

KAFALAT S.A.L.

**SUPPORTING INNOVATION IN SMEs
PROJECT**

URGENT RESPONSE TO COVID-19 OUTBREAK

**SOCIAL AND ENVIRONMENTAL
MANAGEMENT FRAMEWORK**

BEIRUT

MAY 2020

Version	Date	Description or Reason for Change
00	18/04/2020	Initial Release in a Draft Form
01	18/05/2020	Added feedback from Stakeholders' Consultations and revised as per RSA's Comments

Prepared by: Kafalat

Abbreviations and Acronyms

ALI	Association of Lebanese Industrialists
BAT	Best Available Technique
BDL	Banque Du Liban
CDR	Council for Development and Reconstruction
COVID-19	Corona Virus Disease
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
E&S	Environmental and Social
EA	Environmental Audit
ECC	Environmental Compliance Certificate
EHS	Environmental, Health and Safety
ELVs	Environmental Limit Values
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESWA	Environmental and Social Walkthrough Audit (Inspection)
FP	Financial Plan
GBV	Gender Based Violence
GOL	Government of Lebanon
GRM	Grievance Redress Mechanism
ICU	Intensive Care Unit
IEE	Initial Environmental Examination
ILO	International Labour Organization
IPC	Infection Prevention and Control
ISIC	International Standard Industrial Classification
iSMEs	Innovation in SMEs Project
ISWM	Integrated Solid Waste Management
LEPAP	Lebanon Environmental Pollution Abatement Project
MEW	Ministry of Energy and Water
MoE	Ministry of Environment
MoEHE	Ministry of Education and Higher Education
MoI	Ministry of Industry
MoIM	Ministry of Interior and Municipalities
MoL	Ministry of Labor
MoPH	Ministry of Public Health
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
OHS	Occupational Health and Safety
OP	Operational Policy
OSHA	Occupational Safety and Health Administration
PIF	Project Identification Form
PMU	Project Management Unit
POM	Project Operation Manual
POPs	Persistent Organic Pollutants
PPE	Personal Protective equipment
PSF	Project Screening Form
SMEs	Small and Medium Enterprises
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
WHO	World Health Organization

Contents

Abbreviations and Acronyms	ii
Contents	iii
List of Figures	v
List of Tables	v
Executive Summary	vi
1. General Description of the Project	12
1.1 Context.....	12
1.2 iSMEs-COVID Application Process.....	13
2. Objectives of the ESMF	15
3. Baseline Information	16
3.1 Local Need of COVID-19 related Equipment, Consumables and PPEs	16
3.2 Potential Beneficiaries of iSMEs-COVID.....	18
4. Policy Framework for Environmental Management	19
4.1 National Water Sector Strategy (2010-2020).....	19
4.2 Lebanon National Strategy for Air Quality Management (2015-2030).....	19
5. Legal Framework for ESMF	20
5.1 National Legislation.....	20
5.2 International Agreements and Principles.....	22
5.3 World Bank Policies	23
5.4 Environmental, Health, and Safety (EHS) General Guidelines	23
5.5 Lebanese EIA Procedures.....	24
5.6 Analysis and Comparison	26
5.7 Lebanese EA Procedures.....	26
5.8 Lebanese Environmental Compliance Certificate Procedures	27
6. Institutional Framework for ESMF	28
6.1 Kafalat.....	28
6.2 The Ministry of Environment and LEPAP Project.....	28
7. Stakeholders Consultations and Social Mobilization	29
7.1 Objectives and limitations	29
7.2 Stakeholders Consultation Process	29
6.1. Stakeholders Consulted.....	30

8.	Environmental and Social Analysis of the proposed Project	31
9.	Implementation of the ESMF	38
9.1	Exclusion list	38
9.2	Procedures to be followed by SMEs to be Environmentally and Socially compliant and eligible for funds under COVID-19	38
9.3	Capacity building and awareness raising program	40
10.	Monitoring.....	41
11.	Institutional Arrangements	42
12.	Grievance Redress Mechanism.....	43
13.	Cost Estimate	44
1.	Annexes	45
	Annex A: Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings	46
	Annex B: E&S Information Form	50
	Annex C: Template of the Environmental and Social Walkthrough Audit Report.....	51
	Annex D: Procedures to be followed by SMEs to be Environmentally Compliant (Decree No. 8471/2012).....	56
	Annex E: Kafalat Client Complaints Log Summary Sheet	63

List of Figures

Figure 1: iSMEs-COVID Application Process	14
Figure 2: E&S eligibility diagram for iSMEs-COVID	39

List of Tables

Table 1: Grant/Soft Loan Application Process under iSMEs-COVID	13
Table 2: List of PPEs and consumables needed for one month for one hospital	17
Table 3: List of equipment and material needed for ICUs.....	17
Table 4: Types of potential industries.....	18
Table 5: Procedures for IEE and EIA in Lebanon.....	24
Table 6: Procedures for EA in Lebanon.....	26
Table 7: Procedures for ECC in Lebanon	27
Table 8: Stakeholders Consulted	30
Table 9: Environmental and Social Management Plan for iSMEs-COVID	33
Table 10: Monitoring Plan for iSMEs-COVID	41
Table 11: Budget for the Implementation of ESMF for iSMEs-COVID	44

Executive Summary

This report analyses the environmental and social risks and impacts associated with activities undertaken by Supporting Innovation in SMEs Project, component 3: Urgent response to COVID-19 outbreak (iSMEs-COVID) and provides a framework for social and environmental management.

Description of the Project

The acute global shortage of medical supplies calls for the Government of Lebanon (GOL) to engage the small and medium enterprises (SMEs) community in the manufacturing and health sectors to address this supply gap. This proposed intervention complements another World Bank (WB) financing on the demand side.

Supporting Innovation in SMEs (iSMEs) project is a \$30 million WB investment lending program (ratified by the Lebanese Parliament on January 14, 2015) that encourages the investment market to increase supply of early stage financing for viable, new and existing firms. The project is implemented by Kafalat through: (i) a \$22 million early stage co-investment fund; ii) a \$2.5 million for project management costs and (iii) a \$5.5 million to respond to COVID-19 crisis (newly added component after the restructuring of the Project in April 2020). This emergency financing facility (iSMEs-COVID) component is financed by undisbursed available funds in the project and additional resources from the WB Fast Track COVID-19 Facility.

Objectives of the ESMF

The purpose of the Environmental and Social Management Framework (ESMF) is to ensure that works carried out under iSMEs-COVID, address and identify measures to avoid and minimize environmental and social impacts, as much as possible, and where they cannot be avoided, the impacts are adequately mitigated. It is worth noting that the Project was classified Category C (as components 1 and 2 were designed to exclude any activity that could be associated with environmental and social risks/impacts). Therefore, there was no ESMF prepared for the Project before restructuring.

Baseline Information

On March 19, 2020, the Ministry of Public Health (MoPH) published on its website the “Health sector readiness in Lebanon to respond to the Coronavirus”¹. It states that a specialized committee was formed in cooperation with Rafik Hariri University Hospital to assess the needs for medical supplies for one-month period for 12 public hospitals that will receive COVID-19 patients in the first stages of the virus spread. These needs were divided into (i) Personal Protective Equipment (PPEs) and consumables and (ii) Medical equipment needed for the Intensive Care Units (ICUs).

In an attempt to fulfill those needs, MoPH, the WB and Kafalat conducted a limited market search to identify SMEs that can potentially help satisfying those needs and others if supported by the iSMEs-COVID. A preliminary list of potential beneficiaries has been compiled by the Association of Lebanese Industrialists (ALI) with more than 30 firms producing a range of medical supplies and equipment. They can be grouped into 6 types of industries (i) Medical and optical equipment, (ii) Manufacturing of masks, (iii) Manufacturing of wearing Apparel, (iv) Chemical Industry, (v) Food Industry and (vi) other plastic materials.

Policy, Legal and Institutional Framework for Environmental and Social Management

Lebanon has a number of sector policies and strategies upon which the Project is based such as the National Water Sector Strategy (2010-2020) and Lebanon National Strategy for Air Quality Management (2015-2030). Lebanon also has an abundance of environmental laws and regulations as well as other legislations related to the industrial sector namely the Lebanese Law no. 80/2018 on solid waste, the Lebanese Law no. 78/2018 on

¹ Health sector readiness in Lebanon to respond to the Coronavirus dated March 19, 2020 available on www.moph.gov.lb (in Arabic)

air pollution, the Lebanese Law no. 77/2018 known as the Water law, the Lebanese Law no. 251/2014 for environmental prosecution, the Environment Protection Law no. 444/2002, the Lebanese law No. 400/2002 related to the ratification of International Labour Organization (ILO) convention No. 138, the Lebanese law No. 335/2001 related to the ratification of ILO convention No. 182, the Lebanese Law no. 207/2000 known as the Labor Law, Decree no. 167/2017 for tax exemption on environmental-friendly goods, Decree No. 3791/2016 that sets minimum wage for employees and workers, Decree no. 3989/2016 on establishment of the environment police, Decree No. 8987/2012 on the prohibition of employment of minors under the age of 18 in work that may harm their health, safety or morals, the Lebanese Environmental Impact Assessment (EIA) Decree no. 8633/2012, Decree no. 8471/2012 on Environmental Compliance for Establishments and relevant decision 202/1 2013 on the procedures for implementing an EC, Decree no. 8018/2002 on industrial establishments permit, Decree no. 5243/2001 on the classification of the industrial establishments in categories taking into consideration their potential environmental impacts and their safety aspects, Ministry of Environment (MoE) Decision no. 590/1 (2015) on the environmental permitting clearance, MoE Decision No. 539/1 (2015) on setting deadlines for ECC, MoE Decision Number 189/201 on the review process of EA at MoE including a template of the EA, Decision 203/1 (2013) related to Environmental Compliance Committee at MoE, Ministry of Labor (MoL) Decree no. 11802 (2004) on working place and conditions, MoE Decision no. 8/1 (2001) on emissions and Environmental Limit Values (ELVs), MoE decision no. 52/1 (1996) setting standards and criteria for air, noise, water and soil and circular 7/1 (2017) listing the institutions for disposal of potentially recyclable material and equipment.

Lebanon has ratified several international agreements namely, the Basel Convention on transboundary movement of hazardous wastes, the Stockholm Convention on Persistent Organic Pollutants (POPs), the Barcelona Convention for the Protection of the marine environment and the coastal region of the Mediterranean Sea and the United Nations Framework Convention on Climate Change.

As a WB Project funded, iSMEs after restructuring, triggers OP/BP 4.01 and Environmental, Health and Safety General Guidelines.

The Lebanese EIA system was analyzed in the Country Environment Analysis of Lebanon³ to determine the equivalence with that of the WB. The analysis showed that the WB's EIA policy and the Lebanese EIA system have many common features and are comparable in many aspects. The Lebanese EIA Decree no. 8633/2012 and its annexes provide a list of projects that will require either an EIA Report for projects of higher environmental impacts, Annex 1 projects or an Initial Environmental Examination (IEE) for projects of relatively lower impacts Annex 2 projects; and Annex 3 projects are projects that are re-categorized as Annex 1 or 2 since they fall in an environmentally sensitive area and would have an impact on that area.

The Institutions that are involved in the E&S Framework of the iSMEs-COVID consists of (i) Kafalat and (ii) the MoE and Lebanon Environmental Pollution Abatement Project (LEPAP) Project.

Stakeholder's Consultation

Starting February 29, 2020, several decisions were taken by Lebanese Ministries and the GOL to ban gathering and practice social distancing. These measures are all intended to slow the spread of COVID-19 by limiting people's movement and exposure to crowded environments where the disease can easily be spread from one carrier to many other people nearby. These measures also limit the Project's ability to use traditional methods of public consultations and stakeholder engagement. In line with this national restriction and the recently-available resources for carrying out stakeholder engagement in the context of COVID-19 and the WB's recent Technical Note², the project avoided public gatherings and minimized physical interaction between people. Consultations took place virtually.

Virtual meetings were held with Kafalat Project Management Unit (PMU) Key staff Mr. Bassel Aoun and Mr. Ralph Stephan on March 30, April 14, and April 17, 2020. Virtual meeting took place also on April 17, 2020

² Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings" (March 20, 2020)

with Mr. Bassam Sabbagh (LEPAP Project Manager and Head of the Service of Urban Environmental at MoE) and Mrs. Cynthia Kayem (LEPAP M&E Officer).

On May 4, 2020 the draft of the ESMF for iSMEs-COVID was distributed to the stakeholders namely the Ministry of Industry (MoI), the MoPH, the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon, the ALI and the environmental and social Non-Governmental Organization (NGO) Arcenciel, in a digital form. The stakeholders were informed about the Grievance Redress Mechanism (GRM) and they were given one week to email back their response. The distribution was followed by phone conversations to explain what is required from them and discussion took place virtually. At the end of the consultation period (on May 12, 2020) no feedback or comments related directly to the ESMF was received from any of the stakeholders, neither written nor verbally. Only technical questions about the program were raised and addressed on spot by Kafalat.

The ESMF was revised in accordance with the virtual meetings and consultations and was disclosed on the Kafalat website and an email address and a phone number were provided in order for stakeholders to give their feedback and suggestions. After COVID-19 restrictions are lifted face to face consultations will be conducted and the ESMF will be updated and then disclosed again.

Environmental and Social Analysis

After restructuring, iSMEs-COVID was classified as Category B in accordance with OP 4.01. The Project has numerous positive impacts in particular on (i) The supply of material to the local market decreasing dependency on imports, (ii) Creating opportunities for local innovating SMEs, (iv) Creating job and employment and (iv) Reducing the spread of COVID-19.

The Project has also some negative impacts due to scaling up and installation of new equipment. Such impacts are mainly due to: (i) Potential hazardous waste generation such as oil, grease, fuel & paint, (ii) Local generation of dust, (iii) Generation of noise from machinery, (iv) Poor sanitation & solid waste disposal in work area and (v) OHS risks during the installation of new equipment.

During Operation, the potential risks include: (i) OHS risks during operation of production lines, (ii) Potential decline in the employees' conditions due to additional load of work and risk of child labor and forced labor, (iii) Health risks of COVID-19 in the workplace, (iv) Increase in water demand, (v) Increase in energy consumption, (vi) Increase in the generation of solid waste, (vii) Increase in the generation of wastewater, (viii) Increase in air emissions from the production lines, and (ix) Increase of noise.

Those impacts can be mitigated by recommended measures in this ESMF as well as downstream instruments prepared at the level of SMEs.

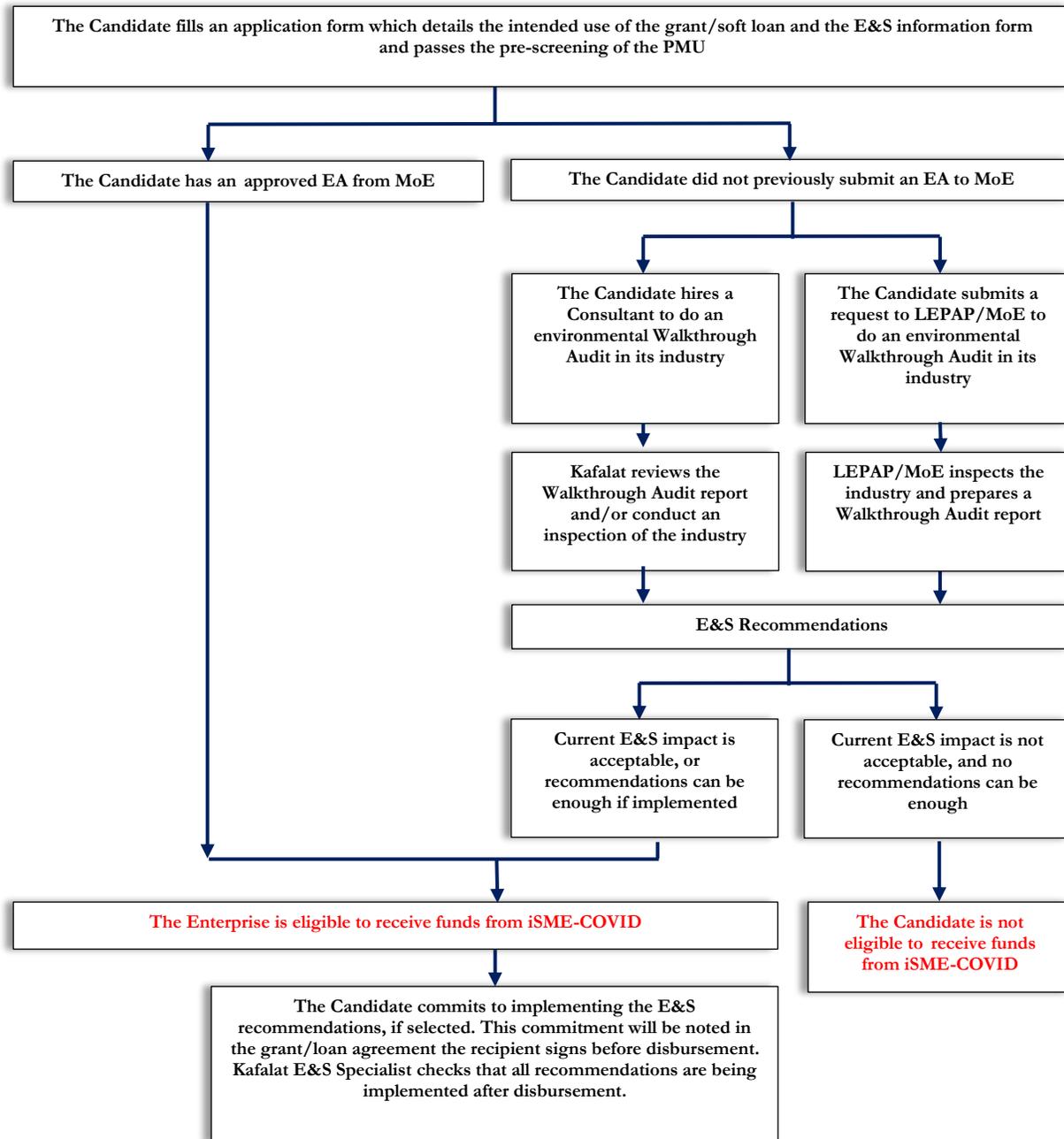
Implementation of the ESMF

Before the restructuring of the iSMEs Project, Kafalat used to follow an Environmental and Social (E&S) system for the selection of the eligible SMEs. Any Project that may have E&S impacts was screened off. The iSMEs fund could not finance any proposal that falls under Categories A or B of the WB Safeguard policies OP/BP 4.01 and only projects classified under Category C were considered for funding.

With the introduction of Component 3, some projects may conduct activities that could be associated with E&S risks/impacts, therefore, after restructuring, there was a need for an ESMF for the Project. Kafalat is contracting an E&S specialist (either in-house or sub-contracted to a third party) to enhance the system and build the procedures. Kafalat will ensure that all beneficiaries SMEs have proven capacity in managing E&S issues. In this regards, the eligible SMEs (that are not included in the exclusion list) should undergo an

Environmental and Social Walkthrough Audit³ (ESWA) that would result in an Environmental and Social Management Plan (ESMP). It is worth mentioning that due to the current situation of confinement, the consultancy firms and laboratories are currently closed. Even public servants at the MoE are advised to stay at home to prevent getting contaminated by the Corona virus.

The steps to be followed to ensure the E&S capabilities of the recipient can be summarized as per the following diagram:



The Environmental Inspection and the implementation of the Environmental and Social recommendations will help the industries perform the Environmental Audit as required by the MoE as a first step in the

³ The Environmental and Social Walkthrough Audit will be an environmental and social assessment instrument prepared by an external consultant, and this would be considered as Environmental Inspection, per the Lebanese environmental legislation, if conducted by MoE

acquisition of the “Environmental Compliance Certificate from MoE”. The SMEs receiving funds from iSMEs-COVID Project will be encouraged to conduct a further step and obtain the ECC.

In order to ensure proper implementation of the ESMF, Kafalat shall undertake environmental capacity building. The capacity building program should cover, the Project Management Unit (PMU) at Kafalat and the beneficiaries.

Monitoring

The PMU will (i) Monitor the preparation of the ESWA of the candidates, (ii) Review the ESWA report prepared by the Consultant, (iii) Monitor the progress of the implementation of the recommendations provided in the ESWA report before and during the operation of the project and (iv) Follow up on the GRM implemented by the recipient.

Institutional Arrangements

The institutions involved in the implementation of the Project include Kafalat and the Beneficiaries.

Kafalat shall establish and maintain a PMU that manages the implementation of the Project. The PMU shall include an E&S Officer. PMU E&S Officer will be in charge of E&S implementation, following up and reporting to the WB. The Proponent (beneficiary) will be responsible for conducting an E&S Inspection Report at its premises, Implement all the recommendations of the E&S Inspection Report and report to Kafalat.

Grievance Redress Mechanism

An effective Grievance Redress Mechanism (GRM) is in place at Kafalat. Kafalat shall maintain, throughout Project implementation, and publicize the availability of a GRM, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism. The complainants should be given the possibility to remain anonymous if they do not wish to reveal their identity.

Enquiries or complaints can be raised through different channels: (i) By telephone on the following number Tel: 01-340 992, (ii) By Email on clientsupport@kafalat.com.lb or (iii) By filling an online form provided on the Website: <http://www.kafalat.com.lb> under “Submit a Complaint”. The aim is to resolve or respond to the enquiries within the same call where no follow up is required. Where follow up is required and for written enquiries, the endeavor is to reply within 5 business days from the first call. Where more time is required or for complex enquiries, the enquirer will be kept updated on the progress.

The log summary sheet shows that the total number of yearly complaints registered in 2017, 2018 and 2019 was respectively 36, 47 and 15 complaints. The average days to resolution was around 2 days. The number of complaints registered in January 2020 was 7 and in February 2020 was 5. One qualified person is dedicated to GRM.

A GRM shall be established within each of the beneficiary SMEs to handle complaints and grievances relating to any aspect of the Program carried out by the respective agency, including adverse E&S impacts. Project PMU E&S specialist will follow up on the GRM of each beneficiary SME and ensure it is adequately functioning.

Cost Estimate

The Indicative Budget for the implementation of the ESMF for iSMEs-COVID is 50,000 US\$.

MAIN REPORT

1. General Description of the Project

1.1 Context

An outbreak of COVID-19 caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly globally since December 2019. Lebanon is also affected by the COVID-19 outbreak, which poses a threat to its health system. The first cases of COVID-19 were reported in Lebanon on February 21, 2020. As of March 15, 2020, there have been 99 confirmed cases and 3 deaths and as of April 18, 2020, the total number of cases was 672 with 99 recoveries, 21 deaths and 552 active cases⁴. The outbreak is expected to grow exponentially, affecting not just the health system but also the economy and security.

The acute global shortage of medical supplies calls for the Government of Lebanon (GOL) to engage the Small and Medium Enterprises (SMEs) community in the manufacturing of health sector products to address this supply gap.

Supporting Innovation in SMEs (iSMEs) project is a \$30 million World Bank (WB) investment lending program (ratified by the Lebanese Parliament on January 14, 2015) that encourages the investment market to increase supply of early stage financing for viable, new and existing firms. The project is implemented by Kafalat. As per the request of the GOL, iSMEs has been restructured to include a component related to COVID. The funds were redistributed as follows: i) a \$22 million early stage co-investment fund; ii) a \$2.5 million for Project management costs and (iii) a \$5.5 million to respond to COVID-19 crisis. This Emergency financing facility component (iSMEs-COVID) is financed by undisbursed available funds in the project and additional resources from the WB Fast Track COVID-19 Facility.

The proposed objective of iSMEs-COVID component would be to increase the supply of domestically produced Personal Protective Equipment (PPE) and other medical goods and consumables through the support of targeted beneficiaries. Those are viable firms who have or could develop capabilities to manufacture PPEs and other priority medical goods needed to fight COVID-19.

The existing implementation arrangements of the iSMEs project will be used to expedite the deployment of the funds for iSMEs-COVID. The GOL will sign a Memorandum of Understanding with Kafalat to establish a ring-fenced fund managed by Kafalat on behalf of the GOL. The iSMEs Project Operations Manual (POM) will be revised accordingly to establish a credit committee that assesses creditworthiness and feasibility of beneficiaries' applications, establish the non-reimbursable and reimbursable grant conditions, and repayment obligations as well as mobilize an advisory committee comprising health experts. The Project Management Unit (PMU) that was assigned for iSMEs will manage also iSMEs-COVID as a component of the Project.

⁴ Refer to www.coronalebanon.com

1.2 iSMEs-COVID Application Process

The potential beneficiary of iSMEs-COVID should follow a set process to profit from the fund allocated to the firms that have or could develop capabilities to manufacture PPEs and other priority medical goods needed to fight COVID-19. The application process consists of 6 steps described in the following Table.

Table 1: Grant/Soft Loan Application Process under iSMEs-COVID

STEPS	DETAILS & CRITERIA	RESPONSIBLE PARTY
	Launching a call for proposal	<i>Kafalat</i>
	Filling out an application form which details the intended use of the grant/soft loan and the evidence to support the viability of the potential product.	<i>Applicant</i>
1 <i>Submission of Financing Plans for grant and/or soft loan</i>	The grant/soft loan applicants are required to present: (i) Capital structure of the company, (ii) Last 3 years financial statements, (iii) Business and Financing Plan (FP) including use of the loan, (iv) Up to 5 years cash forecast, (v) Documentation supporting the viability of the FP and the creditworthiness of the recipient and (vi) an Environmental and Social (E&S) information form .	
2 <i>Screening for eligibility</i>	The Project Management Unit (PMU) assesses if the applications are eligible in accordance with the following conditions: (i) Applicants must be Lebanese firms, Lebanese firms in association with a supplier or a buyer firm, research centers (standalone or part of a university, a hospital, etc.), who have prepared viable FP to develop capabilities to produce medical supplies, equipment and services needed to fight COVID-19, (ii) Applicants must have medical supply, equipment or service, or proof of concept for such medical supply, equipment or service that is eligible under a positive list of items and services of iSMEs-COVID funding program that will be developed and agreed by the Advisory Committee, (iii) Applicants have proven capacity in managing environmental and social risks related to its activities (see section 9 of the ESMF) ; applicants do not include in their FP any ineligible financing (as set in the POM) and do not trigger any of the Safeguards categories beyond what has been assigned by the WB for this project, (iv) Applicants must provide a sound business case with evidence supporting the analysis of risks and opportunities involved in making the business a success (v) Applicants' credentials and background are thoroughly reviewed and checked.	<i>PMU/Kafalat</i>
3 <i>Reviewing Financing Plan</i>	A Selection Committee assesses the eligible proposals and decides on the winning applications and financing allocation through a voting system.	<i>Selection committee</i>
4 <i>Seeking advice (optional)</i>	When judging the application, the Selection Committee seeks to see if the applications: Will work , Will sell , Will be profitable and Can be done. The Selection Committee is assisted, if deemed needed, by an advisory committee composed of health experts to review and prioritize the list of eligible items to be locally manufactured to fight COVID-19.	<i>Selection Committee/ Advisory Committee</i>
5 <i>Signing a COVID-19 grant and/ or soft loan</i>	The agreement with Kafalat includes the grant/loan terms: amount, grace period, repayment schedule, commitment to the implementation of E&S safeguard , etc.	<i>Kafalat / Applicant</i>
6 <i>Withdrawal of disbursement</i>	In the first tranche, beneficiaries can get an advance up to 30% of the approved amount. In the second tranche of disbursement, beneficiaries must submit a report on the outcome of the first tranche, achievement of pre-defined milestones, and incurred expenses (based on pro-forma invoices).	<i>Applicant (Beneficiary)</i>

The following diagram summarizes the application process under iSMEs-COVID.

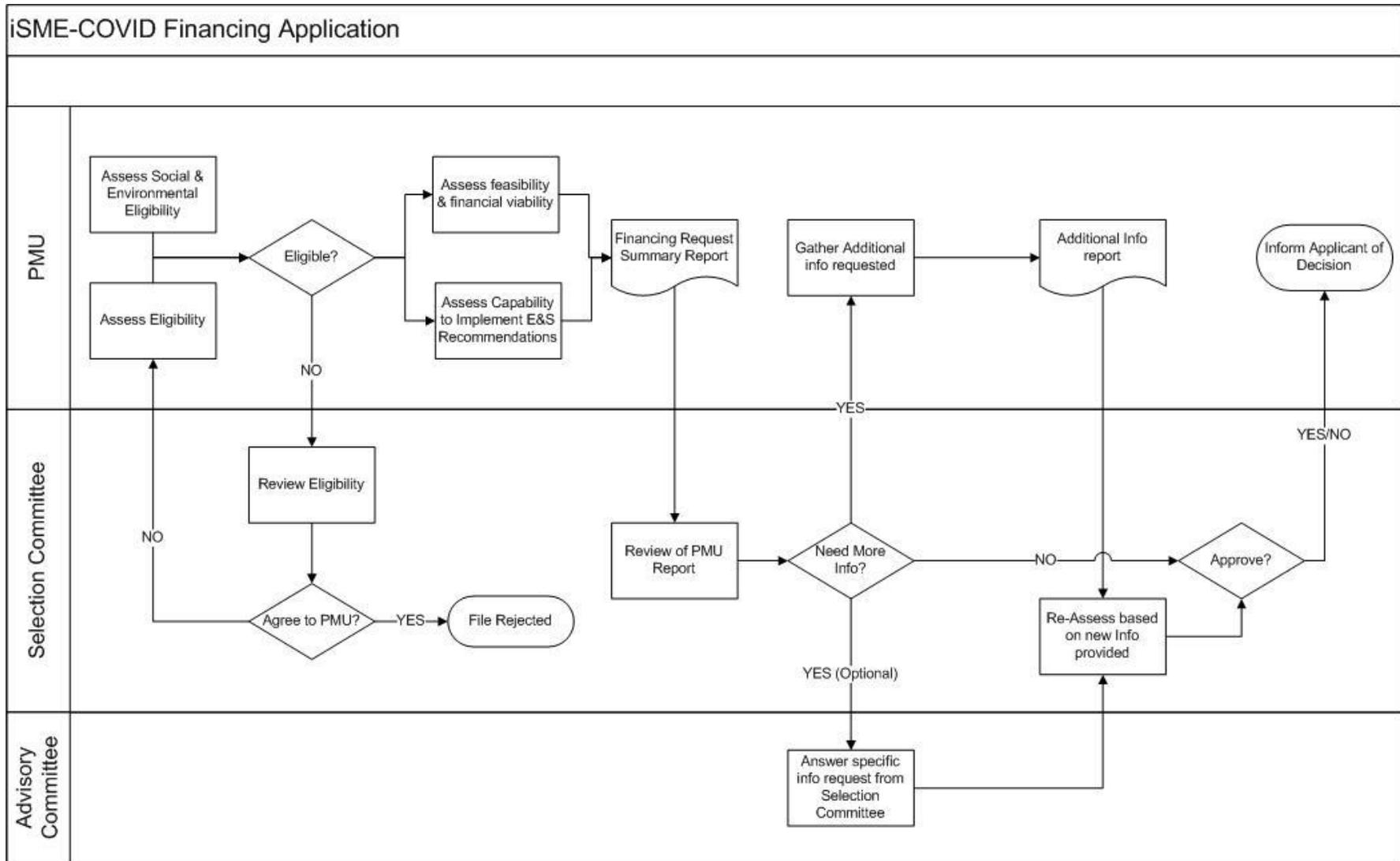


Figure 1: iSMEs-COVID Application Process

2. Objectives of the ESMF

The purpose of the Environmental and Social Management Framework (ESMF) is to ensure that works carried out under iSMEs-COVID address and identify measures to avoid and minimize Environmental and Social (E&S) impacts, as much as possible, and where they cannot be avoided, the impacts are adequately mitigated.

It is worth noting that the Project was classified Category C (as components 1 and 2 were designed to exclude any activity that could be associated with environmental and social risks/impacts), therefore, there was no ESMF prepared for the Project before restructuring.

The detailed objectives of the ESMF are to (i) Describe the policy, legal and institutional framework for environmental management related to the Project, (ii) Evaluate the potential E&S impacts of the Project and identify mitigation measures, (iii) Establish clear procedures and methodologies for the E&S planning, review, approval and implementation of subprojects to be financed under the Project; and identify the capacity enhancing needs of Kafalat to have a functioning system for managing environmental and social issues related to Component 3 investments, (iv) Develop a monitoring program for compliance of project activities to ESMF and (v) Establish the project funding required to implement the ESMF requirements.

This ESMF is structured as follows:

- Chapter 1: General Description of the Project
- Chapter 2: Objectives of the ESMF
- Chapter 3: Baseline Information
- Chapter 4: Policy Framework for Environmental Management
- Chapter 5: Legal Framework for ESMF
- Chapter 6: Institutional Framework for ESMF
- Chapter 7: Stakeholders Consultations and Social Mobilization
- Chapter 8: Environmental and Social Analysis of the proposed Project
- Chapter 9: Implementation of the ESMF
- Chapter 10: Monitoring
- Chapter 11: Institutional Arrangements
- Chapter 12: Grievance Redress Mechanism
- Chapter 13: Cost Estimate

3. Baseline Information

In a strategic and response plan to COVID-19, the Ministry of Public Health (MoPH) conducted a quick assessment of the equipment, consumables and PPEs needs in public hospitals and in an attempt to fulfill those needs, the Ministry of Industry (MoI) with the support of the WB and Kafalat conducted a limited market search to identify SMEs that can potentially help satisfying those needs and others if supported by the iSMEs-COVID Project.

3.1 Local Need of COVID-19 related Equipment, Consumables and PPEs

On March 10, 2020, the MoPH prepared “Coronavirus Disease 2019 (COVID-2019) National Health Strategic Preparedness and Response Plan”⁵ as required under the International Health Regulations and using the World Health Organization (WHO) global 2019 Novel Coronavirus Strategic Preparedness and Response Plan as the foundation. This plan establishes a national plan of action to scale up preparedness and response capacities in Lebanon for prevention, early detection, and rapid response to coronavirus disease 2019 (COVID-2019).

In this plan, it was set that at the national level, operation support and logistics shall (i) Consolidate requests and share, for quantification and prioritization, (ii) Survey for Infection Prevention and Control (IPC) and Laboratory Reagent stocks available and identify gaps and (iii) Develop a list of items needed for resupply or procurement. At the sub-national level, operations support and logistics shall (i) Receive, inspect, consolidate, kit, and dispatch emergency medical supplies, (ii) Report on available supplies and dispatches completed, (iv) Liaise with the central level to monitor and report on global supply availability and forecast (request for new supplies), and (v) Monitor and reports on supply chain disruptions or blockages.

Accordingly, on March 19, 2020, MoPH published on its website the “Health sector readiness in Lebanon to respond to the Coronavirus”⁶ document. It states that a specialized committee was formed in cooperation with Rafik Hariri University Hospital to assess the needs for medical supplies for one-month period for 12 public hospitals that will receive COVID-19 patients in the first stages of the virus spread.

The needs were identified for one month and divided into materials to be worn by the health workers (PPEs) when treating cases and medical equipment needed for the Intensive Care Units (ICUs) as listed in the following tables. A dynamic mechanism was developed to identify needs periodically to meet needs and when there is any shortage.

⁵ The Coronavirus Disease 2019 (COVID-2019) National Health Strategic Preparedness and Response Plan available on www.moph.gov.lb

⁶ Health sector readiness in Lebanon to respond to the Coronavirus dated March 19, 2020 available on www.moph.gov.lb (in Arabic)

Table 2: List of PPEs and consumables needed for one month for one hospital⁷

#	Description	Unit	Number
A	N95: Particulate respirator compliant with NIOSH N95 or EN 149 FFP2 and fluid resistant (1/2 medium, 1/2 Large)	Piece	5,000
B	3 ply surgical face mask, compliant with EN 14683 type IIR or ASTM F2100 level2 or level 3 or equivalent	Box of 50	2,000
C	Disposable gown: single use, long sleeves, fiber made non-woven, thumb loop, tape tab for neck closure, water and liquids proof,	Piece	60,000
D	Goggles / eye protection compliant with EU standard directive 86/686/EEC, EN 166/2002 or ANSI/ISEA Z87.1-2010 or	Piece	65,000
E	Disposable coverall: compliant with EN 943-1:2002 such TYVEK or equivalent (1/3L, 1/3XL, 1/3XXL)	Piece	30,000
F2	Latex gloves free powder	Box of 100	4,000
H	Hand sanitizer 1liter	Piece	5,000
O	Cover shoes for Tyvek coverall or equivalent	Pair	1,000
S	Cadaver bags (Double cover)	Piece	300
Z10	Alcoholic, Hand Rub-(Sterilium) 500 ml / A liter	Piece	5,000
Z13	Towel Roll	Piece	5,000
Z27	Hydro soluble bags - Rolls	piece	500

Table 3: List of equipment and material needed for ICUs⁸

SN	Item
ICU Units	
1	ICU Bed
2	Patient Monitor
3	ICU Ventilator
4	Syringe Pump
5	Infusion Pump
ICU Department	
1	Defibrillator with Pacer
2	Mobile x-ray
3	Central Station System
4	12CH ECG Unit
5	Portable Ventilator & CPAP
6	Air Mattress
7	Portable Suction
8	Feeding Pump

The “Health sector readiness in Lebanon to respond to the Coronavirus A” states also that a procurement committee was established in order to prepare tenders and launch them quickly on the MoPH website and under the supervision of the WB.

⁷ Idem 5

⁸ Idem 5

3.2 Potential Beneficiaries of iSMEs-COVID

The Ministry of Industry (MoI) with the support of the WB and Kafalat conducted a limited market search to identify SMEs as targeted beneficiaries that can potentially help satisfying the needs that were pointed out by the MoPH, if supported by the iSMEs-COVID Project. These targeted beneficiaries are viable Lebanese firms or research centers that have or could develop capabilities to produce medical supplies, equipment and services needed to fight COVID-19 that: i) strengthen health facilities and establishment; ii) equip quarantine and treatment centers; and iii) protect most vulnerable people.

A priority list of eligible items and services was identified by MoPH under “Health sector readiness in Lebanon to respond to the Coronavirus”⁹ document and will be set by the program’s advisory committee. This could include:

- Ventilators, pulse oximeters, laryngoscopes, oxygen generators, other equipment and supplies for COVID-19 case management;
- PPEs, disinfectants and other commodities for IPC; and
- Health related services needed to respond to COVID-19.

A rapid assessment of firms and research centers, their productive capabilities and the feasibility of stimulating a supply response is being conducted by the MoI with the support of Kafalat and the WB. A preliminary list of potential beneficiaries has been compiled by MoI through the Association of Lebanese Industrialists (ALI) with more than 30 firms producing a range of medical supplies and equipment. More than 3 firms are finalizing prototypes of ventilators and several others are producing PPEs, including one of iSME’s existing portfolio companies who is also finalizing the design of a ventilator and is currently testing its product. They can be grouped into 6 types of industries as shown in the following table.

Table 4: Types of potential industries

Category of needs	Description	Type of Industry	ISIC code(*)	MoE requirement as per Decree 8633/2012 (**)	Classification as per Decree 5243/2001 (**)
Medical supplies	Respirators	Medical and optical equipment	3310	IEE	4
Personal Protective Equipment (PPEs)	Masks	Manufacturing of non-woven fabric	1310	Not specified	Not specified (***)
	Uniforms	Manufacturing of wearing Apparel	1410	Not specified	Not specified (***)
Hygiene products	Detergents, soaps and sanitizers	Chemical Industry	2451	IEE	3
	Ethyl Alcohol	Food Industry	1592	IEE	3
Other Consumables	Trash Bags, bins, sharp containers,	Other Plastic materials	2524	IEE	3

(*) International Standard Industrial Classification

(**) See Section 5

(***) Masks and uniforms industries could be classified 3 or 4, depending on the type of masks they produce, the different materials that go into their production, the processes of manufacturing and on the equipment’s capacity. The MoI would classify the industries producing masks and uniforms once the industry submits its full process.

⁹ Idem 5

4. Policy Framework for Environmental Management

Lebanon has a number of sector policies and strategies upon which the Project is based.

4.1 National Water Sector Strategy (2010-2020)

The Ministry of Energy and Water (MEW) launched in 2010 the National Water Sector Strategy to ensure water supply, irrigation and sanitation services over all the Lebanese territory on continuous basis and at optimal services levels, with a commitment to environmental, economic and social sustainability. The strategy aims at achieving its goal “water is considered a right for every citizen and a resource for the whole country” by a series of strategic objectives on both infrastructure and management level. The Strategy main 5 targets are: (i) Improved and sustainable water supply capable of forecasting required resources to cover anticipated shortages, (ii) Sustainable water resources management and allocation to priority uses (essentially irrigation), (iii) Development of wastewater sector, (iv) Encouragement of a sustainable irrigated agriculture and (v) Strengthened controls and reform. In order to increase the resilience of livelihoods to disasters, the Strategy focuses on preparedness and aims at improving and refining the knowledge on climate change and its implications on water resources. Note that this strategy is being currently updated.

4.2 Lebanon National Strategy for Air Quality Management (2015-2030)

Through this strategy, the GOL is committing itself to enhance and protect ambient air quality through the adoption of long-term goals, in order to reach the vision, set forth in the strategy by 2030. This involves the assessment of criteria pollutants. The strategy will also aim at assessing short-lived pollutants as well as greenhouse gas emissions. Beside addressing air quality issues, it highlights the need for improved mitigation measures to reduce the impacts of air pollution on health and environment.

5. Legal Framework for ESMF

Lebanon has an abundance of environmental laws and regulations as well as other legislations related to the industrial sector. Following is a summary of relevant national legislations.

5.1 National Legislation

Lebanese Law No. 80/2018

This Law is on **Integrated Solid Waste Management**. It includes sections on principles for integrated solid waste management, institutional framework for integrated solid waste management, non-hazardous solid waste management, hazardous solid waste management and financing, charges and incentives

Lebanese Law No. 78/2018

This Law aims at reducing **air pollution** through the management of air quality and air pollution sources, addressing and regulating major issues pertaining to local stationary and mobile sources of air pollution.

Lebanese Law No. 77/2018

The **code of water** aims at regulating, developing, and rationalizing the exploitation of water resources, and protecting them from depletion and pollution and improving the efficiency of the transport and distribution systems.

Lebanese Law No. 251/2014

This law is meant for **environmental prosecution**, based on which 6 district environment attorneys and 7 investigation judges for environmental issues were appointed in 6 Lebanese governorates.

Lebanese law No. 444/2002

The **Code of the Environment** forms the legal basis for environmental management in Lebanon and for the Environmental Impact Assessment (EIA) system.

Lebanese law No. 400/2002

This law is the ratification of ILO convention No. 138. This agreement aims to develop a general instrument on the subject of **minimum age for employment** to gradually replace the instruments applied in specific economic sectors, aiming to completely eliminate child labor

Lebanese law No. 335/2001

This law is the ratification of ILO convention No. 182. The agreement required the ratifying country to take immediate and effective measures to **prohibit the worst forms of labor** and eliminate it and specify the types of work that harm the health, safety or ethical behavior of children and their location

Lebanese law No. 207/2000

The **Labor Law** stipulates that all establishments, subject to this Law, should ensure that health and safety standards and working environment comply with the standards recommended by the Ministry of Labor.

Lebanese decree No. 167/2017

This decree provides **tax exemptions on income** and customs for individuals or legal entities engaged in environmental activities or importing goods to be used to avoid, reduce or eliminate pollution or to treat recycle and or reuses waste. SMEs are concerned by this decree that help them prevent pollution.

Lebanese decree No. 3791/2016

This decree sets **minimum wage** for employees and workers.

Lebanese decree No. 3989/2016

This decree deals with the establishment of the **environment police**.

Lebanese decree No. 8987/2012

This decree sets the **prohibition of employment of minors under the age of 18** in work that may harm their health, safety or morals

Lebanese decree No. 8633/2012 and relevant decisions 260/1-2015 and 261/1-2015

Decree 8633/2012 “**The EIA decree**”, requires projects mentioned in its annexes to either undergo an Environmental Impact Assessment (EIA) or an Initial Environmental Examination (IEE). It describes the process required for preparing an EIA or an IEE and the timeline for responses and approvals from the MoE.

Lebanese decree No. 8471/2012 and relevant decision 202/1 2013

“**The Environmental compliance decree**” requires industrial institutions of Categories 1 and 2 to undergo an Environmental Compliance Certificate (ECC) and Decision 202/1 provides provide the **mechanism for the application of the environmental compliance**. This decree sets the conditions, criteria and rules for the **industrial establishments to get an ECC**.

Lebanese decree No. 5243 issued in 2001

Industrial establishments were classified in categories numbered from one to five taking into consideration their potential environmental impacts and the safety aspects of the industries:

Category 1: generates very dangerous impacts on the environment, surroundings and public health which requires moving it away from the households to prevent its impacts.

Category 2: generates dangerous impacts on the environment, surroundings and public health but does not require moving it away from the households. However, it will not be given an investment permit unless mitigation measures are taken to prevent its impacts.

Category 3: generates limited negative impacts on the environment, surroundings and public health and must be subjected to special conditions to avoid its limited impacts.

Category 4: generates minimal negative impacts on the environment, surroundings and public health and must be subjected to special conditions to avoid its minimal impacts.

Category 5: does not generate any negative impact on the environment, surroundings and public.

MoE Decision No. 590/1 issued in 2015

As per this decision, the **Environmental Assessment** requirements for new and existing industrial facilities, according to Decrees 8633/2012 and 8471/2012 respectively, are integrated in the procedure for licensing industrial facilities.

MoE Decision No. 539/1 issued in 2015 and MoE Decision Number 189/2016.

This decision gave existing industrial facilities under categories 1, 2 and 3 as per Decree 5243/2001, deadline until end of 2018, 2019 and 2020 respectively for preparing an environmental audit and requesting an ECC. Decision 189/1 for the year 2016 provides **certain template to the environmental audit report and provides the mechanism for reviewing audit reports**.

MoL Decree No. 11802 issued in 2004

This decree states that the **employer** is responsible for providing workers with necessary PPEs, sanitary services, adequate ventilation and aeration, lighting and medical services. The decree also includes measures for fire safety and adequate handling of hazardous. Regarding accidents, employers shall report all accidents to the MoL within 24 hours of their occurrence and shall submit to the MoL biannual accident reports.

MoE Decision No. 8/1 issued in 2001

This decision specifies the **Emission Limits**. SMEs are required to abide by this decision. It is noteworthy that MoE is currently in the process of finalizing new Environmental Limit Values (ELVs) taking into consideration the principle of Best Available Technique (BAT).

MoE Decision No. 61/1 issued in 2001

This decision concerns the environmental requirements for the establishment and exploitation of **plastic industries**.

MoE Decision No. 52/1 issued in 1996

This decision sets the **environmental quality standards** for air, noise, water and soil.

Circular 7/1 issued in 2017

This recent decision provides a list of **institutions for the disposal of material** and equipment for potential recycling. SMEs can make use of this list to dispose their recyclable wastes.

5.2 International Agreements and Principles

The Basel Convention (Ratified by law 387/1994, 29/2015)

The Basel Convention on the control of transboundary movements of hazardous wastes and their disposal. The Basel Convention's main objectives are to: (i) Reduce the production of hazardous waste, (ii) Treat and dispose of hazardous waste at the nearest possible place from the source and (iii) Reduce transboundary movements of hazardous waste. In 2015 hazardous waste export to and from OECD countries has been banned.

The Stockholm Convention (Ratified by law 432/2002)

The Stockholm Convention on Persistent Organic Pollutants (POPs) is "a global treaty to protect human health and the environment from chemicals that remain intact in the environment for long periods, become widely distributed geographically, accumulate in the fatty tissue of human and wildlife and have harmful impacts in human health or on the environment".

*The Barcelona Convention Signature (Acceded by Decree Law No. 126 30/6/1977
Amendments Adhesion Law No.34 16/10/2008)*

The Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean, originally the Convention for Protection of the Mediterranean Sea against Pollution, known as the Barcelona Convention, is a regional convention that was adopted in 1976 and amended in 1995 to prevent and reduce pollution from land based sources, ships and aircraft in the Mediterranean Sea.

The UNFCCC (Ratified Law No.359 11/8/1994)

The United Nations Framework Convention on Climate Change (UNFCCC) entered into force on 21 March 1994. From the handbook of the Convention (2006), according to Article 2, the Convention's ultimate objective is "to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system".

The Polluter Pays Principle

The polluter pays principle was adopted by the Organization for Economic Co-operation and Development (OECD) in 1972. It stipulated that every waste producer is legally and financially responsible for the elimination of their waste in a safe way for both the environment and humans (even if certain jobs are outsourced).

Precautionary principle

The precaution principle was formulated for the first time in 1972, in the principle 15 of the Rio Declaration on Environment and Development. It stipulated that when there is a possibility of serious or irreversible damages on the environment, the lack of scientific proofs doesn't have to be considered as a reason to delay economic measures which help to prevent the environmental degradation

Proximity principle

The proximity principle recommended that the treatment and the elimination of hazardous waste are required to happen at the nearest place from their production location, in order to minimize risks related to the transportation.

Diligence principle

This principle stipulates that every individual who is involved in waste management has to take necessary measures which help to maintain an appropriate waste management from the production's point to the final

elimination. The main responsibilities of the waste producer, in the context of the diligence principle are: To identify precisely the waste which is produced to complete and sign monitoring sheets for hazardous waste before transferring it to another part, to condition the packaging in a safe way in appropriate packages, to insure a safe storing of the waste, to select an appropriate treatment and elimination method

5.3 World Bank Policies

The project, after restructuring, is expected to trigger only **OP/BP 4.01: Environmental Assessment**, as some of the subprojects could impact the physical environment. Category A subproject will not be eligible for funding, only category B and C subprojects will be funded. It is worth noting that the Project before restructuring was classified Category C (as components 1 and 2 were designed to exclude any activity that could be associated with E&S risks/impacts), therefore, there was no ESMF prepared for the Project before restructuring).

5.4 Environmental, Health, and Safety (EHS) General Guidelines

The Environmental, Health, and Safety (EHS) Guidelines are technical reference documents with general and industry-specific guidelines. SME's follow industry special EHS guidelines and covers also waste management, emissions to air and wastewater discharges.

5.5 Lebanese EIA Procedures

The table below describes the procedures for IEEs and EIAs in Lebanon.

Table 5: Procedures for IEE and EIA in Lebanon

<i>Stage</i>	Activity
<i>Initial Filing and Screening</i>	<p>The proponent completes a Project Screening Form (PSF) of the intended project in accordance to Annex IV of the EIA Decree 8633/2012 for submission to the MoE for screening.</p> <p>Screening is made through the Service of Environmental Technology based on lists of projects in Annexes I and II, as well as Annex III of the EIA decree (which takes into account the sensitivity of the project's location). The service determines if the project is among:</p> <ul style="list-style-type: none"> • Annex I projects for which an EIA report, based on Annex VIII, is required; • Annex II projects for which only an Initial Environment Examination (IEE) based on Annex IV, is required -an Annex II project located in an Annex III location would require an EIA; and, • If not listed in Annex I or Annex II, no further Environment Analysis is required, unless located in an Annex III area, in which case an EIA would be required. • The Minister of Environment has the right, and based on a reasonable justification, to request an IEE or an EIA regardless of the classification of the project. • Further to an IEE, the MoE can request the Proponent prepare an EIA if the IEE shows the need for an EIA due to an important environmental impact. • Duration of the MoE response is 15 days; if no response within this period is issued by MoE, the project may proceed on the basis of the above screening rules.
<i>Scoping</i>	<ul style="list-style-type: none"> • Scoping (report as per Annex VII) is required for projects subject to an EIA study; no scoping is required for projects requiring an IEE. • The Proponent is required to inform the stakeholders, concerned ministries and NGOs of the preparation of an EIA report and the municipality (Kaem Makam or Mohafez in the absence of a municipality) should post on its bulletin board and on the premises of the project, an announcement to that effect during 15 days and requesting comments from the public. MoE could also receive comments from the public or stakeholders for a duration of one month from the publication of the announcement. • The Proponent is required to submit as part of the scoping report a report on any EIA consultations and meetings with stakeholders. • The scoping report is available for consultation at the MoE by the public or by the concerned institutions. • MoE should provide its official comments on the scoping report within 15 days from its registration at the MoE; if no answer is obtained within this period, the Proponent can proceed with the preparation of the EIA report on the basis of the scoping report.
<i>Technical Evaluation</i>	<ul style="list-style-type: none"> • A technical committee comprising 3 to 5 members of various background and expertise from the different services of the MoE is responsible for the review of the EIA and IEE studies. If need be, experts not available at the MoE can be subcontracted to assist with the review of the EIA studies. • The technical committee uses the methodology set in the MoE's Decisions 229/1-230/1 of 2012 (similar to the "MNA Guide for the Preparation and Review of EA reports of the World Bank" under section 4-part B "reviewing EA reports."). The methodology is based on 'Review Checklists' with corresponding scores (A-F). A total score of C is considered to be satisfactory despite omissions and/or inadequacies.

<i>Stage</i>	<i>Activity</i>
<i>Decision and Approval</i>	<ul style="list-style-type: none"> • The MoE reviews the Committee's report and notifies its decision to the Proponent and publishes it within two months for an EIA report and within 30 days for an IEE report. This decision is transmitted to the concerned institutions and should be published on the municipality bulletin board during 15 days. The decision could be acceptance of the EIA report, conditional acceptance or rejection. • In case no response is obtained from MoE within the stipulated review periods; than the Proponent can consider the EIA or IEE reports, whichever applicable, approved, and can proceed with the project on the basis of the Environmental and Social Management Plans (ESMPs) included in the reports. • In case of conditional acceptance or rejection, objections and complaints from the Proponent can be submitted to the MoE within 15 days from the announcement of its decision and a reply should be provided within 15 days from receiving the complaints.
<i>Appeal</i>	The Proponent can appeal the decision of the MoE within 15 days. MoE has 15 days to reply; if no reply has been issued by MoE, objections are considered rejected. In case the objection was presented by a public institution, the Council of Ministers would interfere.
<i>Integration of Results</i>	ESMPs of approved EIA/IEE studies should be integrated in project design. Notably, costs of the EMSP should be taken into consideration in the project's feasibility study and mitigation and monitoring measures should be integral parts of the project design.
<i>Disclosure of EIA and IEE</i>	Article 12 of the EIA Decree states that the EIA and IEE are to be available for examination at the MoE. Provided that the info consulted is not relating to intellectual or industrial property or to any details of the finances of the project.
<i>Monitoring and Reporting</i>	The MoE will monitor the implementation of project specific ESMP and the Proponent should report implementation of ESMP regularly to MoE.
<i>Enforcement</i>	MoE shall be responsible for enforcement and will exercise site inspections as needed to ensure projects follow EMSP requirements and meet relevant standards.
<i>Validity</i>	The EIA and IEE reports are considered valid for a period of 2 years from the date of the decision of the MoE, if no works have been initiated
<i>Penalties</i>	Article 58 of the Environment Protection Law no. 444 states that shall be punishable by imprisonment from one month to a year and to a fine ranging between LP 50.0 million (US\$ 34,000) and LP 200.0 million (US\$ 134,000) or either of these two sanctions, every person who (a) did not prepare an EIA or IEE; (b) implemented a project contrary to the EIA or IEE approved by the MoE; (c) executed a project for which EIA/IEE is not required but is not conformed to the national standards; and/or (d) opposes or obstructs the measures of control, inspection and analysis provided in the Environment Protection Law.

5.6 Analysis and Comparison

The Lebanese EIA system was analyzed in the Country Environment Analysis of Lebanon¹⁰ to determine the equivalence with that of the World Bank. The analysis showed that the World Bank's EA policy and the Lebanese EIA system have many common features and are comparable in many aspects.

The Lebanese EIA Decree no. 8633/2012 and its annexes provide a list of projects that will require either an Environment Impact Assessment Report, Annex 1 projects or an Initial Environmental Examination (IEE) Annex 2 projects; Annex 3 projects are projects that are re-categorized as Annex 1 or 2 since they fall in an environmentally sensitive area and would have an impact on that area.

5.7 Lebanese EA Procedures

The Environmental Audit in Lebanon is a structured, detailed, documented, periodical and objective process to environmentally assess the industrial operation (Refer to Article 1 of Decree 8471/2012) and MoE Decision No. 189/1 - 2016

Table 6: Procedures for EA in Lebanon

<i>Stage</i>	<i>Activity</i>
<i>Initial Filing and Screening</i>	<ul style="list-style-type: none"> • The Project Proponent completes an EA Study and submits it to the MoE for preliminary review (in 5 hard copies and one electronic copy). • MoE conducts a preliminary review in order to check whether the EA under study is linked to previous documents at the MoE, and in the positive case, those documents are attached to the EA studies. • The MoE performs a preliminary review in order to check if the content complies, in its form, to the general content of an EA as per Annex 9. • MoE determines if the project: is conform (then it will continue its flow) or is not conform then a list of missing information is forwarded to the owner of the Project. In the latter case, the duration of the MoE response is 2 working days
<i>Assignment of the concerned units</i>	<ul style="list-style-type: none"> • A technical committee of various background and expertise from the different services of the MoE is responsible for the review of the EA. Each Member of the committee documents her/his observations and submit them to the chairman of the committee within 15 days. The chairman then invites the committee to a meeting to discuss the comments. • The committee conducts a field examination and concludes in a consolidated report. The EA is considered: 1- not complying, 2- complying subject to comments or 3- complying.
<i>Decision and Approval</i>	<ul style="list-style-type: none"> • The Minister reviews the draft letter and the Committee's report and notifies its decision to the Proponent and publishes it within 2 working days. This decision is transmitted to the owner of the institution immediately.

¹⁰ The World Bank: Country Environment Analysis of Lebanon, <www.moe.gov.lb>.

5.8 Lebanese Environmental Compliance Certificate Procedures

Any new or existing industrial establishment classified category 1, 2, or 3 should obtain an Environmental Compliance Certificate from the MoE according to the procedures detailed in the following table.

Table 7: Procedures for ECC in Lebanon

<i>Stage</i>	<i>Activity</i>
<i>Initial Filing</i>	<ul style="list-style-type: none"> When the industrial establishment has (i) Conducted an Environmental Audit (EA) and implemented its Environmental and Social Management Plan, (ii) Got an Operation permit from concerned Authorities (if not obtained) and (iii) Established a system for Environmental Management, it can apply for Environmental Compliance Certificate at the MoE.
<i>Technical Evaluation</i>	<ul style="list-style-type: none"> The MoE reviews the application and: 1- Disapprove or 2- Approve. In both cases, the MoE informs the concerned Ministry (in case of industrial establishment, MoI will be informed) of its decision. In case of approval, the MoE issues an Environmental Compliance Certificate (ECC) for the Establishment. The ECC is valid for 3 years.
<i>Renewal</i>	<ul style="list-style-type: none"> Before the Expiry of the ECC, the establishment shall conduct a Self-audit and submit it to the MoE and the concerned Ministry (MoI in case of Industrial establishment). Then the MoE will conduct a site visit. Based on the Self-audit and the site visit, the MoE decides if the Establishment is still environmentally compliant and informs the concerned Ministry of the result. In case of non-compliance, the MoE issues a warning to the establishment. The latter shall respond within a period of 2 months. If the establishment is still not compliant, the MoE will delete it from the registry of compliant establishments and the concerned Ministry is informed. The establishment is then subject to legal procedures.

6. Institutional Framework for ESMF

The primary project participants include Kafalat and Ministry of Environment/LEPAP Project. Their responsibilities/involvement relevant to the ESMF are summarized in this section.

6.1 Kafalat

Kafalat is a Lebanese financial company owned by the National Institute for the Guarantee of Deposits (for 75%) and fifty Lebanese banks (for 25%). It assists SMEs to access commercial bank funding. Kafalat helps SMEs by providing loan guarantees based on business plans/feasibility studies that show the viability of the proposed business activity.

Within the framework of iSMEs-COVID, Kafalat has the responsibilities listed below:

- Manage the funds.
- Review and clear sub-projects according to the national applicable laws and regulations, meeting the requirements of the exclusion list, and fulfilling the WB safeguard policies based on the ESMF and in particular on section 9 of this report.
- Prepare screening forms, Project Identification Form (PIF)
- Issue approval of sub-projects.
- Inform and build capacities of beneficiaries in E&S safeguard.
- Monitor and enforce the mitigation and monitoring measures in the sub-project specific ESMPs on a regular basis (monthly during the construction phase and yearly during the operation phase).
- Monitor the implementation of health and safety measures, Grievance Redress Mechanism (GRM), and Gender-Based Violence (GBV), and labor related conditions to ensure the concerned establishments are compliant with the WB standards.

6.2 The Ministry of Environment and LEPAP Project

The Ministry of Environment (MoE) elaborates policies, strategies, plans and projects in all that relates to the safety of the environment and the sustainability of natural resources. It also prepares laws, standards and norms. The MoE requires, reviews and approves or not EIAs, IEEs studies and EAs for specified types of projects. It also supervises the implementation of the ESMPs.

Following the approval of the Environmental Compliance Decree no. 8471/2012, the MoE joined forces with the WB, Banque Du Liban (BDL), and the Italian Agency for Development Cooperation to set up an environmental compliance mechanism for industrial enterprises through the Lebanon Environmental Pollution Abatement Project (LEPAP).

LEPAP provides free technical assistance to industrial enterprises through national and international consultants in order to evaluate their environmental status and propose actions in view of improving their overall environmental performance in line with the national regulations.

LEPAP in coordination with the MoE offered to help inspecting the recipients that choose to benefit from the service they provide. LEPAP/MoE will, if requested by Kafalat, conduct an E&S walkthrough in the industry and prepare an inspection report with recommendations to enhance the capacity of the industry in managing environmental and social risks related to its activities (see section 9 of this report).

7. Stakeholders Consultations and Social Mobilization

7.1 Objectives and limitations

In accordance with WB policies, stakeholder's consultation was conducted during the preparation of the ESMF.

On February 29, 2020, the Ministry of Education and Higher Education (MoEHE) suspended courses in schools and universities for two weeks. This period was extended on March 9, 2020 until March 15, 2020. On March 15, 2020, the GOL announced “the public mobilization to counter the spread of Corona virus” for 15 days, period extended until April 26, 2020. Large gatherings of people are banned, and citizens are encouraged to practice social distancing. The country closed its sole airport until further notice. On April 5, 2020, the Ministry of Interior and Municipalities (MoIM) laid out rules pertaining on when cars, public vehicles and trucks can be driven based on their plate number. Vehicles with plate numbers ending with an odd number are allowed on the street on Mondays, Wednesdays and Fridays while those with plate numbers ending with an even number are allowed on only Tuesdays, Thursdays and Saturdays. All vehicle circulation is prohibited on Sunday.

These measures are all intended to slow the spread of the disease by limiting people's movement and exposure to crowded environments where the disease can easily be spread from one carrier to many other people nearby. These measures also limit the Project's ability to use traditional methods of public consultations and stakeholder engagement.

In line with the above mentioned national restriction and the recently-available resources for carrying out stakeholder engagement in the context of COVID-19 and the WB's “Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings” dated March 20, 2020 (See **Annex A**), the project will avoid public gatherings and minimize physical interaction between people.

7.2 Stakeholders Consultation Process

In order to fulfill the WB requirements, and as per the national restrictions, public gathering was avoided and consultations were done virtually as per the following steps:

1. Virtual meetings were held with Kafalat key staff Mr. Bassel Aoun and Mr. Ralph Stephan on March 30, April 14, and April 17, 2020. Kafalat Organization Chart was shared, SMEs selection criteria, information regarding the selection and advisory committees and the Grievance Redress Mechanism operational at Kafalat. The Environmental and Social management capacities of the SME's and the implementation of the ESMF were also discussed.
2. Virtual meeting took place also on April 17, 2020 with Mr. Bassam Sabbagh (LEPAP Project Manager and Head of the Service of Urban Environment at the MoE) and Mrs. Cynthia Kayem (LEPAP M&E officer). The main focus of the discussion was, given the urgency of the Project and the current situation of the Country, to find the most efficient and fastest way to make sure the SMEs receiving iSMEs-COVID funds have the capacity of managing environmental and social risks related to their activities.
3. The draft ESMF for restructured iSMEs was distributed to the stakeholders (MoI, MoPH, The Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon, ALI and the E&S NGO Arcenciel) in a digital form on May 4, 2020. The stakeholders were also informed about the Grievance Redress Mechanism (GRM). They were provided with a brief on the project and the purpose of the ESMF document. The distribution was followed by a phone call and a small discussion over the phone.
4. The stakeholders were given a week to send back their feedback.
5. A revised ESMF for the restructured project considering the virtual meetings and feedback was disclosed on Kafalat website on May 19, 2020. The following email address

clientsupport@kafalat.com.lb and the following phone number 01-340 992 were provided to the stakeholders in order for them to give their feedback and suggestions if they wish to do so. The stakeholders were given a timeframe of 15 days to respond.

6. After COVID19 restrictions are lifted, and if the project hasn't started yet, face to face consultations will be conducted and the ESMF updated and then disclosed on the WB's external website and Kafalat website and made available at MoE premises.

7.3 Stakeholders Consulted and subjects discussed.

Below is a list of the stakeholders consulted and the main topics discussed.

Table 8: Stakeholders Consulted

Stakeholder	Contact Title	Contact Name	Contact Email
Kafalat s.a.l	Project Manager of iSME Programme	Bassel Aoun	bassel@kafalat.com.lb
Kafalat s.a.l.	Senior Officer – Responsible for Innovation & Energy Programs	Ralph Stephan	ralph@kafalat.com.lb
LEPAP	M&E officer	Cynthia Kayem	cynthia.kayem@undp.org
Ministry of Environment	LEPAP Project Manager and Head of the Service of Urban Environment	Bassam Sabbagh	b.sabbagh1972@gmail.com
Ministry of Industry	General Manager	Dani Gedeon	generaldirector@industry.gov.lb
Ministry of Public Health	General Manager	Dr. Walid Ammar	wammarmd@gmail.com
Arcenciel	Chief Executive Officer	Robin Richa	robin.richa@arcenciel.org
Chamber of Commerce - Beirut & Mount Lebanon	Director General	Rabih Sabra	dg@ccib.org.lb
Association of Lebanese Industrialists	General Manager	Dr. Fadi Gemayel	gfc@gemayelfreres.com

The main topics discussed are as follow:

- The MoI asked about (i) the launching date, (ii) the details of program such as the maximum loan value, duration, currency, collateral, and (iii) the purpose of ESMF. MoI asked to be kept informed when the program launches
- The MoPH asked about (i) Who are potential beneficiaries, (ii) what is the purpose of the ESMF and (iii) who represented MoPH at Advisory Committee
- Arcenciel asked (i) if the project tackles only industries related to COVID-19, (ii) about the details of Program such as maximum loan value, duration, currency, collateral, (iii) the purpose of the ESMF and (iv) the reason for requesting a feedback from Arcenciel.
- The Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon asked (i) if the Project was part of the USD 100M line for Industries, (ii) noted that it might not be particularly useful anymore since COVID-19 risk is beginning to fade away, (iii) asked about the date of launching, (iv) proposed to inform their members when it is launched and (v) what was the purpose of preparing an ESMF.
- ALI asked (i) about the launching date of the Project and (ii) the purpose of preparing an ESMF

8. Environmental and Social Analysis of the proposed Project

The beneficiaries from iSMEs-COVID will increase the supply of domestically produced medical supplies, equipment and services which would require provision of goods and equipment to maximize the operation of their existing production lines. Thus they may install new equipment or implement limited civil works within their premises to increase their production capacity.

The following positive impacts are expected from the Project:

1. Supply of material to the local market decreasing dependency on imports (at times where even international supply is scarce and the Lebanese firms are facing difficulties accessing foreign funds to import).
2. Creating opportunities for local innovating companies to manufacture a more sophisticated set of health products that would potentially outlive the pandemic and result in further growth and development of the Lebanese health industry.
3. Job and employment – this will include job sustainability of employees working in firms on the edge of closing down due to the financial crisis, and possible creation of new jobs due to expansion of existing firms to scale production and introduce new production lines.
4. Reduce the spread of COVID-19.

Pertinent activities may be associated with some environmental and social risks and impacts. Such risks and impacts are expected to be limited, site specific and could be readily mitigated. No large scale, significant and/or irreversible impacts are expected, and the implementing agency Kafalat will exclude any sub-project that would be classified as Category A. The following potential negative impacts may be caused by the project:

During scaling up and installation of new equipment, civil works that may be needed. They could cause negative impacts on the neighboring communities and on the staff performing the works. Those works are mainly needed to accommodate new equipment. They consist of the installation of electrical socket and wiring works, installation of lights, installation of air conditioning units, plumbing works, connection to existing sewage, ... The impacts of such works include:

1. Potential hazardous waste generation due to oil, grease, fuel & paint
2. Local generation of dust
3. Generation of noise from machinery
4. Poor sanitation & solid waste disposal in work area
5. OHS risks during installation of new equipment

During Operation, the potential risks include:

1. OHS risks during operation of production lines
2. Decline in the employees' conditions due to additional load of work and risk of child labor and forced labor
3. Health risks of COVID-19 in the workplace
4. Increase in water demand
5. Increase in energy consumption
6. Increase in the generation of solid waste
7. Increase in the generation of wastewater
8. Increase in air emissions from the production lines
9. Increase in noise generation

The table below provides good examples of E&S measures that should be included in a site-specific instrument. It summarizes positive and negative impacts and their severity. It proposes relevant mitigation measures for the whole facility. The mitigation measures should be included in the agreement with the beneficiary institution including a specific timeline for conducting an Environmental and Social Walkthrough Audit/ Environmental Inspection detailed audit and implementing the associated recommendations

Table 9: Environmental and Social Management Plan for iSMEs-COVID

Impact	Severity	Reversibility	Mitigation Measures	Responsibility	Cost (\$US)	
Positive Impacts						
1	Supply of material to the local market decreasing dependency on imports	+++	Not Applicable	None	Not Applicable	Not Applicable
2	Creating opportunities for local innovating companies that would potentially outlive the pandemic and result in further growth and development of the Lebanese health industry	+++	Not Applicable	None	Not Applicable	Not Applicable
3	Enhance job sustainability of employees working in firms and possible creation of new jobs due	++	Not Applicable	None	Not Applicable	Not Applicable
4	Reduce the spread of COVID-19	+	Not Applicable	None	Not Applicable	Not Applicable
Negative Impacts during scaling up and installation of new equipment						
1	Hazardous waste generation due to oil, grease & fuel	-	Irreversible	<ul style="list-style-type: none"> • Collect and recycle lubricants in closed bins to avoid leakage and contracting authorized body to handle the hazardous water and process it • Keeping the site clean and tidy 	<ul style="list-style-type: none"> • Contractor • SME 	No additional costs; the cost is imbedded in mandatory HSE measures and in Contract
2	Local generation of dust	-	Reversible	<ul style="list-style-type: none"> • Periodically water down • Use dust barriers • Minimize dust from materials and construction activities by using covers, storage, control equipment, and increasing moisture content. • Establish and implement a GRM for any internal or external complaints 	<ul style="list-style-type: none"> • Contractor • SME 	No additional costs; the cost is imbedded in mandatory HSE measures and in Contract

Impact	Severity	Reversibility	Mitigation Measures	Responsibility	Cost (\$US)
3 Noise from machinery	-	Reversible	<ul style="list-style-type: none"> • Use maintained equipment and silencers where possible • Place noise sources in a concealed area with respect to acoustic receptors • Establish and implement a GRM for any internal or external complaints 	<ul style="list-style-type: none"> • Contractor • SME 	No additional costs; the cost is imbedded in mandatory HSE measures and in Contract
4 Access and traffic	-	Reversible	<ul style="list-style-type: none"> • Set up warning signs in the workplace. All safe footpaths are marked; construction materials are not blocking pathways • Site entrances and exits are clearly marked for visitors and delivery drivers to see • Avoid or minimize transport through production areas • Ensuring safe and continuous access to all production area during construction • Establish and implement a GRM for any internal or external complaints 	<ul style="list-style-type: none"> • Contractor • SME 	No additional costs; the cost is imbedded in mandatory HSE measures and in Contract
5 Health and Safety	-	Reversible	<ul style="list-style-type: none"> • Marking work area physical boundaries (barriers, tape or fence) • Store building materials (such as pipes, manhole rings, and cement bags) so that they cannot topple or roll over. • Contractor to ensure PPE (personal protective equipment) is used by all workers on site. • Materials and equipment are tidily stacked, protected and covered where necessary. Additionally, there is adequate space for new materials to be stored in secured covered areas to avoid damage, theft, and to protect these items from weather conditions. • All works should comply with the OSHA Requirements • Workers to abide by a Code of Conduct • Establish and implement a GRM for any internal or external complaints 	<ul style="list-style-type: none"> • Contractor • SME 	No additional costs; the cost is imbedded in mandatory HSE measures and in Contract

Impact	Severity	Reversibility	Mitigation Measures	Responsibility	Cost (\$US)	
Negative Impacts during Operation						
1	Increased exposure of personnel to OHS risks.	--	Reversible	<ul style="list-style-type: none"> • Implement an OHS plan and ESMP • PPE shall be used by all workers on site. • Materials and equipment are tidily stacked • All works should comply with the OSHA Requirements • Workers to abide by a Code of Conduct • Establish and implement a GRM for any internal complaints • Industry shall have an emergency plan for firefighting prevention and control, and ensure that employees are trained on the health and safety measures that ensure their implementation 	• SME	Cost included in the operational cost of the Industry
2	Decline in the employees' conditions due to the additional load of work and risk of child labor and forced labor	-	Reversible	<ul style="list-style-type: none"> • Monitor the number of employees, working hours, their genders and nationalities, age, number of incidents and accidents recorded at the facilities, and the availability of trainings and health and safety measures. • The project should closely monitor the risk of child labor and should have measures in contracts to ensure that those below the working age are not hired and ensure that labor law of Lebanon is followed. In this context, a labor registry and age verification must be maintained. Additionally, during the employment procedure, the enterprise should abide by the Lebanese Labor Law dated 1946. • In order to counter inadequate working circumstances that would make workers at higher risk of exploitation, appropriate rules and regulations should be implemented. Enterprises should abide by the specified Lebanese law determining the minimum wage and minimum working age for children and to comply with working conditions and hours (as specified in the legal section). • An internal GRM should be available for employees to express any complaints 	• SME	Cost included in the operational cost of the Industry

Impact	Severity	Reversibility	Mitigation Measures	Responsibility	Cost (\$US)
3 Health risks of COVID-19 in the workplace	--	Reversible	<ul style="list-style-type: none"> • The enterprise is advised to appoint a dedicated person with responsibility to identify and implement actions that can mitigate the effects of COVID-19 on the enterprise and the community. Suggested actions: • Provide information on COVID-19 and good practices for preventing transmission to all employees. • There should be no discrimination against persons affected by COVI-19 or their families. • Ask sick or potentially infected workers to stay at home and ensure that sick staff do not feel pressured to attend work even if HR policies should be temporarily revised. • Workers should be instructed to follow the cough etiquette and the hand sanitation. The enterprise should provide enough water-soap handwashing facilities in workplaces and disposable tissues and garbage bins or hand sanitizing gel. • The enterprise should adjust the workplace to minimize areas where workers work closer than 2 meters and if needed add extra shifts to reduce the total number of employees in a facility at a given time • The enterprise should ensure cleaning and disinfecting the workplace • The enterprise should consider increasing ventilation or installing high-efficient air filters especially where close personal proximity cannot be prevented • Follow the same principles and measures listed above in the workers' accommodations especially if provided by the enterprise 	• SME	Cost included in the operational cost of the Industry
4 Increase in water demand	-	Reversible	<ul style="list-style-type: none"> • Minimize water consumption per unit production 	• SME	Cost will be determined later
5 Increase in energy consumption	--	Irreversible	<ul style="list-style-type: none"> • Investigate the potential to invest in green energy generation • Invest in energy saving production lines 	• SME	Cost will be determined later
6 Increase solid waste generation due to increased volume production	--	Reversible	<ul style="list-style-type: none"> • Implement a waste management plan in accordance with MoE Policy for the Integrated Solid Waste Management 	• SME	Cost will be determined later

Impact	Severity	Reversibility	Mitigation Measures	Responsibility	Cost (\$US)
7 Increase in wastewater generation	-	Reversible	<ul style="list-style-type: none"> • Ensure connection to wastewater network or local treatment plant • Ensure existing connection can handle additional loads 	• SME	Cost will be determined later
8 Increase in air emissions	-	Reversible	Install proper air emissions filters as needed in case missing and adjusting stack heights using as reference decision 8/1 of the MoE	• SME	Cost will be determined later

9. Implementation of the ESMF

Before restructuring the Project, Kafalat used to follow an E&S system for the selection of the eligible SMEs under iSMEs Project. Any Project that may have E&S impacts was screened off. The iSMEs fund could not finance any proposal that falls under Category A or B of the WB Safeguard policies OP/BP 4.01 and only Project under Category C were considered for funding.

With the introduction of Component 3, some projects may conduct activities that could be associated with E&S risks/impacts. Therefore, after restructuring, there was a need for an ESMF for the Project. Kafalat is hiring an E&S specialist to enhance the system and build the procedures. Kafalat will ensure that all beneficiaries SMEs have proven capacities in managing E&S issues. In this regards, the eligible SMEs (that are not included in the exclusion list) should undergo an Environmental and Social Walkthrough Audit that would result in an Environmental and Social Management Plan (ESMP). It is worth mentioning that due to the current situation of confinement, the consultancy firms and laboratories are currently closed. Even public servants at the MoE are advised to stay at home to prevent getting contaminated by the Corona virus.

The E&S selection of the eligible SMEs will be based on the following:

9.1 Exclusion list

The project will not involve:

- Any category A subproject with significant environmental and social risks, the negative impacts of which will be considered diverse, varied, irreversible and unprecedented.
- Any subproject with civil works involving construction/decommissioning of building containing Asbestos cement.
- Any activity affecting international waterways, natural habitats, disputed areas or indigenous peoples or involving the conversion or degradation of forest areas or physical cultural resources;
- Any activity involving the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood
- Any activity or product that deals with mercury

9.2 Procedures to be followed by SMEs to be Environmentally and Socially compliant and eligible for funds under COVID-19

The steps to be followed by the recipients to ensure its E&S management capabilities and be eligible to receive funds from iSEM-COVID, can be summarized as per the following:

1. The candidate fills in an application form which details the intended use of the grant/soft loan and passes the pre-screening of the Selection Committee. At this stage, the SME will fill in also an E&S information form that was prepared by the MoE/LEPAP (See **Annex B**).
2. If the candidate has an approved EA from MoE, it will be considered directly eligible for funding.
3. If the candidate does not have an approved EA from the MoE, it shall undertake an Environmental and Social Walkthrough Audit. For the purpose of the ESW, the enterprise has 2 choices:
 - a. The candidate could prefer to hire a consultant. This Consultant shall do an ESWA in its industry and issue an ESWA report. In this case, Kafalat/the WB may conduct another inspection of the industry and review the ESWA report.
 - b. The candidate submits, directly or through Kafalat, a request to LEPAP/MoE for an environmental walkthrough in its industry. In this case, LEPAP/MoE will undertake a walkthrough and prepare a walkthrough report.
4. In both cases, the walkthrough report that will be issued shall clearly state the Environmental and Social improvement needed at the industry level. For consistency purposes, the walkthrough report shall follow the template adopted by the MoE/LEPAP Project (See **Annex C**).

5. The recipient shall commit to implementing the E&S recommendations in a well-defined timeline for implementation.
6. Kafalat E&S Specialist should check that all the recommendations stated in the walkthrough report are being implemented by the recipient.
7. The contract between Kafalat and the recipient should include a penalty clause in case the recipient fails to implement the E&S measures that were recommended by the Consultant or by LEPAP/MoE.

The following diagram shows the different steps that and SME shall follow to prove its E&S eligibility.

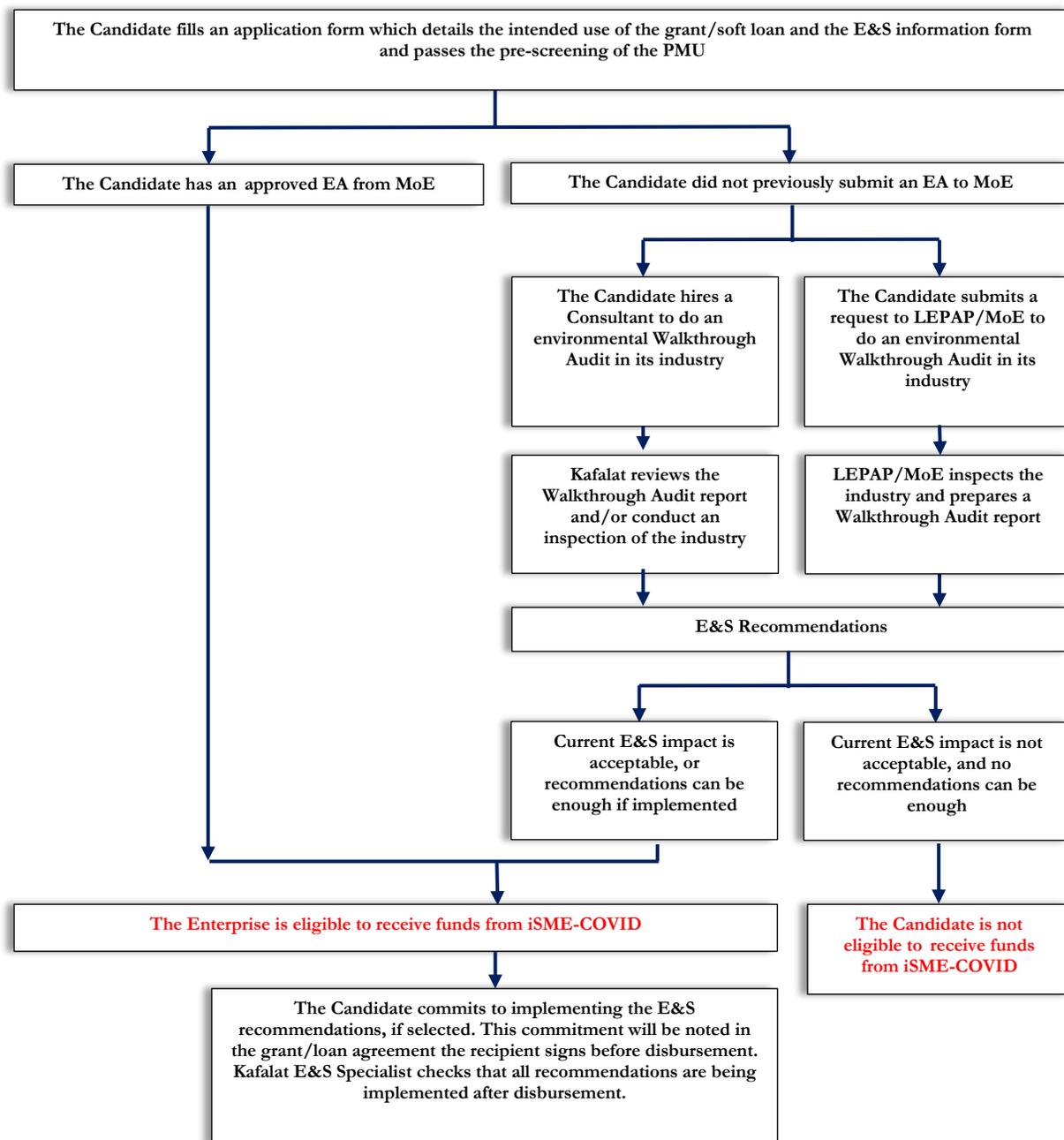


Figure 2: E&S eligibility diagram for iSMEs-COVID

The Environmental walkthrough and the implementation of the Environmental and Social recommendations will help the industries perform the Environmental Audit as per the requirements of the MoE. This is the first step for the acquirement of the “Environmental Compliance Certificate from MoE”. The SMEs receiving funds from iSMEs-COVID Project will be encouraged to conduct a further stage and obtain the ECC. **Annex D** provides a guideline for the SMEs, on how to proceed to get the ECC in accordance with their current E&S status. Kafalat E&S will provide the necessary support and guidance for the SMEs to pursue the certificate.

9.3 Capacity building and awareness raising program

In order to ensure proper implementation of the ESMF, Kafalat shall undertake environmental capacity building and awareness raising program. The program should consider:

1. The PMU members shall be trained on several topics including: sustainable management of industries, reduction of the environmental impact of the Lebanese industries, ES monitoring, OHS and GRM.
2. Beneficiaries should be made aware of the requirements of the ESMF by the PMU.
3. The PMU shall raise the awareness of the SMEs on the proper implementation of the ESMP that was developed in their ES safeguard instrument and on the OHS measures to be adopted.
4. The contractor implementing works and the relevant personnel of SMEs should be made aware of the requirements of the ESMP.

10. Monitoring

The PMU at Kafalat will check the proper implementation of the ESMF. It is the PMU's responsibility to follow-up with the SMEs on the implementation of the recommendations resulting from the Environmental and Social Inspection. The PMU will submit to the WB as part of its semi-annual project report, a report on the overall status of compliance with the ESMF including updates on the project's GRM.

The following table presents the main tasks to be undertaken to monitor the proper E&S safeguard implementation of the project.

Table 10: Monitoring Plan for iSMEs-COVID

Task	Indicator	Frequency	Responsibility	Phase
Monitor and assist in the preparation for the ESWA of the industrial candidates	Consultant contracted or Assistance of MoE/LEPAP requested	Once	PMU/E&S Expert	Pre-disbursement of funds
Review the ESWA report prepared by the Consultant	E &S report reviewed and report revised by the Consultant.	Once	PMU/E&S Expert	Pre-disbursement of funds
Monitor the progress of the implementation of the recommendations provided in the ESWA report	Site visit conducted to the industry	Monthly and according to risk during the construction phase	PMU/E&S Expert	During project lifetime
Check the implementation of the E&S recommendations during the operation of the project	Report submitted by the industry Observations during site visits	Yearly and according to risk during the operation phase.	PMU/E&S Expert	During project life time
Follow up on the GRM implemented by the recipients	Report submitted by the industry	Yearly and according to risk during the operation phase.	PMU/E&S Expert	During project life time
Follow up on the GRM implemented by Kafalat	Kafalat GRM Log Sheet	Weekly	PMU/E&S Expert	During project life time

11. Institutional Arrangements

The institutions involved in the implementation of the Project include Kafalat and the Beneficiaries.

Kafalat manages the WB fund and verifies the implementation of safeguards. Kafalat shall prepare and adopt Safeguard Instruments, and shall take steps to monitor on a continuing basis the implementation of the Safeguard Instruments and ensure that the Project is executed in strict accordance with such safeguard instruments, and, upon the occurrence of any event or condition likely to interrupt or interfere with the smooth implementation of the safeguard instruments, Kafalat shall act promptly to deal with or address such event or condition, and inform the beneficiary and the WB accordingly.

Kafalat shall establish and maintain a PMU that manages the implementation of the Project. The PMU shall include an E&S Expert. PMU E&S Expert will be in charge of E&S implementation, following up and reporting at the PMU level. It is recommended that PMU shall:

- Pre-screen the industrial candidates in accordance with the exclusion list.
- Act as a facilitator between the proponent and the MoE/LEPAP during the preparation of the ESWA report.
- Technically assist in the selection of the independent consultant, if required by the proponent.
- Raise the recipient's awareness on E&S Safeguards.
- Review the ESWA report submitted by the Consultants hired by the industrial candidates.
- Monitor the implementation of the recommendations of the ESWA report and conducting site walkthrough on due diligence when needed.
- Check and follow up on the implementation of the E&S recommendations provided in the ESWA report during scaling up and operation.
- Report the WB on the E&S safeguard.
- Maintain, throughout the Project implementation a GRM and take all measures necessary to implement the determinations made by such mechanism.
- Follow up, throughout the Project implementation on the GRM implemented by the industrial recipients.
- Assist and advise the industrial recipient that is seeking an ECC for the MoE.

The Beneficiary will be responsible for:

- Hire the services of independent prequalified Consultant or seek the help of MoE/LEPAP to conduct the ESWA of its premises.
- Submit the ESWA report to Kafalat for approval.
- Revise the TORs of the implementing contractor based on the ESMF
- Revise its policies and procedures in line with the recommendations of the ESWA Report.
- Commit and Implement all the recommendations of the ESWA Report.
- Report yearly to Kafalat on the implementation of the E&S recommendations of the Inspection report.
- Establish and keep the GRM operational during the lifetime of the project and report to Kafalat on the GRM.

12. Grievance Redress Mechanism

An effective GRM is in place at Kafalat. It plays an important role in enhancing public trust and can be valued as a means to strengthen the performance and to improve Kafalat reputation, administrative and systemic issues related to its projects and programs implemented.

Kafalat shall maintain, throughout the Project implementation, and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank. The complainants should be given the possibility to remain anonymous if they do not wish to reveal their identity.

Below is the summary of the current GRM at Kafalat:

Enquiries or complaints can be raised through different channels:

1. By telephone on the following number Tel: 01-340 992
2. By email on clientsupport@kafalat.com.lb
3. By using an online form provided on the Website: <http://www.kafalat.com.lb> under “Submit a Complaint”

The aim is to resolve or respond to the enquiries within the same call where no follow up is required. Where follow up is required and for written enquiries, the endeavor is to reply within 5 business days from the 1st call. Where more time is required or for complex enquiries, the enquirer will be kept updated on the progress.

Client Complaints Log summary is provided in **Annex E**. The log summary sheet shows that the total yearly complaints registered in 2017, 2018 and 2019 was respectively 36, 47 and 15 complaints. The average days to resolution is around 2 days. The number of complaints registered in January 2020 was 7 and in February was 5. One qualified person is dedicated to GRM.

A GRM shall be established within each of the beneficiary SMEs to handle complaints and grievances relating to any aspect of the Program carried out by the respective recipient, including adverse social and environmental impacts. Project PMU E&S specialist will follow up on the GRM of each beneficiary SME and ensure it is adequately functioning.

13. Cost Estimate

Below is the ESMF Indicative Budget

Table 11: Budget for the Implementation of ESMF for iSMEs-COVID

Elements	Target	Responsibility	Number	Unit Price US\$	Total Cost US\$
Environmental training and sensibilisation (sustainable management, Environmental impacts, ES monitoring, OHS, GRM,)	PMU/Beneficiaries	Kafalat	1	1,500	1,500
Technical support	E&S Expert for PMU support and enforcement	PMU/Kafalat	12 months	3,500	42,000
Sub-Total					43,500
Contingencies (approximately 5% of the total costs)					6,500
Total Cost					50,000

1. Annexes

Annex A: Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings

Annex B: E&S Information Form

Annex C: Template of the Inspection Report

Annex D: Procedures to be followed by SMEs to be Environmentally Compliant (Decree No. 8471/2012)

Annex E: Kafalat Client Complaints Log Summary Sheet

Annex A: Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings

With the outbreak and spread of COVID-19, people have been advised, or may be mandated by national or local law, to exercise social distancing, and specifically to avoid public gatherings to prevent and reduce the risk of the virus transmission. Countries have taken various restrictive measures, some imposing strict restrictions on public gatherings, meetings and people's movement, and others advising against public group events. At the same time, the general public has become increasingly aware and concerned about the risks of transmission, particularly through social interactions at large gatherings.

These restrictions have implications for World Bank-supported operations. In particular, they will affect Bank requirements for public consultation and stakeholder engagement in projects, both under implementation and preparation. WHO has issued technical guidance in dealing with COVID-19, including: (i) Risk Communication and Community Engagement (RCCE) Action Plan Guidance Preparedness and Response; (ii) Risk Communication and Community engagement (RCCE) readiness and response; (iii) COVID-19 risk communication package for healthcare facilities; (iv) Getting your workplace ready for COVID-19; and (v) a guide to preventing and addressing social stigma associated with COVID-19. All these documents are available on the WHO website through the following link: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance>.

This Note offers suggestions to World Bank task teams for advising counterpart agencies on managing public consultation and stakeholder engagement in their projects, with the recognition that the situation is developing rapidly and careful regard needs to be given to national requirements and any updated guidance issued by WHO. It is important that the alternative ways of managing consultation and stakeholder engagement discussed with clients are in accordance with the local applicable laws and policies, especially those related to media and communication. The suggestions set out below are subject to confirmation that they are in accordance with existing laws and regulations applying to the project.

Investment projects under implementation. All projects under implementation are likely to have public consultation and stakeholder engagement activities planned and committed as part of project design. These activities may be described in different project documents, and will involve a variety of stakeholders. Commonly planned avenues of such engagement are public hearings, community meetings, focus group discussions, field surveys and individual interviews. With growing concern about the risk of virus spread, there is an urgent need to adjust the approach and methodology for continuing stakeholder consultation and engagement. Taking into account the importance of confirming compliance with national law requirements, below are some suggestions for task teams' consideration while advising their clients:

Task teams will need to review their project, jointly with the PMUs, and should:

- Identify and review planned activities under the project requiring stakeholder engagement and public consultations.
- Assess the level of proposed direct engagement with stakeholders, including location and size of proposed gatherings, frequency of engagement, categories of stakeholders (international, national, local) etc.
- Assess the level of risks of the virus transmission for these engagements, and how restrictions that are in effect in the country / project area would affect these engagements.

- Identify project activities for which consultation/engagement is critical and cannot be postponed without having significant impact on project timelines. For example, selection of resettlement options by affected people during project implementation. Reflecting the specific activity, consider viable means of achieving the necessary input from stakeholders (see further below).
- Assess the level of ICT penetration among key stakeholder groups, to identify the type of communication channels that can be effectively used in the project context.

Based on the above, task teams should discuss and agree with PMUs the specific channels of communication that should be used while conducting stakeholder consultation and engagement activities. The following are some considerations while selecting channels of communication, in light of the current COVID-19 situation:

- Avoid public gatherings (taking into account national restrictions), including public hearings, workshops and community meetings;
- If smaller meetings are permitted, conduct consultations in small-group sessions, such as focus group meetings. If not permitted, make all reasonable efforts to conduct meetings through online channels, including WebEx, zoom and skype;
- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, and mail) when stakeholders do not have access to online channels or do not use them frequently. Traditional channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;
- Where direct engagement with project affected people or beneficiaries is necessary, such as would be the case for Resettlement Action Plans or Indigenous Peoples Plans preparation and implementation, identify channels for direct communication with each affected household via a context specific combination of email messages, mail, online platforms, dedicated phone lines with knowledgeable operators;
- Each of the proposed channels of engagement should clearly specify how feedback and suggestions can be provided by stakeholders;
- An appropriate approach to conducting stakeholder engagement can be developed in most contexts and situations. However, in situations where none of the above means of communication are considered adequate for required consultations with stakeholders, the team should discuss with the PMU whether the project activity can be rescheduled to a later time, when meaningful stakeholder engagement is possible. Where it is not possible to postpone the activity (such as in the case of ongoing resettlement) or where the postponement is likely to be for more than a few weeks, the task team should consult with the OESRC to obtain advice and guidance.

Investment projects under preparation. Where projects are under preparation and stakeholder engagement is about to commence or is ongoing, such as in the project E&S planning process, stakeholder consultation and engagement activities should not be deferred, but rather designed to be fit for purpose to ensure effective and meaningful consultations to meet project and stakeholder needs. Some suggestions for advising clients on stakeholder engagement in such situations are given below. These suggestions are subject to the coronavirus situation in country, and restrictions put in place by governments. The task team and the PMU should:

- Review the country COVID-19 spread situation in the project area, and the restrictions put in place by the government to contain virus spread;

- Review the draft Stakeholder Engagement Plan (SEP, if it exists) or other agreed stakeholder engagement arrangements, particularly the approach, methods and forms of engagement proposed, and assess the associated potential risks of virus transmission in conducting various engagement activities;
- Be sure that all task team and PIU members articulate and express their understandings on social behavior and good hygiene practices, and that any stakeholder engagement events be preceded with the procedure of articulating such hygienic practices.
- Avoid public gatherings (taking into account national restrictions), including public hearings, workshops and community meetings, and minimize direct interaction between project agencies and beneficiaries / affected people;
- If smaller meetings are permitted, conduct consultations in small-group sessions, such as focus group meetings. If not permitted, make all reasonable efforts to conduct meetings through online channels, including WebEx, zoom and skype meetings;
- Diversify means of communication and rely more on social media and online channels. Where possible and appropriate, create dedicated online platforms and chat groups appropriate for the purpose, based on the type and category of stakeholders;
- Employ traditional channels of communications (TV, newspaper, radio, dedicated phone-lines, public announcements and mail) when stakeholders do not have access to online channels or do not use them frequently. Such channels can also be highly effective in conveying relevant information to stakeholders, and allow them to provide their feedback and suggestions;
- Employ online communication tools to design virtual workshops in situations where large meetings and workshops are essential, given the preparatory stage of the project. WebEx, Skype, and in low ICT capacity situations, audio meetings, can be effective tools to design virtual workshops. The format of such workshops could include the following steps:
 - *Virtual registration of participants:* Participants can register online through a dedicated platform.
 - *Distribution of workshop materials to participants, including agenda, project documents, presentations, questionnaires and discussion topics:* These can be distributed online to participants.
 - *Review of distributed information materials:* Participants are given a scheduled duration for this, prior to scheduling a discussion on the information provided.
 - *Discussion, feedback collection and sharing:*
 - ✓ Participants can be organized and assigned to different topic groups, teams or virtual “tables” provided they agree to this.
 - ✓ Group, team and table discussions can be organized through social media means, such as WebEx, skype or zoom, or through written feedback in the form of an electronic questionnaire or feedback forms that can be emailed back.
 - *Conclusion and summary:* The chair of the workshop will summarize the virtual workshop discussion, formulate conclusions and share electronically with all participants.
- In situations where online interaction is challenging, information can be disseminated through digital platform (where available) like Facebook, Twitter, WhatsApp groups, Project web links/ websites, and traditional means of communications (TV, newspaper, radio, phone calls and mails with clear description of mechanisms for providing feedback via mail and / or dedicated telephone lines. All channels of communication need to clearly specify how stakeholders can provide their feedback and suggestions.
- *Engagement with direct stakeholders for household surveys:* There may be planning activities that require direct stakeholder engagement, particularly in the field. One example is resettlement planning where surveys need to be conducted to ascertain socioeconomic status of affected people, take inventory of their affected assets, and facilitate discussions related to relocation and livelihood planning. Such survey activities require active participation of local stakeholders, particularly the potentially adversely

affected communities. However, there may be situations involving indigenous communities, or other communities that may not have access to the digital platforms or means of communication, teams should develop specially tailored stakeholder engagement approaches that will be appropriate in the specific setting. The teams should reach out to the regional PMs for ENB and Social Development or to the ESSA for the respective region, in case they need additional support to develop such tailored approaches.

- In situations where it is determined that meaningful consultations that are critical to the conduct of a specific project activity cannot be conducted in spite of all reasonable efforts on the part of the client supported by the Bank, the task team should discuss with the client whether the proposed project activities can be postponed by a few weeks in view of the virus spread risks. This would depend on the COVID-19 situation in the country, and the government policy requirements to contain the virus spread. Where it is not possible to postpone the activity (such as in the case of ongoing resettlement) or where the postponement is likely to be for more than a few weeks, the task team should consult with the OESRC to obtain advice and guidance.

Annex B: E&S Information Form

1. Company Name
2. Legal Form
3. Location of the Factory
4. Type (Establishment or Investment), Number and Date of Ministry of Industry Permit
5. Number of employees registered at the NSSF
6. Number of workers not registered at the NSSF
7. Do you have any ISO certification?
8. Does the business have an Occupational Health and Safety Policy?
9. Does the business have a Grievance Redress Mechanism (i.e. Customer Support)?
10. Do you have an Environmental Compliance Certificate (ECC) from the Ministry of Environment?
 - a. If yes, number and date of issuance
11. Have you recently conducted an Initial Environmental Examination (IEE) or an Environmental Audit (EA) or an Environmental Impact Assessment (EIA) for the factory?

Annex C: Template of the Environmental and Social Walkthrough Audit Report

ENVIRONMENTAL WALKTHROUGH AUDIT REPORT

Industrial establishment information:	<ul style="list-style-type: none">. Name:. Address:. Phone number:. Email:. Website:
Name and title of the contact person:	<ul style="list-style-type: none">. Name:. Position:. Phone number:. Email:
Name and contact information of the inspector:	
Date of the inspection visit:	

1. GENERAL INFORMATION

- Sector
- Sub-Sector
- Number and Date of Permit
- Category Year of establishment at the current location (clarify if any previous activities were conducted on the site prior to the establishment of the project)
- Existing certifications, if any
- Previous environmental studies conducted
- Identified environmental investments

1.1. LOCATION, TOTAL AREA OF PREMISES AND SURROUNDING AREA

- Plot number
- Coordinates of the site
- Type of area (based on an easement certificate, if available)
- Total land area and total built up area
- Brief description of the surrounding environment
- Distance and directions to sensitive receptors
- Distance from residential area (m)
- Presence of nearby water bodies
- Distance from water bodies (m)
- Google map showing the site and the surrounding area

2. APPLICABLE ENVIRONMENTAL LEGISLATIONS

2.1. POLLUTION ABATEMENT TARGETS

Specify the limit values for discharge of wastewater, air emissions and noise as per applicable decisions. If no national limit values are available, refer to international legislations.

2.2. CLASSIFICATION AND PERMITS

Permits include construction and/or investment permits issued by the Ministry of Industry or the Governor, MoE approval on EIA/IEE, MoE approval on industrial permits, permit for operation of water wells ...etc.

3. SITE AND PRODUCTION DESCRIPTION

3.1. DESCRIPTION OF THE PRODUCTION PROCESS

Provide a brief description of all production lines including steps, input needed (raw materials, chemicals, energy, water), resulting outputs (products and by-products), emissions, wastes and discharges, connections to other production lines or units, type of production (continuous or batch)...etc.

3.2. PROCESS FLOWCHART PER PRODUCTION LINE

- Identify all production steps
- Add all inputs for each step including raw materials, chemical, steam, water, energy, etc...
- Add all outputs for each step including products, by-products, solid/liquid/gaseous emissions, etc...
- Process flowchart shall include quantities of inputs and outputs per batch of production, if possible.

3.3. INPUTS

3.3.1. Main raw materials, chemicals and oils

Type	Quantity	Current management practices	Compliance status	Additional needed preventive measures (if applicable)
<i>Raw material</i>				
<i>Chemicals</i>				
<i>Oils and lubricants</i>				

3.3.2. Water consumption

- Clarify what is the source of the water used onsite
- In case a private well is available at the site, clarify if it is permitted or not. If so, provide a copy of the permit as an annex
- Include information about water tanks (number, capacity, location...etc.)
- Include details about cooling system and/or CIP, if available
- Include details about the existing treatment unit of water before usage if applicable

Usage	Average yearly consumption (Unit)
<input type="checkbox"/> Domestic	
<input type="checkbox"/> Cooling	
<input type="checkbox"/> Process	
<input type="checkbox"/> Cleaning of equipment	
<input type="checkbox"/> Cleaning of floors	
<input type="checkbox"/> Cleaning of vehicles	
<input type="checkbox"/> Boilers	
<input type="checkbox"/> Other	

3.3.3. Energy consumption

- Type of energy (electricity, steam, etc.)
- Source (public grid, own generators/boilers)
- Consumption (in KWh or tons/h)
- Number of engines

- Location of engines
- Specs of engines: date of manufacturing, capacity, location, type of fuel used, stack type, stack height, base infrastructure, description of containment pit
- Height of closest receptor
- Number, location and specs of fuel tanks

3.4. OUTPUTS

<i>Products</i>	
<i>Type of products</i>	<i>Quantity (units)</i>
<i>By-Products</i>	
<i>Type of products</i>	<i>Quantity (units)</i>

4. DESCRIPTION OF ENVIRONMENTAL STATUS AND EMISSIONS

4.1. AIR EMISSIONS

- Identify the main sources and types
- Testing results, if available
- Existing abatement units and/or measures if any
- Compliance status

4.2. WASTEWATER

- Sources
- Quantities (a breakdown of the wastewater quantities per type and usage, if possible)
- Description of wastewater networks (clarify if domestic and industrial wastewater streams are connected or not)
- Final collection (onsite) and disposal (offsite) points for domestic and industrial wastewater
- Specs of treatment unit if available
- Testing results, if available
- Compliance status

4.3. HAZARDOUS WASTE

- Type and classification
- Sources
- Quantity
- Current management practices
- Best environmental management practices
- Compliance status

4.4. SOLID WASTE

- Type
- Sources

- Quantity
- Current management practices
- Compliance status

4.5. ENVIRONMENTAL NOISE

- Sources
- Baseline average level
- Existing abatement units if any (description, specs, performance)
- Testing results, if available
- Compliance status

4.6. SOIL AND GROUDNWATER CONTAMINATION

- Potential locations
- Sources
- Needed testing
- Testing results, if available

5. LIST OF ANNEXES

- Pledge of the concerned industry
- Copies of available legal documents:
 - Easement certificate with corresponding decision of DGUP (افادة ارتفاق وتخطيط مع نسخة عن قرار المجلس الاعلى للتنظيم المدني اضافة الى نسخة عن الشروط الخاصة)
 - Establishment and investment permits (رخصة انشاء و/أو استثمار)
 - Any other relevant legal document
- Copies of testing results, if available
- Material safety data sheets, if available

Annex D: Procedures to be followed by SMEs to be Environmentally Compliant (Decree No. 8471/2012)

New and old industries operating in Lebanon classified under categories 1, 2 and 3 by the Decree No. 5243/2001 must obtain an Environmental Compliance Certificate (ECC). The acquisition of an ECC starts with an Environmental Audit (EA) of the establishment. The enterprise will follow different procedures to get MoE approval of their EA which is a pre-requisite to get their ECC.

Three different scenarios are possible:

1. The Enterprise has an approved EIA, then it can apply for an EA
2. The Enterprise did not previously submit an EIA/IEE to MoE, it shall prepare an EIA/IEE, get it approved, implement the ESMP and then apply for an EA
3. When the Enterprise has an approved EA, it can submit a request for an ECC to MoE. The following diagram shows the different scenarios that must be followed by the SMEs to get their ECC.

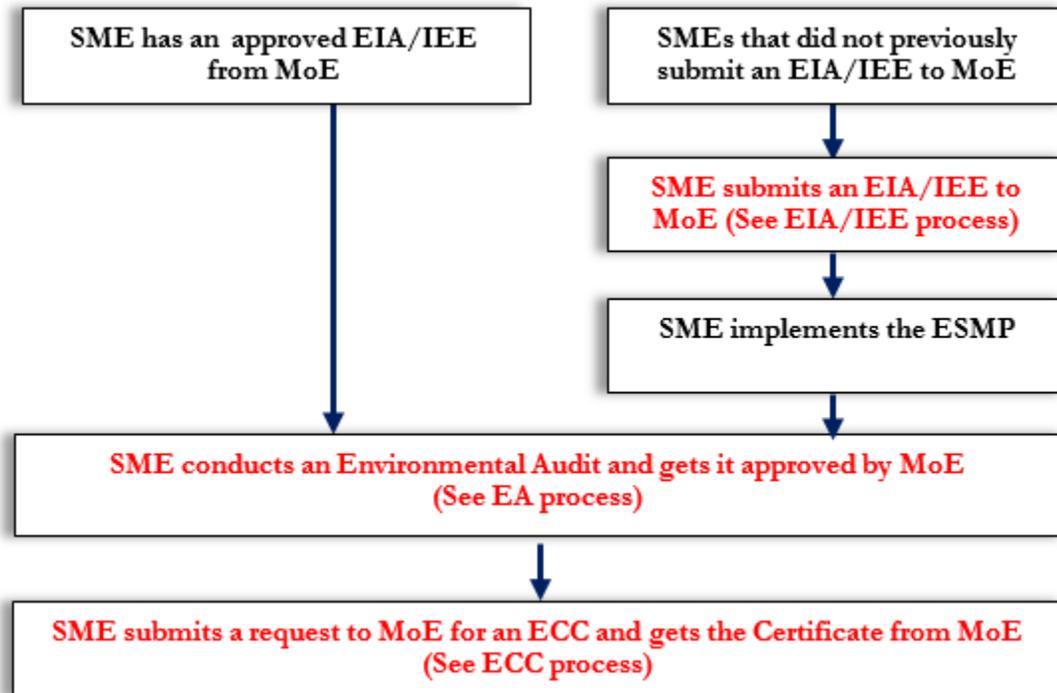


Figure 1: EA Application Process Diagram

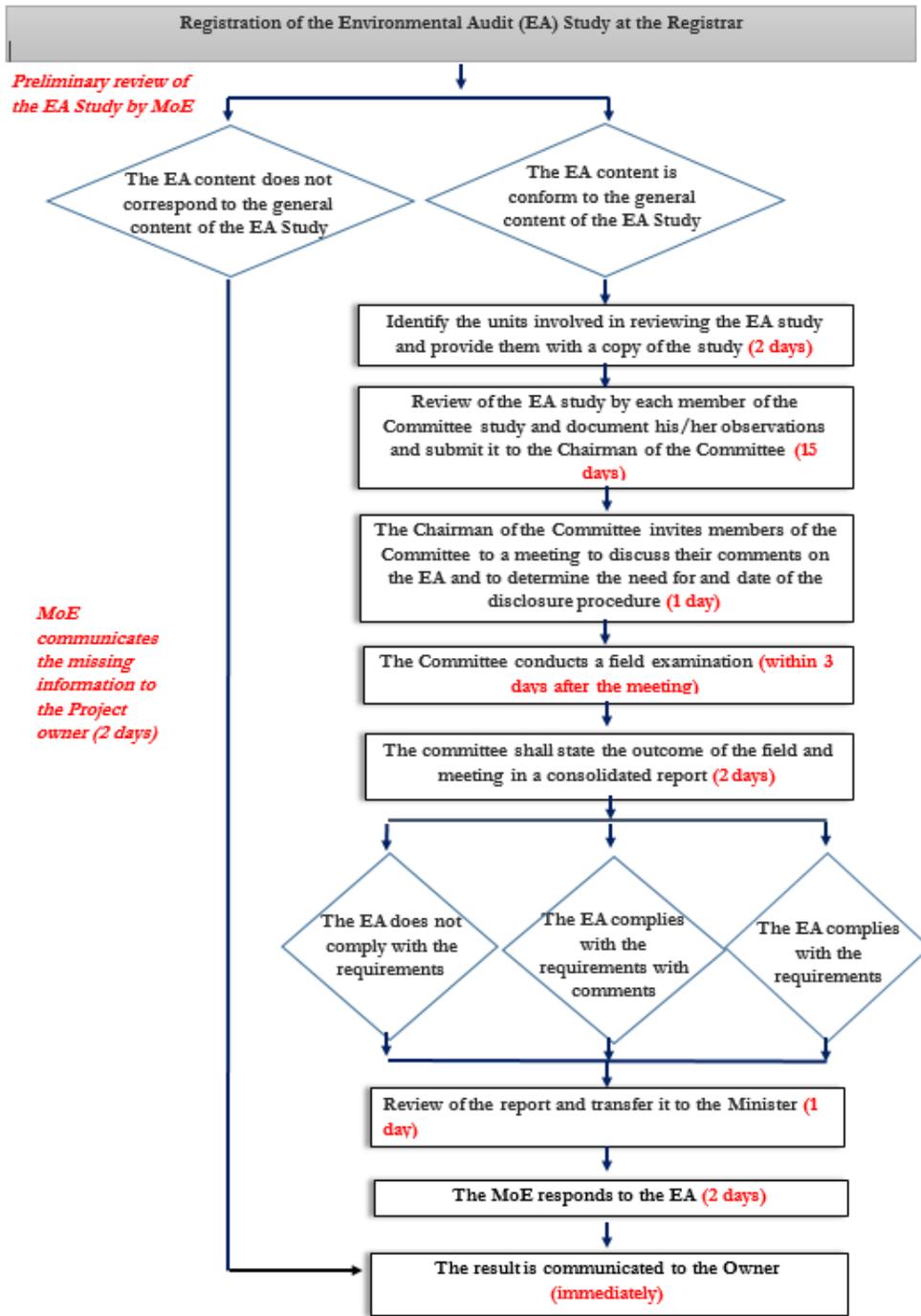
The details of the procedures to follow for each case and for obtaining an ECC are provided below:

Case 1: Procedures for the Enterprise that has an approved EIA/IEE to get an EA

The procedures to be followed by the Enterprise that has an approved EIA/IEE to get an EA are detailed below:

1. The Enterprise will recruit a consultancy firm from the Council for Development and Reconstruction (CDR) list of prequalified experts.
2. The consultancy firm shall perform an EA and submit it to MoE.
3. The MoE will nominate a committee to review the EA. The EA is checked for conformity of content for an EA report as set by MoE. If there is missing information, a letter is issued to the proponent to revise the EA.
4. If the EA conforms, then the EA is reviewed by the committee. The committee will conduct a field examination.
5. Further to review and examination, the MoE can approve, request modifications or refuse the EA.
6. If there is a need for improvement needed, relevant actions shall be implemented. The consultancy firm will then do the necessary adjustments and resend the EA to MoE.

The following diagram shows the procedure to be followed by SMEs that have an approved EIA to get an EA.



Case 2: Procedures for SMEs that did not previously submit an EIA/IEE to get an EIA and an EA

The Enterprise that did not previously submit an EIA/IEE to MoE, shall prepare an EIA/IEE, get it approved, implement the ESMP and then apply for an EA.

The steps to be followed are listed below:

1. The Enterprise will hire a consultancy firm from the CDR list of prequalified experts to prepare a screening file based on Annex 4 of the EIA decree. The Enterprise will submit a request to the MoE to classify the submitted project.
2. The MoE will respond with a classification as per EIA decree.
3. If the project is classified as needing an EIA, a limited EIA needs to be prepared for the enterprise by the consultancy firm under the supervision of the environmental specialist of the PMU.
4. The Enterprise submits the limited EIA to MoE. The limited EIA preparation should include public consultation.
5. The MoE can approve, request modifications or refuse the EIA.
6. When approved, the PMU will post the EIA on Kafalat website. Upon request, the EIA will be made available for consultation at MoE premises.
7. The PMU, in coordination with the MoE, will follow-up on the implementation of the EMP and include its requirements in contracting documents.
8. The Enterprise conducts an EA and send it to MoE
9. The MoE will nominate a committee to review the EA. The EA is checked for conformity of content for an EA report as set by MoE. If there is missing information, a letter is issued to the proponent to revise the EA.
10. If the EA conforms, then the EA is reviewed by the committee. The committee will conduct a field examination.
11. Further to review and examination, the MoE can approve, request modifications or refuse the EA.
12. If there is a need for improvement needed, relevant actions shall be implemented. The consultancy firm will then do the necessary adjustments and resend the EA to MoE.

The following diagram shows the procedure to be followed by SMEs to get an EIA/IEE.

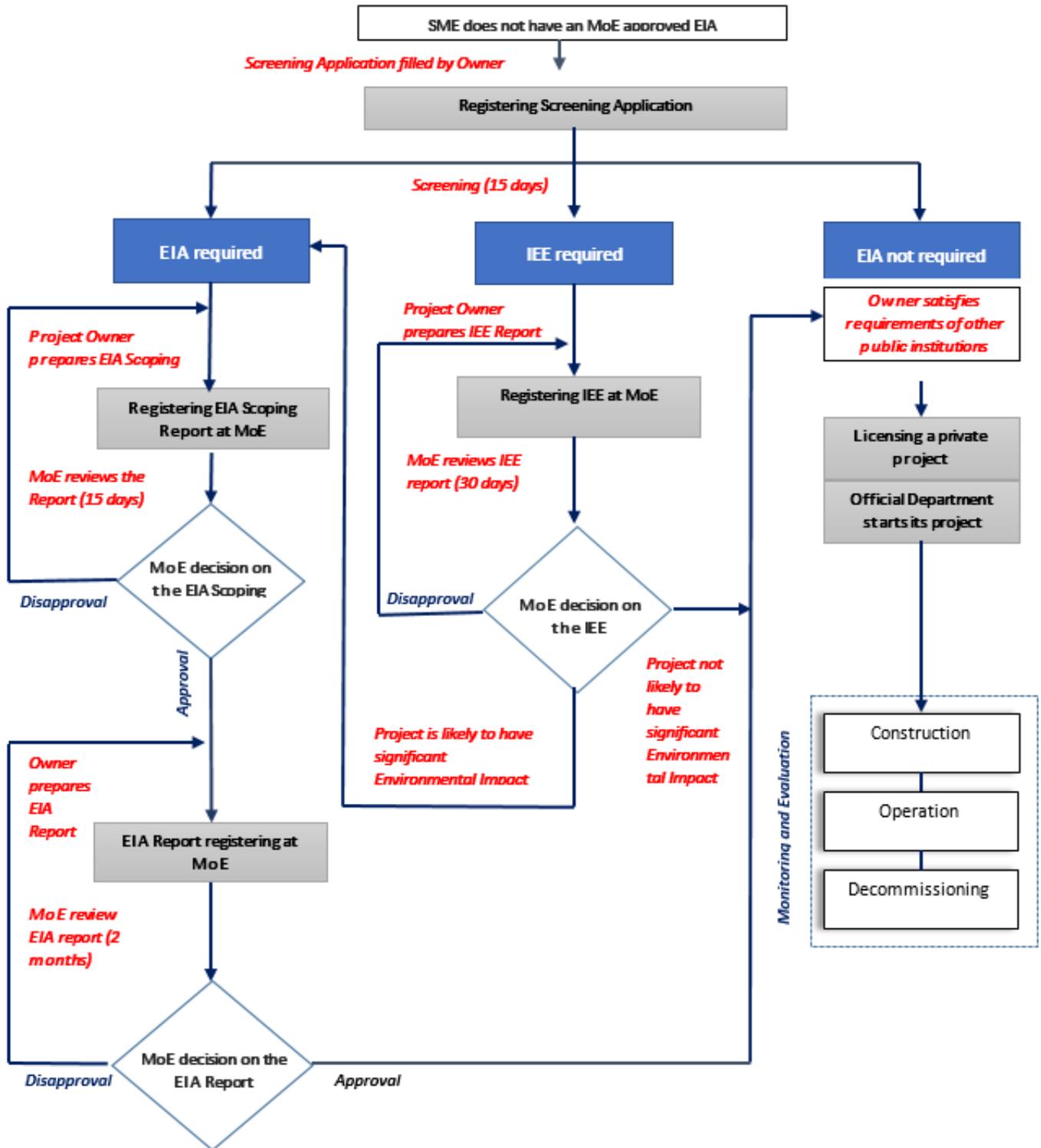


Figure 3: EIA Application Process Diagram

Case 3: Procedures for SMEs that has acquired an approved EA to get an ECC

The steps that the SMEs have to follow for obtaining an ECC are detailed below.

1. After approval of the EA, the establishment shall implement its ESMP
2. The establishment shall also get an Operation permit from concerned Authorities (if not obtained)
3. The establishment shall establish a system for Environmental Management
4. When all the above conditions are fulfilled, the establishment can apply for an Environmental Compliance Certificate at the MoE.
5. MoE reviews the application and: 1- Disapprove or 2- Approve. In both cases, the MoE informs the concerned Ministry of its decision (MoI in the case of an Industry)
6. In case of approval, the MoE issues an Environmental Compliance Certificate (ECC) for the Establishment. The ECC is valid for 3 years.
7. Before Expiry of the ECC, the establishment shall conduct a Self-audit and submit it to the MoE and the concerned Ministry.
8. Then the MoE conducts a site visit. Based on the internal EA and the site visit, the MoE decides if the Establishment is still environmentally compliant and informs the concerned Ministry of the result.
9. In case of non-compliance, the MoE issues a warning to the establishment. The later shall respond within a period of 2 months. If the establishment is still not compliant, it will be deleted from the registry of compliant establishments and concerned Ministry (MoI in case of an Industry) is informed. The establishment is then subject to legal procedures.

The diagram below details the different steps for obtaining an ECC.

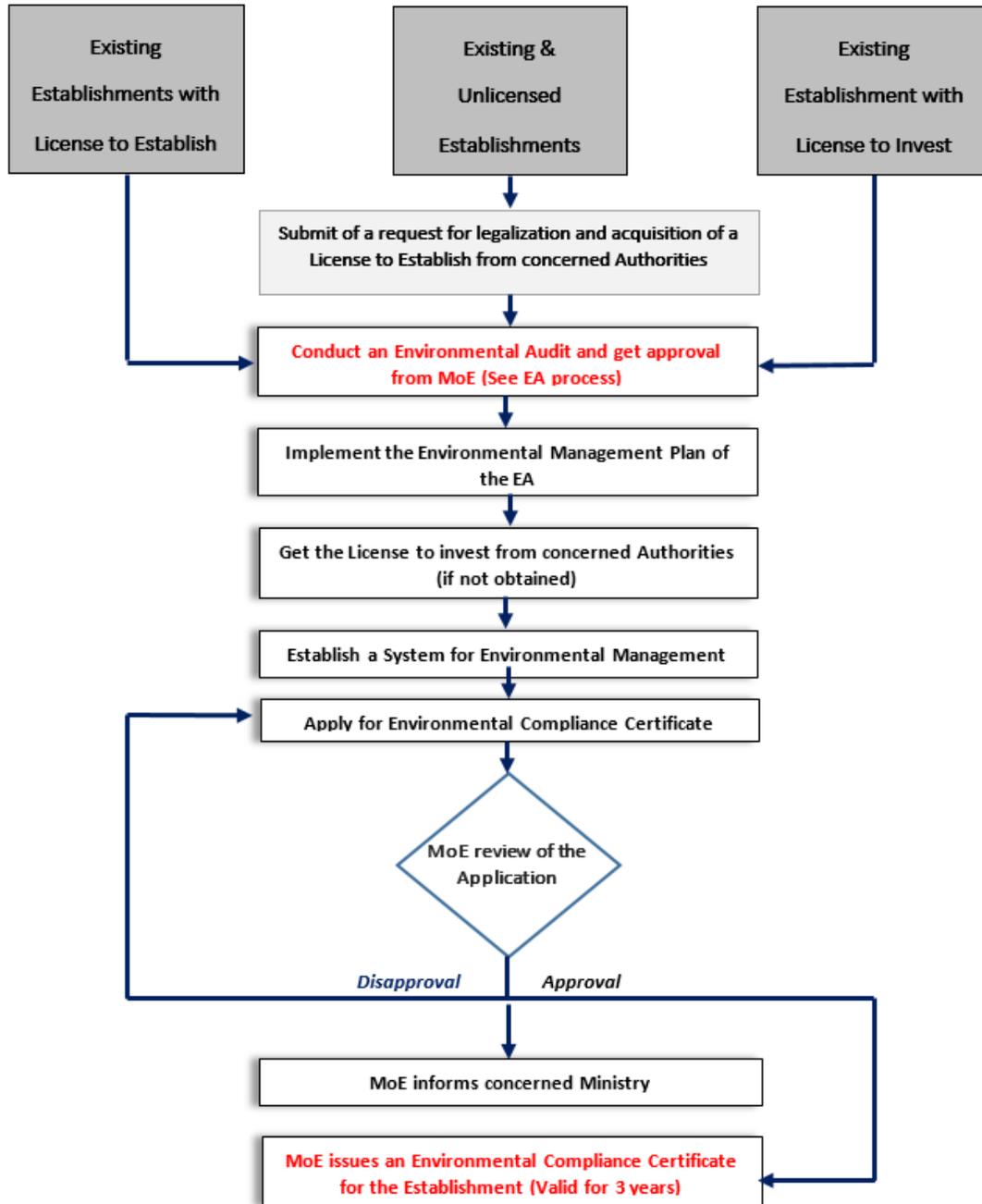


Figure4: ECC Application Process Diagram

Annex E: Kafalat Client Complaints Log Summary Sheet



Client Complaints Log Summary
From 2017 to Mar-2020

Date	Telephone			Email			Webpage			Regular Mail/Dropbox			TOTAL		
	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution
2017	17	17	1.5	6	6	1.9	13	13	3.2	-	-	-	36	36	2.2
2018	23	23	1.7	17	17	2.5	7	7	3.8	-	-	-	47	47	2.3
2019	12	12	1.6	2	2	2	1	1	5	-	-	-	15	15	1.9
Jan-20	7	7	1.1	-	-	-	-	-	-	-	-	-	7	7	1.1
Feb-20	5	5	1	-	-	-	-	-	-	-	-	-	5	5	1
Mar-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	64	64	1.5	25	25	2.3	21	21	3.5	0	0	0	110	110	2.1

Prepared by: Client Support Unit

For internal use only

