulnerable minorities. • Activities, including new constructions or expansions, that may involve, physical and economic displacement or adverse impacts on cultural heritage. • All the other excluded activities set out in the ESMS with framework approach of the Project. 	During the assessment process conducted under action 1.2. above and during implementation.	Responsibility: KAFALAT SAL, and participating financial intermediaries.
ESS 2: LABOR AND WORKING CONDITIONS			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.1	<p>LABOR MANAGEMENT PROCEDURES:</p> <p>1. The Project shall be carried out in accordance with the applicable requirements of ESS2, in a manner acceptable to the Bank, including through, inter alia, implementing adequate occupational health and safety measures (including emergency preparedness and response measures), establishing out grievance arrangements for Project workers, and incorporating labor requirements into the ESHS specifications of the procurement documents and contracts with contractors.</p> <p>2. The Recipient shall prepare, disclose, consult, adopt and implement an LMP incorporating the relevant requirements of ESS2, in a manner acceptable to the Bank, that address the terms and conditions of employment, non-discrimination and equal opportunity for employment, worker’s organizations, restrictions on child and forced labor, occupational health and safety (OHS) measures related to COVID-19 as per the national health requirements in response to the epidemic, and grievance mechanism for Project workers.</p> <p>3. KAFALAT SAL shall require Participating FIs to prepare and implement an LMP, in the terms according to (1) and (2) above.</p>	<p>Prepare, disclose, consult, and adopt the LMP by the Effective Date.</p> <p>Implement LMP throughout Project implementation</p>	<p>Responsibility: Kafalat SAL, PMU Environment & Social Specialist, participating financial intermediaries, eligible MSEs, procured vendors.</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS: Develop and maintain a grievance mechanism for Project workers, workers of MSEs and MFIs and primary supply workers as part of the LMP. The GM shall have the following:</p> <ul style="list-style-type: none"> • Proportionate to the nature and scale of the project and its risks and impacts. • Addresses concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned in a language that they understand, and without any retribution. • Operates in an independent and objective manner and implement the principles of confidentiality and anonymity as warranted (in particular when the grievance concern sexual exploitation and abuse and sexual harassment); • May utilize existing GMs given they possess the above characteristics and may be supplemented with Project specific arrangements. 	The GM, as part of the LMP, shall be operational by Effective Date, and to be maintained throughout the project implementation	Responsibility KAFALAT SAL PMU Environment & Social Specialist, and participating financial intermediaries.
2.3	<p>OHS MEASURES: Develop and implement Occupational, Health and Safety (OHS) measures in line with National legislation and ESS2 as part of the ESMS and LMP, particularly as it relates to COVID19 preventive measures and OHS risks associated with rehabilitation works.</p> <p>KAFALAT SAL shall promote safety and health in the work environment and shall require from MFIs and MSEs to do the same, in accordance with the requirements of ESS2 and in a manner acceptable to the Bank.</p>	As part of the LMP and ESMS and implemented throughout the Project implementation	Responsibility: KAFALAT SAL, PMU Environment & Social Specialist, and participating financial intermediaries.
2.4	<p>EMERGENCY PREPAREDNESS AND RESPONSE: As part of the OHS measures specified in 2.3, include measures on emergency preparedness and response, and ensure coordination with measures under 4.4.</p>	As part of the LMP and ESMS and implemented throughout the Project implementation	Responsibility: KAFALAT SAL PMU Environment & Social Specialist

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.5	<p>PROJECT WORKERS TRAINING: Implement training of Project Workers designed to heighten awareness of risks and to mitigate impacts on local communities as defined in ESMS and LMP.</p>	As part of the LMP and the ESMS under section 1.2 of this ESCP and implemented throughout the Project implementation	Responsibility: KAFALAT SAL, PMU Environment & Social Specialist
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	<p>MANAGEMENT OF WASTE AND HAZARDOUS MATERIALS: As Part of the ESMS, develop and implement measures and procedures to manage waste and hazardous materials during demolition, construction and operation that is in line with ESS3 and requirements of the Beirut municipality, in a manner acceptable to the Bank. KAFALAT SAL shall ensure as per the exclusion list of the ESMS with framework approach that any high polluting activities are not supported under the project.</p> <p>The MSEs that undertake light civil works shall be required to prepare and implement an Environmental and Social Management Plan to be eligible for funding.</p>	<p>Prior to initiating any rehabilitation (light civil works).</p> <p>Maintained and managed throughout Project implementation.</p>	Responsibility: KAFALAT SAL PMU Environment & Social Specialist
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	<p>TRAFFIC AND ROAD SAFETY: Develop and implement measures and actions to assess and manage traffic and road safety risks.</p>	<p>General guidelines will be outlined in the ESMS</p> <p>Prior to initiation of the relevant rehabilitation (light civil works) by eligible MSEs</p>	Responsibility: KAFALAT SAL PMU Environment & Social Specialist

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
4.2	<p>COMMUNITY HEALTH AND SAFETY: Relevant aspects of this standard shall be considered, as needed, under action 1.2 above including, inter alia, measures to: minimize the potential for community exposure to communicable diseases and COVID-19 infections; ensure that individuals or groups who, because of their particular circumstances, may be disadvantaged or vulnerable, have access to the development benefits resulting from the Project.</p>	<p>Guidelines and mitigation measures as part of the ESMS. To be implemented throughout Project implementation and to be set by and with MSEs before they start works.</p>	<p>Responsibility: KAFALAT SAL PMU Environment & Social Specialist</p>
4.3	<p>GBV AND SEA RISKS: Prepare, adopt, and implement a stand-alone Sexual Exploitation and Abuse/Sexual Harassment Prevention and Response Plan (SEA/SH), to assess and manage the risks of SEA/SH in accordance with ESS4 and in a manner acceptable to the Bank.</p>	<p>Submit the SEA/SH Prevention and Response Plan for the Bank’s approval within 60 days after the Effective Date</p> <p>Once approved, the SEA/SH Prevention and Response Plans shall be implemented throughout Project implementation</p>	<p>Responsibility: KAFALAT SAL PMU Environment & Social Specialist</p>
4.4	<p>EMERGENCY RESPONSE MEASURES: Develop and implement measures to address emergency events and ensure coordination with measures under 2.4. Measures will be defined in the ESMS and disseminated as part of the SEP.</p>	<p>Part of the LMP and ESMS.</p>	<p>Responsibility: KAFALAT SAL PMU Environment & Social Specialist</p>
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
5.1	<p>Currently not relevant to the Project</p>		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	<p>BIODIVERSITY RISKS AND IMPACTS: Activities that would have risks and impacts on biodiversity shall be excluded from project activities.</p>		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
7.1	<p>Currently not relevant to the Project</p>		

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
ESS 8: CULTURAL HERITAGE			
8.1	<p>CHANCE FINDS: Activities that would have risks and impacts on cultural heritage shall be excluded from project activities. Chance find procedures shall be included as part of the ESMS with a framework approach to be followed for construction/rehabilitation related activities.</p>		
ESS 9: FINANCIAL INTERMEDIARIES			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
9.1	<p>ESMS:</p> <p>KAFALAT SAL shall implement, and update as appropriate, the ESMS with a framework approach to meet the requirements of ESF as per ESS9. This shall include ensuring that there is adequate capacity to maintain it through the appointment of the E&S specialists.</p> <p>KAFALAT SAL and each of the MFIs participating from the project shall assign both a senior management representative to have overall accountability for environmental and social performance and a staff member or consultant as E&S Focal Point to manage the day-to-day implementation of ESMS. The Terms of Reference of the E&S Focal Point, including required technical skills and experience shall be included in the ESMS and Project Operations Manual (POM).</p> <p>KAFALAT SAL shall ensure that the project’s exclusion list, following action 1.4, is adhered to in accordance with the Grant Agreement.</p> <p>During the implementation stage of this project, all candidate MFIs and MSEs receiving grants shall be screened against the project’s exclusion list of the ESMS, categorized and assessed for their E&S risks and impacts prior to receiving any financing under the project.</p>	<p>The ESMS with framework approach shall be updated throughout project implementation where required</p> <p>Participating FIs shall establish, adopt and implement their respective ESMS before the selection of any subproject to be supported under Part 1 of the Project.</p>	<p>Responsibility: KAFALAT SAL PMU Environment & Social Specialist, and participating financial intermediaries.</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
9.2	<p>FI ORGANIZATIONAL CAPACITY: Establish an organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities as per the requirements of ESS9.</p> <p>KAFALAT SAL shall be presenting an organizational structure to the Bank that identify the specific positions and resources for E&S management. Participating MFIs shall also establish and maintain the organizational capacity and competence to implement ESMS with functions and responsibilities in accordance with ESS9 and in a manner acceptable to the Association.</p>	By Effective Date and Maintained throughout Project implementation.	Responsibility: KAFALAT SAL PMU Environment & Social Specialist, and participating financial intermediaries.
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION Update, disclose, consult, adopt and implement the Stakeholder Engagement Plan (SEP) consistent with ESS10 in a manner acceptable to the Bank. The Recipient shall ensure that the SEP is amended and updated as required during the Project implementation following inclusive stakeholder consultations.</p>	<p>SEP was prepared, consulted upon and disclosed in June, 2021</p> <p>Update SEP as needed throughout project implementation. The SEP will be implemented throughout the Project</p>	Responsibility: KAFALAT SAL PMU Environment & Social Specialist

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
10.2	<p>PROJECT GRIEVANCE MECHANISM: A project GM is already established and operational within KAFALAT SAL. Implement, maintain and operate a grievance mechanism, as described in the SEP. Accessible grievance arrangements shall be made publicly available to receive and facilitate resolution of concerns and grievances in relation to the Project, consistent with ESS10, in a manner acceptable to the Bank.</p> <p>Grievance Mechanisms shall also be established within each of the Participating FIs to handle complaints and grievances relating to the project, in accordance with the requirements of ESS10 and in a manner acceptable to the Bank.</p>	Throughout project implementation as described in ESMS under section 1.2 and in the SEP under section 10.1	Responsibility: KAFALAT SAL PMU Environment & Social Specialist
10.3	<p>SEA/SH GRIEVANCE MECHANISM Implement, maintain and operate a grievance mechanism for SEA/SH allegations relating to the Project. Accessible grievance arrangements shall be made publicly available to receive and facilitate resolution of concerns and grievances related to SEA/SH risks. The existing project GM shall include referral pathways in the event of any SEA/SH-related complaint using a survivor-centered approach with focus on confidentiality and anonymity.</p>	Throughout project implementation	Responsibility: KAFALAT SAL PMU Environment & Social Specialist, and participating financial intermediaries.
CAPACITY SUPPORT (TRAINING)			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
CS1	<p>As example, training may be performed by the PMU for the required following items:</p> <ul style="list-style-type: none"> • Stakeholder mapping and engagement • Specific aspects of social assessment, including GBV SEA/SH risks, impacts and mitigation measures • Training on occupational health and safety including on emergency prevention and preparedness and response arrangements to emergency situations. emergency preparedness and response and OHS measures related to COVID-19 as per the national health requirements • Grievance redress mechanism • MFIs ESMS preparation, implementation, and monitoring 		