

**REPUBLIC OF LEBANON**  
**KAFALAT SAL**

**BUILDING BEIRUT BUSINESSES  
BACK & BETTER (B5) FUND  
PROJECT**

(Situations in Urgent Need of Assistance or Capacity Constraints)

**ENVIRONMENTAL AND SOCIAL  
MANAGEMENT SYSTEM  
(ESMS)**

**BEIRUT**

**July 2021**

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## Abbreviations and Acronyms

<b>B5</b>	Building Beirut Businesses Back & Better Fund
<b>COVID-19</b>	Corona Virus Disease
<b>EIA</b>	Environmental Impact Assessment
<b>E&amp;S</b>	Environmental and Social
<b>ESCP</b>	Environmental and Social Commitment Plan
<b>ESF</b>	Environment and Social Framework
<b>ESMS</b>	Environmental and Social Management System
<b>ESS</b>	Environmental and Social Standard
<b>FI</b>	Financial Intermediaries
<b>GOL</b>	Government of Lebanon
<b>GRM</b>	Grievance Redress Mechanism
<b>IEE</b>	Initial Environmental Examination
<b>iSME</b>	Innovative SMEs Project
<b>LFF</b>	Lebanon Financing Facility
<b>LFMA</b>	Lebanese Micro Finance Association
<b>LMP</b>	Labor Management Procedures
<b>MFIs</b>	Microfinance Institutions
<b>MoE</b>	Ministry of Environment
<b>MTO</b>	Money Transfer Operator
<b>MSEs</b>	Micro and Small Enterprises
<b>NGO</b>	Non-Governmental Organization
<b>PIA</b>	Project Implementation Agency
<b>PMU</b>	Project Management Unit
<b>POB</b>	Port of Beirut
<b>POM</b>	Project Operations Manual
<b>PPE</b>	Personal Protective Equipment
<b>RDNA</b>	Rapid Damage and Needs Assessment
<b>3RF</b>	Reform, Recovery and Reconstruction Framework
<b>SDGs</b>	Sustainable Development Goals
<b>SEP</b>	Stakeholder Engagement Plan
<b>SMEs</b>	Small and Medium Enterprises
<b>TPMA</b>	Third Party Monitoring Agency
<b>WB</b>	World Bank
<b>WBG</b>	World Bank Group

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## 1. Introduction

Building Beirut Business Back & Better (B5) Fund Project is funded by the Lebanon Financing Facility (LFF) and comprises three components:

- **Component 1** (US\$ 18.50 Million) will provide non-reimbursable grants to eligible Micro and Small Enterprises (MSEs) regardless of whether they are formal, or informal, and banked or unbanked through Microfinance Institutions (MFIs) up to US\$ 25,000.
- **Component 2** (US\$ 5.00 Million) will provide financing grants to MFIs to cover part of their operational expenses and help them restructure their loan portfolio.
- **Component 3** (US\$ 1.50 Million) will finance Kafalat project management and supervision costs over the project life that includes consultancy fees, operations, and administrative costs.

As required by the World Bank (WB), Kafalat SAL (Kafalat/PIA) prepared an Environmental and Social Commitment Plan (ESCP) and a Stakeholder Engagement Plan (SEP) . The WB also required Kafalat SAL (PIA) to prepare and implement an Environmental and Social Management System (ESMS). The ESMS shall use a framework approach that integrates the management of environmental and social risks and impacts into the operational processes of the Financial Institution (FI), i.e., Kafalat SAL (Kafalat). A Labour Management Procedures (LMP) will also be prepared by Kafalat. The purpose of the LMP is to identify the main labor requirements and risks associated with the project and help the Kafalat to determine the resources necessary to address project labor issues. Additional requirements will have to be prepared such as the SEA/SH Prevention and Response Plan. Also, Kafalat will ensure that ESHS specifications are properly reflected in all contracts, subsidiary and grants agreements signed with vendors, Microfinance Institutions (MFIs) and MSEs respectively.

The following Environmental and Social Standards (ESS) are relevant: ESS 1, 2, 3, 4, 9 and 10 (Refer to the table below). Through the ESMS, Kafalat SAL ensures that its activities comply with these relevant ESSs of the World Bank's Environmental and Social Framework (ESF)<sup>1</sup>.

**Table 1: Relevant Environmental and Social Standards to the Project**

ESS	Objectives
<b>ESS1: Assessment and Management of Environmental and Social Risks and Impacts</b>	<ul style="list-style-type: none"><li>● Sets out the Borrower's responsibilities for assessing, managing and monitoring E&amp;S risks and impacts associated with each stage of a project supported by the WB through IPF, in order to achieve E&amp;S outcomes consistent with the ESS.</li></ul>

<sup>1</sup> Available at <https://pubdocs.worldbank.org/en/837721522762050108/Environmental-and-Social-Framework.pdf>

<b>ESS</b>	<b>Objectives</b>
<p><b>ESS2:</b></p> <p><b>Labor and Working Conditions</b></p>	<ul style="list-style-type: none"> <li>● Recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the Project fairly and providing safe and healthy working conditions. The preparation of the LMP falls under this ESS the provisions for which are included in the ESCP.</li> </ul>
<p><b>ESS3:</b></p> <p><b>Resource Efficiency and Pollution Prevention and Management</b></p>	<ul style="list-style-type: none"> <li>● Recognizes that economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. This ESS sets out the requirements to address resource efficiency and pollution prevention and management throughout the project life cycle.</li> </ul>
<p><b>ESS4:</b></p> <p><b>Community Health and Safety</b></p>	<ul style="list-style-type: none"> <li>● Addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable.</li> </ul>
<p><b>ESS9:</b></p> <p><b>Financial Intermediaries</b></p>	<ul style="list-style-type: none"> <li>● Recognizes that strong domestic capital and financial markets and access to finance are important for economic development, growth, and poverty reduction. The WB is committed to supporting sustainable financial sector development and enhancing the role of domestic capital and financial markets.</li> </ul>
<p><b>ESS10:</b></p> <p><b>Stakeholder Engagement and Information Disclosure</b></p>	<ul style="list-style-type: none"> <li>● Recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the E&amp;S sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation. Stakeholder Engagement is conducted throughout the project cycle and further details are included in the SEP.</li> </ul>

**Objectives of the ESMS**

The ESMS helps financial intermediaries (in this case, MFIs) to which the project is providing financing grants to avoid / or better manage commitments presenting

potential environmental and social risks by carrying out environmental and social due diligence prior to the disbursement of funds and by ensuring adequate supervision of projects during the period of investment.

The ESMS includes:

1. Environmental and social policy
2. Environmental and social procedures for project selection, categorization of E&S risks and their due diligence assessment
3. Institutional capacities and skills with clear definition of ESMS management roles and responsibilities
4. Monitoring and reporting mechanisms
5. Stakeholder engagement

Under the Environmental and Social Commitment Plan (ESCP), the Project is required to ensure several aspects are fulfilled.

- Kafalat to take on the overall responsibility for Project implementation, including implementation of the ESCP with qualified staff and resources to support management of E&S risks and impacts of the Project, including ensuring there is a hired E&S specialist who is responsible for the monitoring of the implementation of the ESMS, and a senior management representative;
- The MFIs will prepare and implement an ESMS consistent with this ESMS (this may be through adopting/co-signing this ESMS) and assign both a senior management representative to have overall accountability for E&S performance and a staff member as an E&S focal person to coordinate E&S requirements and implementation of the Project ESCP and ESMS.

## **2. Environmental and Social Policy**

### **2.1 Kafalat Commitments**

Kafalat is a Lebanese financial company owned by the National Institute for the Guarantee of Deposits (for 75%) and by around 23 commercial Lebanese banks (for 25%). It guarantees the loans that are being obtained by the MSEs from the commercial banks. Kafalat helps MSEs by providing loan guarantees based on business plans/feasibility studies that show the viability of the proposed business activity.

Kafalat is committed to meeting the priority objectives of sustainable development and the 17 Sustainable Development Goals (SDGs) in its economic, social, environmental, and cultural dimensions to achieve a better and more sustainable future for all.

Also, Kafalat undertakes to implement its commitments related to environmental and social issues within its structure and those of MFIs receiving funds from Kafalat. Kafalat integrates social and environmental responsibility in its governance system and in its activities. In this context, it takes measures to:

- Limit the negative impact linked to its activity by aiming to minimize energy and water consumption and waste management as well as by favoring renewable energy sources, in particular by promoting green purchases, to the extent reasonably possible.
- Provide a favorable environment for collaborative work and the commitment of its staff,
- Promote gender equality and ban all forms of discrimination in professional treatment at all levels,
- Encourage the MFIs to guarantee a favorable social climate for the development of their staff, to the extent reasonably possible,
- Support investments with a strong social and professional impact, particularly in the region subject of the fund,
- Support programs promoting the integration of vulnerable populations into the ecosystem, to the extent of the reasonably possible,
- Consider and assess the environmental and social aspects associated with its financing activities and mitigate any negative impacts,
- Establish a permanent dialogue with its stakeholders,
- Encourage its staff and those of financial partners to implement good environmental and social practices,
- Be a strategic partner in investments in favor of energy efficiency, the development of renewable energies and adaptation to climate change,
- Exclude the financing of clients / companies of investment projects that do not respect these principles,
- Define the environmental and social obligations of clients / companies in which it invests, such as the obligation to comply with national environmental and social regulations and international standards,
- Communicate its environmental and social expectations to all staff, clients / companies in which it invests and other external actors,
- Overall improve the environmental and social performance of its portfolio through better risk management, supported by monitoring and reporting,
- Continuously improve the ability of staff members, including managers and financial analysts, to identify environmental and social risks.

## **2.2 Objectives**

This environmental and social policy details the steps and procedures to be followed within the framework of the investments made by Kafalat under the supervision of the personnel in charge of environmental and social risks.

Kafalat's does not have an existing environmental and social policy. However, the present ESMS has been approved by its General Management and describes the commitments, objectives and indicators defined by Kafalat in terms of environmental and social risk management relevant to the B5 Fund Project. This ESMS clearly sets out the provisions applicable to the operations of Kafalat under B5 Fund Project in particular the following:

- All Kafalat activities will be developed and implemented in accordance with national environmental and social laws and regulations applicable to financing activities,
- All Kafalat activities will be selected considering the **exclusion clauses contained in its exclusion list** (see [Annex I](#)),
- All Kafalat activities will be reviewed to determine whether they present environmental and social risks and / or effects, and
- All Kafalat activities will apply the relevant provisions of the WB's ESSs 1, 2, 3, 4, 9 and 10 of the ESF.

This Policy describes Kafalat's approach to the environmental and social impacts of its projects and:

- Includes a commitment to continuous improvement,
- Includes a commitment to comply with applicable legal requirements and other applicable requirements to which Kafalat has subscribed, relating to its environmental and social aspects,
- Is documented, implemented, and kept up to date,
- Is communicated to any person working for or on behalf of Kafalat, and
- Is available to the public.

### **2.3 Principles**

This Policy describes the principles and procedures to be followed during the preparation and implementation of measures carried out by Kafalat to assess the environmental and social impacts and is an integral part of the ESMS. In this context, the Policy pursues the following objectives:

- Ensure that by pursuing its mission, the projects and programs supported by Kafalat do not cause unnecessary environmental and social damage, to the extent reasonably possible,
- Define a common global framework to incorporate all environmental and social standards in the planning, evaluation, implementation and monitoring of projects / programs funded by Kafalat,
- Promote transparency, predictability and accountability in environmental and social impact classification and assessment decision-making processes,
- Align the practices of Kafalat with those of international organizations ensuring the implementation of sustainable development projects, and
- Encourage promoters and partners directly funded or supported (indirectly funded) by Kafalat to take into account the environmental and social risks and impacts in an appropriate manner.

### **2.4 Scope of the Policy and its application to the Project**

Kafalat will ensure that all projects funded directly or indirectly under B5 Fund Project are in line with the following environmental and social conditions:

- Kafalat exclusion list for all projects (see [Annex 1](#))

- National and international laws and standards applicable to social, environmental and health and safety issues (See [Annex 2](#)),
- The ESSs set out in the ESF of the WB.

The ESMS developed under B5 Fund Project will be extended to other projects to the extent reasonably possible.

- During implementation of subprojects, if monuments, structures, works of art, or sites of significance points of view, and as sites and structures having archaeological, historical, architectural, or religious significance, and natural sites with cultural values are found, the chance find procedures provided in Annex 9 should apply.

### **3. Environmental and Social Management System of Kafalat**

#### **3.1 The Role and Responsibilities of Kafalat**

- The responsibilities of Kafalat are in line with its role as a FI, which is to provide financing for projects after agreement of the entity in charge.
- Kafalat may refuse to finance a project for environmental or social reasons. It does not knowingly finance projects that foresee or lead to forced evictions.
- In addition, it opposes the financing of several types of activities, in accordance with the Kafalat Exclusion List for environmental and social reasons set out in [Annex 1](#) of this ESMS.
- The ESMS must be commensurate with the potential scope and severity of the environmental and social risks inherent in the project or program when it is designed.
- If the proposed projects / programs present environmental and social risks, Kafalat should ensure that the E&S impacts of these projects / programs are thoroughly evaluated.
- At this stage, the investment funds will have to put in place Environmental and Social Management Systems
- Kafalat and the MFIs will also have to identify corrective measures to avoid, reduce or mitigate the environmental and social risks and impacts identified. MFI's will have to co-sign the ESMS with Kafalat.
- Kafalat will monitor and report on the status of these measures throughout the project or program.
- Kafalat will abide by its Human Resources Procedures (provided in Annex 8)

#### **3.2 The Role and Responsibilities of MFIs**

- The MFIs will prepare and implement an ESMS consistent with this ESMS (this may be through adopting/co-signing this ESMS)
- The MFIs will assign both a senior management representative to have overall accountability for E&S performance and a staff member as an E&S focal person to coordinate E&S requirements and implementation of the Project ESCP and ESMS.

### **3.3 Process of Execution of the Environmental and Social Policy**

#### **3.3.1 Evaluation of Projects**

All projects are subject to an environmental and social assessment to help Kafalat decide whether the project should be funded and, if so, how to address environmental and social aspects in its planning, implementation, and execution.

The assessment depends on the nature and scope of the project, is proportionate to the magnitude of the environmental and social risks and impacts and takes into account the hierarchy of mitigation measures.

It is the contractor's (i.e., the MFI's) or client's responsibility to ensure that the appropriate information is provided so that Kafalat can perform an environmental and social assessment in accordance with this ESMS.

The role of Kafalat consists of:

1. Examining contractor (MFI) or client information,
2. Advising contractors (MFIs) or clients to help them design appropriate measures that are consistent with the hierarchy of mitigation measures to address environmental and social impacts, and
3. Helping identify opportunities for additional environmental or social benefits.

The assessment conducted by Kafalat requires clients to identify stakeholders potentially affected by and / or interested in the projects, disclose sufficient information on the impacts and issues arising from the projects, and consult stakeholders meaningfully.

Kafalat shall perform due diligence checks on the MFIs and their portfolio to assess:

1. The MFI's existing environmental and social policies and procedures and its capacity to implement them,
2. The environmental and social problems associated with the existing portfolio of the investment fund and the one it is likely to have, and
3. The measures necessary to strengthen the protection system in place within the MFIs in the environmental and social fields.

#### **3.3.2 Categorization**

Kafalat assigns a category to each project to determine the nature and scope of environmental and social studies, the information to be disclosed and the needs in terms of stakeholder consultation. These elements are proportioned to:

1. The nature, location, sensitivity, and size of the project,
2. The nature and extent of potential E&S risks and impacts,
3. The client's capacity and commitment to manage E&S risks and impacts.

**High Risk:** A project is classified as high risk after considering the risks and impacts of the project, taking into account the following, as applicable:

a) The project is likely to generate a wide range of risks and significant negative social and environmental impacts:

- (i) Long term, permanent and / or irreversible and impossible to avoid entirely due to the nature of the project,
- (ii) Large in scale and / or spatial extent,
- (iii) Significant negative cumulative impacts, and / or
- (iv) A high probability of serious adverse effects on human health and / or the environment (such as potential of accidents, disposal of toxic waste, etc.).

b) The area likely to be affected has high value and sensitivity, for example sensitive and valuable ecosystems and habitats (areas of high biodiversity value protected and internationally recognized).

c) Some of the significant negative E&S risks and impacts of the project cannot be mitigated or specific mitigation measures require complex and / or unproven mitigation measures or compensatory measures or technologies.

d) There are significant concerns that the negative social impacts of the project and associated mitigation measures may be the source of social conflict, damage, or significant risk to human security.

e) The client's past experience in developing complex projects is limited; the E&S track-record would present significant problems or concerns given the nature of the risks and the potential impacts of the project / program.

f) The proposed interventions fall under Projects requiring an Environmental Impact Assessment (EIA) as per Lebanese Law 8633/2012. (See [Annex 2](#)).

**Substantial risk:** A project is classified as substantial risk after examining the risks and impacts of the project, taking into account the following elements, as the case may be:

a) The project may not be as complex as high-risk projects, its scale and impact may be smaller and the location may not be in such a highly sensitive area, and some risks and impacts may be significant.

This would determine whether the risks and potential impacts exhibit most or all of the following characteristics:

- (i) They are mostly temporary, predictable and / or reversible, and the nature of the project does not exclude the possibility of avoiding or reversing them,
- (ii) Their magnitude and / or spatial extent is medium,
- (iii) Cumulative and / or transboundary impacts may exist, but they are less severe and more easily avoided or mitigated than for high risk projects, and / or
- (iv) The probability of serious harmful effects on human health and / or the environment is medium to low (accidents, disposal of toxic waste, etc.), and there are known and reliable mechanisms to prevent or minimize such incidents.

b) The effects of the project on high value or high sensitivity areas are expected to be less than those of high-risk projects.

c) Mitigation and / or compensation measures can be designed more easily and be more reliable than those for high risk projects

d) The client's past experience in developing complex projects is limited; the E&S track-record would present significant problems or concerns given the nature of the risks and the potential impacts of the project / program.

e) The proposed interventions fall under Projects requiring an Initial Environmental Examination (IEE) as per Lebanese Law 8633/2012. (See [Annex 2](#)).

**Moderate risk:** A project is classified as moderate risk after considering the risks and impacts of the project, taking into account the following, as applicable:

a) The risks and potential negative impacts on human populations and / or the environment are unlikely to be significant. Indeed, the project is neither complex nor large, does not involve any activity likely to harm the population or the environment, and is located away from environmentally or socially sensitive areas. As such, potential risks, impacts and problems are likely to exhibit the following characteristics:

(i) Predictable and likely to be temporary and / or reversible,

(ii) Low magnitude,

(iii) Specific to a site, with no possibility of impacts going beyond the actual effects of the project, and / or

(iv) Low probability of serious adverse effects on human health and / or the environment (e.g. do not involve use or disposal of toxic materials/substances, routine safety precautions are expected to be sufficient to prevent accidents, etc.)

b) The risks and impacts of the project can be easily mitigated in a predictable manner.

**Low risk:** A project is classified as low risk if its risks and negative consequences on human populations and / or the environment are likely to be minimal or negligible.

These projects, with little or no risks, impacts and problems, do not require additional E&S assessment after the initial screening.

### **3.4 Performance Requirements**

Projects must comply with Lebanese national regulations, Good International Industrial Practices (GIIP), World Bank Group Environment, Health and Safety Guidelines (EHSGs) and relevant ESSs set out in the World Bank's Environmental and Social Framework (ESF).

Six of the World Bank's ESSs are triggered by the Project, they are listed below:

- EES 1: Assessment and Management of Environmental and Social Risks and Impacts

- ESS 2: Labor and Working Conditions
- ESS 3: Resource Efficiency and Pollution Prevention and Management
- ESS 4: Community Health and Safety
- ESS 9: Financial intermediaries
- ESS 10: Stakeholder Engagement and information Disclosure

### **3.5 Communication**

Kafalat does its best to communicate sufficient information on the risks and potential effects of the project during its consultations with affected parties. This information will be communicated within a reasonable time, in an accessible place and in a form and terms understandable to the parties affected by the project and other parties concerned so that they can make a valid contribution to the development of the design measures and mitigation measures envisaged under the project.

### **3.6 Inclusive Stakeholder Consultation and Participation**

Kafalat recognizes the importance of early and uninterrupted stakeholder engagement and engages with stakeholders, including communities, groups or individuals affected by proposed projects, and with other affected parties, and vulnerable groups (including among others people with disabilities, youth, women, and elderly) by disseminating information, consulting, and promoting informed participation, in a manner commensurate with the risks and potential effects of the project on affected populations. As part of fulfilling its commitments under the ESCP, Kafalat has prepared, disclosed, adopted, and implemented an SEP consistent with ESS 10. Stakeholder Engagement will be conducted throughout the project cycle. Further details are included in the SEP.

### **3.7 Grievance Mechanism (GM) and Duty of Accountability**

Kafalat is committed to receiving concerns and complaints from project affected parties in relation to the project, particularly regarding environmental and social performance, and to facilitate dispute resolution.

As part of fulfilling its commitments under the ESCP, Kafalat has prepared, disclosed, adopted, and implemented an SEP consistent with ESS 10. As part of the SEP, a Grievance Mechanism is also described.

The specific objectives of the grievance procedures adopted by Kafalat are as follows:

- a. To provide a process by which grievances from communities, groups, individuals, local authorities, NGOs and other local stakeholders can be processed efficiently, and constructively. The goal is to resolve grievances amicably and if possible, minimize the use of the legal system. However, the complainants have access to an appeal process in the event that they are unsatisfied with the resolution. 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 five business days from the first call. Where more time is required or for complex enquiries, the enquirer will be kept updated on the progress.

- b. To offer individuals and groups with a way to express their grievances and problems in a rational and transparent manner and demonstrate the important role of stakeholders in program design and implementation. The GRM will also allow anonymous grievances to be raised and addressed.
- c. To institutionalize a reporting system to take corrective action. (See sample of the GRM log in [Annex 5](#)).
- d. To establish a transparent relationship based on mutual respect with the communities and other local stakeholders.
- e. To establish Project responsibility regarding grievances and establish a course of action to manage the grievances in a timely manner.
- f. To establish referral pathways in the event of complaints associated with sexual exploitation and abuse and sexual harassment (SEAH) where reporting will be handled with a survivor centered approach and following the best international practices and principles of the World Bank's Good Practice Note which is available at this link.
- g. In the event when a complainant is not satisfied with the resolutions, he can escalate to the PIA General Manager.

An effective Grievance Mechanism (GM) 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, inform and substance satisfactory to the WB, 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 WB.

Below is the summary of the current GRM at Kafalat:

Enquiries or complaints can be raised through different channels:

- By telephone on the following number: Tel: 01-340 992
- By email on: [clientsupport@kafalat.com.lb](mailto:clientsupport@kafalat.com.lb)
- By using an online form provided on the Website: <http://www.kafalat.com.lb> under "Submit a Complaint"

A GRM shall be established within each of the MFIs to handle complaints and grievances relating to any aspect of the Project 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 and ensure it is adequately functioning.

### **3.8 Universal Access**

As referred in ESS 4 para 7 and the World Bank Good Practice Note on Non-Discrimination and Disability<sup>2</sup>; although the project will not finance any new buildings or structures as only rehabilitation/reconstruction involving light civil works will be funded; the MSEs will be encouraged by Kafalat SAL to apply the concept of universal access to the extent possible and document accordingly.

### **3.9 Institutional Arrangements and Modalities of Application**

Kafalat will hire an Environmental and Social Specialist to oversee the environmental and social assessment, monitoring processes and to initiate and develop environmentally and socially beneficial projects as set out in the Project Operations Manual (POM).

The E&S Specialist will develop and maintain appropriate environmental and social procedures, guidance notes and instruments to assist in the implementation of the Policy and ensure that Kafalat staff receive appropriate training on the requirements of this Policy.

The E&S Specialist will continuously monitor and assesses the environmental and social performance of the projects financed with regard to the objectives of the Policy. This is continuously reviewed and may be modified or updated in coordination with the PMU, subject to the approval of General Management.

## **4. Environmental and Social Procedures**

### **4.1 Selection of the MFIs**

Kafalat will have the overall responsibility in managing the grants scheme, including selection of participating MFIs in accordance with the guidelines and procedures set forth in the POM.

Kafalat, in coordination with the PMU, will appraise, approve, monitor, evaluate and administer the subsidiary and grant agreements with MFIs (respectively for Components 1 and 2) in accordance with the E&S guidelines, and procedures set forth in POM.

For Component 1 activities, the PMU with the use of third-party expertise will be responsible for the selection of eligible MFIs who will be responsible for administering the grants to micro and small enterprises (MSEs). Subsidiary agreements will be signed between Kafalat and selected MFIs that is inclusive of grants amount to MSEs as well as associated costs.

MFIs that are members of the Lebanese Micro-Finance Association (LMFA) are eligible to participate in the grants scheme to MSEs. Each MFI member will be assessed by the PMU, with possibility to use third party expertise, to ensure it

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<sup>2</sup> Available at <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/573841530208492785/environment-and-social-framework-esf-good-practice-note-on-disability-english>

meets Kafalat standards for selecting and channeling funds to their clients, including informal MSEs, and be accountable to World Bank requirements.

Criteria for selecting participating MFIs are:

- Sufficient human resources, particularly field officers, to perform the task,
- Capacity to reach out and appraise applicants' viability and financial needs based on microfinance good practices of performance and standards of good conduct,
- Robust systems and procedures in place to apply a thorough selection process that meet Kafalat and World Bank requirements, including ESF compliance,
- Ability to commit all funds within a month of being notified by Kafalat,
- General understanding of monitoring and evaluation (M&E) methodologies and the ability to conduct / assist in data collection and analysis, and
- Capacity to channel the grant proceeds in cash using agents / Money Transfer Operators (MTOs).

#### **4.2 Screening for Eligibility of Projects Submitted to MFIs**

Under Component 1, grants up to US\$ 10,000 for MFI clients (existing or recent clients), informal MSEs and formal MSEs with 3 employees or less during the first and second stages of funding will use a wholesale approach, whereby Kafalat delegates fully to MFIs the entire granting process once MFIs have been selected as per the criteria mentioned in Section 4.1 above.

Kafalat will delegate the assessment and selection process of MSEs to participating MFIs, who are responsible for (i) identifying beneficiaries, (ii) assessing the size of financial support per beneficiary, based on pre-determined eligible expenditures, (iii) selecting eligible beneficiaries; and (iv) making the payment orders and in accordance with the selection and eligibility criteria further set forth in the POM.

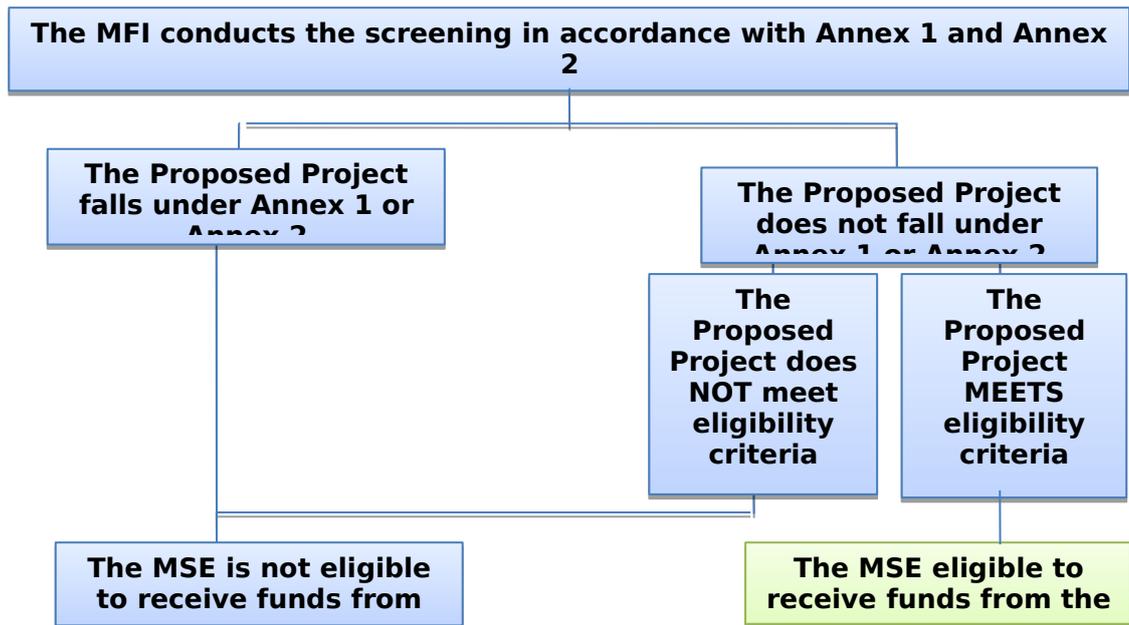
The MFIs will also take into consideration the **general exclusion list** ([Annex 1](#)) upon selecting the beneficiaries, as well as categorization according to the environmental risk category taking into consideration the Lebanese decree No. 8633/2012 or "EIA decree, and relevant decisions 260/1-2015 and 261/1-2015. Decree 8633/2012 requires projects mentioned in its annexes to either undergo an Environmental Impact Assessment (EIA) or an Initial Environmental Examination (IEE) and legal Documents relevant to E&S (See [Annex 3](#)).

**Due to limitations in budget and time, any sub-Project or activity requiring an EIA or an IEE should be ineligible for funding under B5 Fund Project. Consequently, only moderate and low risks projects will be funded (Ref. to section 3.3.2 above).**

The following diagram shows the flow of selection for eligibility:

**Figure 1: Diagram of Flow of Screening for Eligibility**

**The MFI assesses, based on field /on-site visit, the intended use of the grant and the E&S requirements**



#### 4.3 Screening for Eligibility of Projects Submitted to Kafalat

The second stage of grants will include grants up to US\$ 25,000 for formal MSEs with 4 to 20 employees. This will use a retail approach, whereby Kafalat retains the granting decision as well as the channeling of funds and only delegates the compilation of needed supporting documentation for the application. The granting decision will be taken by Kafalat's Selection Committee that has already been established under the World Bank iSME project in Lebanon (with TORs and membership satisfactory to the World Bank). Illustrative steps are listed below and will be included in detail in the POM:

- Step 0 - Communications campaign including gender outreach
- Step 1 - Formal MSE will fill business recovery application online which will be automatically submitted to Kafalat.
- Step 2 - Eligible formal MSEs will print application with required documents and submit to a Commercial FI Bank designated by Kafalat (using the same designation process than for the iSME loan).
- Step 3 - Commercial Bank will collect all information on eligible formal MSEs, including credit history, financial statements and sends the full application with supporting documents to Kafalat within maximum 7 business days from receiving application.
- Step 4 - Kafalat will review file, assess needs, and select final beneficiary MSEs conditional to successful confirmation that the E&S information provided is correct (to be verified by Kafalat/ PMU E&S specialist and/ or field officers).
- Step 5 - Kafalat will disburse funds to a bank account dedicated to the grant.
- Step 6 - Beneficiary will withdraw funds against eligible expenses.

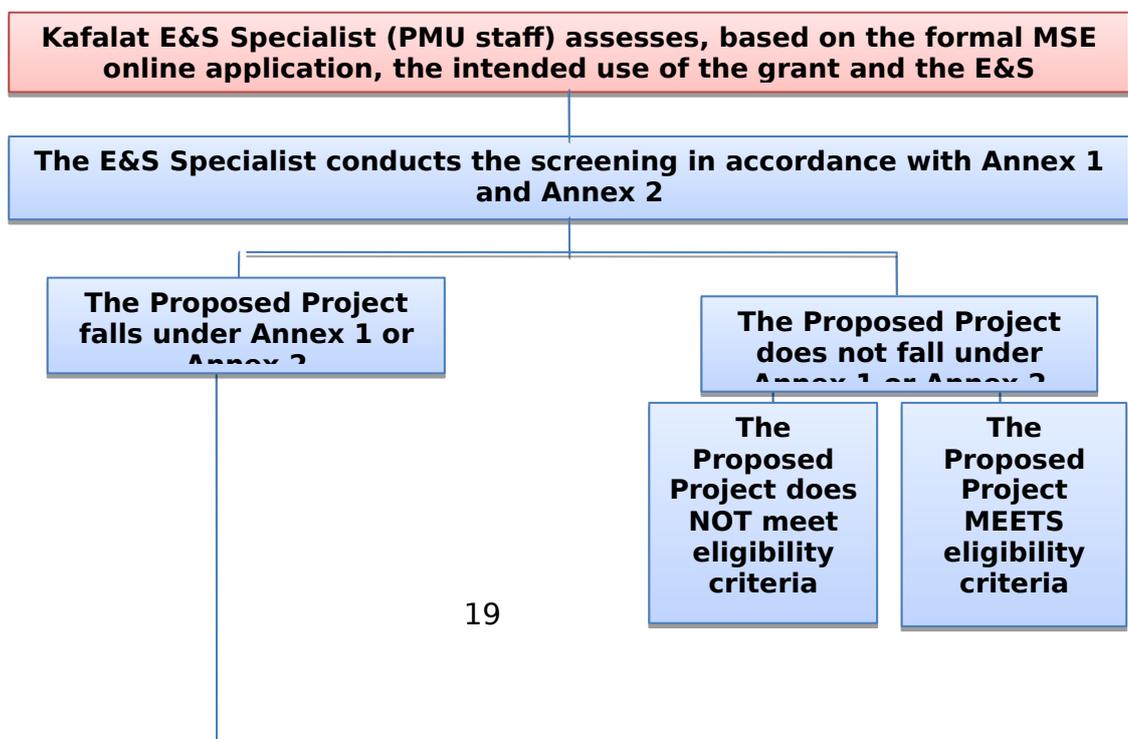
Kafalat will take into consideration the general exclusion list ([Annex 1](#)) upon selecting the beneficiaries, as well as categorization according to the environmental risk category taking into consideration the Lebanese decree No. 8633/2012 or “EIA decree, and relevant decisions 260/1-2015 and 261/1-2015. Decree 8633/2012 requires projects mentioned in its annexes to either undergo an Environmental Impact Assessment (EIA) or an Initial Environmental Examination (IEE) and legal documents relevant to E&S (See [Annex 3](#)).

Due to limitations in budget and time, any sub-Project or activity requiring an EIA or an IEE is ineligible for funding under the Project. Only moderate and low risks projects will be funded (Ref. to section 3.3.2 above).

Selection of grantees and disbursement of grants will be conditional to a successful field/ on-site visit of the Kafalat/ PMU E&S Specialist or field officers.

The following diagram shows the flow of selection for eligibility:

**Figure 2: Diagram of Flow of Screening for Eligibility**





#### 4.4 Assessment of Potential Environmental and Social Risks

Participating MFIs are responsible for assessing the potential E&S risks of all informal MSE grantees and formal MSE grantees with 3 or less employees. While Kafalat is only responsible for assessing the potential E&S risks for formal MSE grantees with 4 to 20 employees that are not active or recent MFI clients.

As per Table 2 below, once the MSE proposed activities are considered eligible for funding under the Project, the E&S focal point (MFIs) shall collect information for informal MSEs and formal MSEs with less than 3 employees while the E&S Specialist (Kafalat/ PMU) shall collect information for formal MSEs with 4 to 20 employees:

- The general characteristics of the site, including the use of facilities and buildings,
- The operations and processes carried out on the site,
- The size of the workforce,
- Work practices,
- Use of surrounding land, and
- Potential environmental and social impacts resulting from the proposed activities such as wastewater discharge, emissions and air pollution, noise generation, odors generation, hazardous materials storage, handling and disposal, solid waste generation, work conditions, usage of PPEs, potential impacts on neighboring communities, etc.
- Existence of emergency prevention, preparedness and response arrangements to emergency situations and Emergency preparedness and response and OHS measures related to COVID-19 as per the national health requirements in accordance with the LMP.

**Table 2: Component 1 Funding for MSEs Approach**

	<b>Participating MFIs -Up to US\$10,000-</b>	<b>Kafalat -Up to US\$ 25,000-</b>
<b>First stage</b> (Month 1, 2 and 3)	MFI clients	Not open
<b>Second stage</b> (Month 3, 4, 5 and 6 - onwards)	Informal MSEs + Formal MSEs with 3 or less registered employees	Formal MSEs with 4 to 20 registered employees
<b>Expected number of beneficiaries</b>	3,600 firms	700 firms

It is the responsibility of the entity appraising / selecting the MSE (i.e., participating MFI or Kafalat) to ensure that all the necessary information is being collected and documented during the appraisal of the eligible beneficiaries. The MSEs that may potentially generate hazardous wastes will be screened in accordance with section 3.3.2 and if needs be, The MSE will prepare and implement an Environmental and Social Management Plan (ESMP) to be eligible for funding. The project activities may also include the removal of any remaining non-contaminated debris (not contaminated by hazardous materials) from the blast at the beneficiary MSEs.

MSEs are required to commit to the activities as agreed at the time of the appraisal by the MFIs or online application submitted to Kafalat. **MSEs that fail to comply to agreed activities - i.e., that do have an adverse negative E&S impact - will be reported / recorded to / by Kafalat and MSEs will be required to reimburse funds disbursed.**

Kafalat is required to apply the ESMS in practice throughout Project implementation both at the level of Kafalat but also at the level of participating MFIs. Additionally, Kafalat role is to provide specific guidance to ensure that participating MFIs comply with ESS 9 (Financial Intermediaries) and World Bank ESF requirements. The guidance will be provided by the E&S Specialist in the PMU. The E&S Specialist as well as the field officers in the PMU are authorized to request the assessment that was done for each beneficiary by the MFIs. Additionally, a Third-Party Monitoring Agency (TPMA) will be hired by Kafalat to sample and verify whether processes have been documented by Kafalat and participating MFIs on the E&S side.

The assessment may require a site visit and walk-through audit to the existing facilities and consultation of experts. Ideally this should be done during the appraisal field / on-site visits conducted by MFI field officers or after MSEs have been directly selected by Kafalat (given the time constraints at Kafalat).

## 5. Roles and Responsibilities

Kafalat Organizational chart is provided in Annex 6, and organogram of the Project Management Unit (PMU) in Annex 7.

Kafalat SAL has appointed Yolla Serieddine, Deputy General Manager, as a **representative of its senior management** who will have overall responsibility for ensuring the environmental and social performance of its investments, including the implementation of the provisions of all relevant ESS, as well as the provision of the necessary resources.

In the interim and until an Environmental and Social Specialist has been hired in the PMU, the representative of the senior management of Kafalat appointed Christian Khalil Attie, Senior Credit Analyst & Head of New Products, in charge of the day-to-day implementation of the provisions of the ESMS in environmental and social matters, including environmental and social procedures.

The Senior Management Representative of Kafalat will ensure that:

- Sufficient resources are available for the management of environmental and social issues and the training to be provided in this regard, and
- Competent experts, internal or external, are made available to perform due diligence and manage the environmental and social risks and effects of FI sub-projects, in particular by providing implementation support as needed.

As interim, Christian Khalil Attie, Senior Credit Analyst & Head of New Products, until the arrival of the coming Environmental and Social Specialist hired by the PMU, will supervise the implementation of the ESMS and ensure that the related procedures are integrated into the operational processes of Kafalat, allowing the financial risks of the sub-project to be assessed. The responsibilities of the Environmental and Social Manager include:

- 1.** Provide E&S support to project managers and contracting authorities during project appraisal and monitoring:
  - Assessment of the environmental and social risks associated with financing,
  - Determination of means of prevention, mitigation, or compensation,
  - Definition of E&S commitments to be inserted in the subsidiary and grant agreements, and
  - Monitoring of the implementation of these measures and any unforeseen events.
- 2.** Contribute to the operational implementation of the environmental and social assessment process for operations financed by Kafalat: development of tools, methodologies, transfer of know-how.
- 3.** Strengthen the internal capacities and skills of Kafalat for the sub-projects concerned.
- 4.** Intervene in training sessions or seminars.

**Kafalat's Legal Advisor** will ensure that funding agreements include restrictive covenants that require sub-projects to comply with applicable national and international environmental, health and safety laws.

The Environmental and Social Manager will keep a file of qualified consultants in environmental and social assessment who may be called upon to carry out environmental and social reviews.

To ensure the effective implementation of the ESMS within Kafalat, it is necessary to allocate resources for the preparation, implementation and communication and documentation of the ESMS. This budget includes, above all, actions to train staff in the principles and procedures of the ESMS.

In addition, it is necessary to consider in the operational costs, the time required for the staff to fulfill the responsibilities and tasks relating to the ESMS.

Finally, the entire ESMS, including the budget and training plan, should be reviewed and approved by management to ensure its integration into Kafalat's standard operating procedures.

For each sub-project, a register of supporting documents for environmental and social studies will be kept. This includes the initial assessment of environmental and social risks at the time of project investment, as well as ongoing compliance records.

As specified in the ESCP, each MFI will have an ESMS in place and a senior management representative to have overall accountability for environmental and social performance plus a staff member or consultant as E&S Focal Point to manage the day-to-day implementation of ESMS.

An ESMS should be reviewed periodically to ensure that it remains relevant and effective over time, and that it incorporates the evolving needs of financial institutions.

This involves identifying the potential difficulties related to the operational aspects of the implementation of the ESMS and making the necessary modifications, examining the scope of the ESMS procedures to ensure that the environmental and social risks and impacts emerging in sub-projects are detected and identified during the due diligence process; and update the ESMS to reflect revisions to applicable national environmental, health and safety laws.

## **6. Monitoring and Reporting**

The environmental and social performance of the sub-projects will be monitored, re-evaluated and documented and recommendations made accordingly and periodically by the E&S Specialist with the support of Kafalat field officers in order to guarantee the permanent compliance with the applicable requirements.

Kafalat will review the environmental and social performance of projects and their compliance as per agreed commitments. The extent of monitoring is proportionate to the environmental and social risks and impacts associated with the project. At a minimum, monitoring requirements and commitments include the review of annual environmental and social reports that clients prepare on projects.

Kafalat may also periodically verify monitoring information prepared by clients by sending Kafalat's environmental and social specialist (full time Project Management Unit [PMU] staff) and / or independent experts to project sites.

If the client does not comply with its environmental and social commitments, as agreed upon, Kafalat may take corrective action to meet its commitments. If the customer does not comply with the corrective measures, Kafalat may take the action and / or exercise the remedies provided for in the financing agreements as it deems appropriate.

Kafalat will immediately inform the WB of any significant accident or incident associated with sub-projects.

Kafalat will prepare an annual environmental performance report (according to the template in [Annex 4](#)). This will be prepared on the basis of environmental and social performance information provided by each participating MFI. MFIs will report periodically to the PMU on E&S compliance during project implementation.

## **7. Training**

Once the E&S specialist will be on board, a training program will be put in place to ensure the MFIs have the adequate capacity and competency to implement the ESMS. Additional trainings will be conducted to cover the following items:

- Stakeholder mapping and engagement
- Specific aspects of social assessment, including GBV SEA/SH risks, impacts and mitigation measures
- Training on occupational health and safety including on emergency prevention and preparedness and response arrangements to emergency situations. Emergency preparedness and response and OHS measures related to COVID-19 as per the national health requirements
- Grievance redress mechanism
- MFIs ESMS preparation, implementation, and monitoring

## **8. Stakeholder Engagement**

As part of fulfilling its commitments under the ESCP, Kafalat has prepared, disclosed, adopted, and implemented a Stakeholder Engagement Plan (SEP) consistent with ESS 10.

Kafalat's environmental and social commitment includes communication to stakeholders, in addition to its donors. To this end, Kafalat will publish an annual environmental and social report on its website. This report will present the evolution of Kafalat's environmental and social policy, the novelties and improvements made, the actions and measures taken, as well as the good environmental and social safeguard practices among its investment projects.

In addition, Kafalat will ensure the information, consultation and participation of all project stakeholders determined in the SEP, in environmental and social matters. Other stakeholders will be added as relevant and following the recommendations of the consultant specializing in environmental and social assessment, during the due diligence of the Project.

## **9. List of Annexes**

**Annex 1:** Exclusions List of Financing Activities & Screening Form

**Annex 2:** Examples of Projects with E&S Impacts as per Lebanese decree No. 8633/2012 and relevant decisions 260/1-2015 and 261/1-2015

**Annex 3** Legal Documents Relevant to E&S

**Annex 4:** Yearly Report

**Annex 5:** Kafalat Client Complaints Log Summary Sheet

**Annex 6:** Kafalat Organizational Chart

**Annex 7:** Kafalat PMU Organogram

**Annex 8: Kafalat Human Resources Procedures**

**Annex 9: Chance Find Procedures**

## **Annex 1: Exclusions List of Financing Activities & Screening Form**

*The following list sets out types of transactions that cannot be financed and types of E&S risks that are not acceptable for financing if present in a business.*

1. Production or trade in any product or activity deemed illegal under Lebanese laws or regulations or international conventions and agreements
2. Production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans
3. Trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species
4. Production or trade in weapons and ammunitions<sup>1</sup>
5. Production or trade in alcoholic beverages<sup>1</sup>
6. Production or trade in tobacco<sup>1</sup>
7. Gambling, casinos, and equivalent enterprises<sup>1</sup>
8. Production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control measurement equipment, and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.)
9. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
10. Production or trade in or use of unbounded asbestos fibers
11. Unsustainable fishing practices, such as drift net fishing in the marine environment using nets in excess of 2.5 km length, electric shocks, or explosive materials
12. Production or trade in wood or other forestry products other than from sustainably managed forests<sup>2</sup>
13. Production or activities involving harmful or exploitative forms of forced labor<sup>3</sup> or harmful child labor<sup>4</sup>
14. Activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement<sup>5</sup>
15. Any activities involving significant degradation or conversion of natural<sup>6</sup> and/or critical habitats<sup>7</sup> and/or any activities in legally protected areas
16. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes, and so on)
17. Activities involving significant adverse impacts on critical cultural heritage<sup>8</sup>

18. Production or trade in or use of non-biodegradable packaging material such as polythene bags and styrofoam.

**Footnotes (must accompany the Exclusion List in all circumstances):**

1. This does not apply to enterprises that are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary to an enterprise's primary operations.

2. Sustainable forest management may be demonstrated by the application of industry-specific good practices and available technologies. In some cases, it may be demonstrated by certification/ verification or progress towards certification /verification under a credible standards system.

3. Forced labor means all work or service, not voluntarily performed that is extracted from an individual under threat of force or penalty.

4. Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

5. Land acquisition and/or restrictions on land use may result in the physical displacement of people (involuntary resettlement), as well as their economic displacement (as loss of assets and/or means of livelihood, regardless of whether or not the affected people are physically displaced). Land must be bought on willing-buyer, willing-seller basis.

6. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition. This includes HCV forests. HCV areas do not directly correspond with definitions for modified, natural, and critical habitat. The HCV Resource Network, an internationally recognized group, provides information and support on the evolving usage of HCV to ensure a consistent approach. <https://www.hcvnetwork.org/>.

7. Critical habitat is a subset of both natural and modified habitats that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for required for critically endangered or endangered species as defined by the IUCN Red List of Threatened

Species; habitats of significant importance for endemic or restricted-range species; habitats supporting globally significant concentrations of migratory species and/or congregatory species; and areas with unique assemblages of species or which are associated with key evolutionary processes. Primary forests or forests of High Conservation Value (HCV) shall be considered Critical Habitats.

8. Critical cultural heritage consists of (a) the internationally recognized heritage of communities who use, or have used, within living memory the cultural heritage for long-standing cultural purposes and (b) legally protected cultural heritage areas, including those proposed by host governments for such designation.

*Additionally, borrowers will not engage in cultivation, processing, and sale of poppy and/or other illegal addictive substances (for example, heroin, hashish, opium, bhang, alcohol). Sale of addictive substances such as tobacco, gutka, niswar, cigarettes, beeri, hukka, paan parag, sheesha and any other products containing such substances to persons under the age of 18; Illegal wood extraction; hunting, poaching and fishing in protected areas; informal cross-border trade; smuggling or sale and handling of smuggled goods.*



## Exclusion List: Screening Guidance

Screening Question	Explanatory Notes and Tips
<ul style="list-style-type: none"> <li>Will funds be used for the production or trade in any product or activity deemed illegal under Lebanese laws or regulations or international conventions and agreements?</li> </ul>	<ul style="list-style-type: none"> <li>Has the loan activity been screened against Lebanese laws?</li> <li>Will the loan be used for any activity that is illegal under Lebanese laws such as smuggling, illegal trade of arms and ammunition, illegal cross-border trade, animal trafficking, human trafficking etc.?</li> <li>Will the loan be used to produce or sell any illegal substances such as alcohol, drugs, hashish etc.?</li> <li>Will the loan be used for cultivation, processing, and sale of poppy and/ or other illegal addictive substances (for example, hashish, alcohol, etc.)?</li> </ul>
<ul style="list-style-type: none"> <li>Will funds be used for production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans?</li> </ul>	<p>This may include the following:</p> <ul style="list-style-type: none"> <li>DDT and Persistent Organic Pollutants</li> <li>CFCs, HBFCs, HCFCs used in refrigerators, air conditioners, fire extinguishers, in dry cleaning, as solvents for cleaning, electronic equipment and as agricultural fumigants.</li> <li>Coolants and lubricants etc.</li> </ul>
<ul style="list-style-type: none"> <li>Will funds be used for trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species?</li> </ul>	<p>CITES, which stands for the Convention on International Trade in Endangered Species of Wild Fauna and Flora, is a global agreement between governments to follow rules to monitor, regulate, or ban international trade in species under threat.</p> <p>For more information: <a href="http://www.cites.org">www.cites.org</a></p>
<ul style="list-style-type: none"> <li>Will funds be used for production or</li> </ul>	<p>For example, ensure that the loan is not used to equip an arms and</p>

trade in weapons and ammunitions?	<p>ammunitions shop or set up a business that is selling arms and ammunition in bulk.</p> <p>This does not apply to enterprises that are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary/secondary to an enterprise's primary operations.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in alcoholic beverages?</li> </ul>	<p>Production, sale and consumption of alcoholic beverages is regulated under national laws and regulations.</p> <p>Ensure that the loan is not used to produce or sell alcohol, set up a shop or a business that is selling alcohol.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in tobacco?</li> </ul>	<p>Production, sale, and consumption of tobacco is regulated under national laws and regulations.</p> <p>Ensure that the loan is not used to produce tobacco products or sell tobacco products in bulk.</p> <p>Sale of addictive substances such as tobacco, hashish, prescription drugs and any other products containing such substances to persons under the age of 18 should be prohibited.</p> <p>This does not apply to enterprises that are not substantially involved in these activities. 'Not substantially involved' means that the activity concerned is ancillary/secondary to an enterprise's primary operations.</p>

<ul style="list-style-type: none"> <li>• Will funds be used for gambling, casinos, and equivalent enterprises?</li> </ul>	<p>Ensure that the loan is not used for activities related to gambling or casinos.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in radioactive materials (this does not apply to the purchase of medical equipment, quality control measurement equipment, and any equipment where the radioactive source is considered to be trivial and/or adequately shielded)?</li> </ul>	<p>Radioactive materials can include:</p> <ul style="list-style-type: none"> <li>• Nuclear waste</li> <li>• Radioactive and toxic waste from factories</li> <li>• Radioactive waste from hospitals used for cancer treatment</li> </ul>
<ul style="list-style-type: none"> <li>• Will funds be used for cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations?</li> </ul>	<p>This may apply to the smuggling or international trade of scrap materials, chemicals and toxic materials.</p> <p><a href="http://www.basel.int">www.basel.int</a></p> <p>The provisions of the Basel Convention center around the following principal aims:</p> <ul style="list-style-type: none"> <li>• The reduction of hazardous waste generation and the promotion of environmentally sound management of hazardous wastes, wherever the place of disposal,</li> <li>• The restriction of transboundary movements of hazardous wastes except where it is perceived to be in accordance with the principles of environmentally sound management, and</li> <li>• A regulatory system applying to cases where transboundary movements are permissible.</li> </ul>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in or use of unbonded asbestos fibers?</li> </ul>	<p>Unbonded asbestos fibers can be found in building materials such as:</p> <ul style="list-style-type: none"> <li>• pipe lagging</li> <li>• boiler insulation</li> <li>• fire retardant material on steel work</li> <li>• sprayed insulation.</li> </ul>

<ul style="list-style-type: none"> <li>• Will funds be used for unsustainable fishing practices, such as drift net fishing in the marine environment using nets in excess of 2.5 km length, electric shocks, or explosive materials?</li> </ul>	<p>This includes:</p> <ul style="list-style-type: none"> <li>• Fishing practices that will result in the catching of juvenile fish,</li> <li>• Fishing practices that will result in the catching of other marine life, and</li> <li>• Use of illegal fishing methods.</li> </ul>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in wood or other forestry products other than from sustainably managed forest?</li> </ul>	<p>Ensure wood and other forestry products are not extracted from Protected Areas, Notified Forests and Reserve Forests notified by the Forestry Office in Lebanon.</p> <p>Protected Areas include national parks, game reserves, wildlife sanctuaries, marine protected areas, protected and reserved forests, protected wetlands and biosphere reserves.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for production or activities involving harmful or exploitative forms of forced labor or harmful child labor?</li> </ul>	<p>Ensure that no child under the age of 18 is hired to work in hazardous conditions (pesticide sprays, industrial activity); and no child underage of 15 is hired to do any sort of physical exertive labour (general farm labour, mechanic, etc.); and no child under the age of 12 is hired for ANY type of labour.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement?</li> </ul>	<p>Ensure the loan or any bank practice does not result in forced eviction of even a single person from owned or non-owned land.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for any activities involving significant degradation or conversion of natural and/or critical habitats and/or any activities in legally protected areas?</li> </ul>	<p>This includes Protected Areas, Notified Forests and Reserve Forests notified by the Forestry Office.</p> <p>Protected Areas include national parks, game reserves, wildlife sanctuaries, marine protected areas, protected and reserved forests, protected wetlands and biosphere reserves.</p> <p>Degradation of these areas can result from:</p>

	<ul style="list-style-type: none"> <li>• Cutting of trees, extraction of wood or other forest products,</li> <li>• Construction activities such as buildings, houses roads etc.,</li> <li>• Clearing of land for agriculture expansion/planting of crops,</li> <li>• Grazing of livestock, and</li> <li>• Extraction of forest products for livestock fodder or growing of fodder.</li> </ul>
<ul style="list-style-type: none"> <li>• Will funds be used for production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes, and so on)?</li> </ul>	<p>Setting up a business or shop that sells hazardous materials such as gasoline, kerosene, other petroleum products, textile dyes, and so on shall not be allowed.</p> <p>Use of dyes and petroleum products for use in support activities is permissible.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for activities involving significant adverse impacts on critical cultural heritage?</li> </ul>	<p>This includes buildings or sites that have a place of religious, cultural or historic reverence for the community.</p>
<ul style="list-style-type: none"> <li>• Will funds be used for production or trade in or use of non-biodegradable packaging material such as polythene bags and Styrofoam?</li> </ul>	<p>Non-biodegradable packaging material includes:</p> <ul style="list-style-type: none"> <li>• Polythene/plastic bags or shopping bags</li> <li>• Styrofoam / thermopore / foam used for packing food</li> </ul> <p>Setting up a business that produces these items or a shop that sells plastic bags or Styrofoam should be prohibited.</p> <p>Use of plastic bags and Styrofoam in business activities is permissible.</p>

**Annex 2: Examples of Projects with E&S Impacts as per Lebanese decree No. 8633/2012 and relevant decisions 260/1-2015 and 261/1-2015**

**Projects that duly require an EIA study**

1. Irrigation and drainage:

- Building dams, man-made lakes and pools/ponds
- Irrigation projects for area exceeding 500 hectares

2. Drinking water:

- Building dams, reservoirs, pools and man-made lakes
- Water desalination plants
- Integrated projects for drinking water supply

3. Wastewater:

- Establishment of wastewater treatment plants
- Drainage channels into the sea
- Integrated projects for wastewater

4. Solid waste:

- Establishing centers for the management, treatment, and discharge of the various solid waste

5. Agriculture and forestry:

- Preparing land for farming, include leveling, clearing, reclaiming, and using chemicals in agricultural activity
- Deforestation projects

6. Building roads, bridges, railway lines, and tunnels

7. Airports and harbors

8. Power generation and supply:

- Power generating stations
- Power transformation stations

9. Oil and gas:

- Installation of pipelines on/off the beaches
- Excavation and extraction of oil and gas
- Oil refineries
- Oil platforms
- Oil tanks

10. Mines, sanders, stone mills, sand sucking

11. Building hospitals

12. Tourism and recreation projects

- Establishing skiing centers

13. Land reclamation

14. River and sea public properties

15. Inland and marine fisheries

16. Zoo building

17. Factories:

- Construction of industrial areas
- Industries included in the table below:

<b>ISIC</b>	<b>Description</b>
D	Industry
<b>15</b>	<b>Food industry (heading)</b>
1511	Fresh and preserved meat. Including slaughterhouse
1512	Poultry meat - fresh and preserved, slaughterhouses
1513	Processing all kinds of meat products
1520	Fish products
1531	Processed potato
1532	Fruit and vegetable juice (decree No. 108/83)
1533	Processed and preserved vegetable and fruit - not previously specified, capacity = + 25000 ton/year)
1541	Raw oils and fats (vegetable, animal)
1542	Purified oils and fats (vegetable and animal)
1551	Milk derivatives (between one and 2.5 tons/day, capacity = + 2.5 ton/day)
1552	Ice cream and frozen products ready for consumption (between one and 2.5 tons/day, capacity = + 2.5 ton/day)
1561	Grain mill products (capacity = - 5 ton/hour/ + 5 ton/hour)
1562	Starch and starch products (capacity = - 5 ton/hour/ + 5 ton/hour)
1571	Processed fodder for poultry (vegetable, animal; mix)
1572	Processed food for domestic animals
1589	Other food products
1591	Distilled alcoholic drinks (capacity = + 10000 litres/year, bottled)
1592	Ethyl alcohol
1593	Alcoholic drinks (capacity = + 10000 litres/year, bottled)
1596	Beer
1598	Mineral water, non alcoholic beverages (see decree No. 108/83)

<b>ISIC</b>	<b>Description</b>
<b>16</b>	Tobacco products (heading)
1600	Tobacco products (cigarettes, not cigars)
<b>17</b>	<b>Textile products (heading)</b>
1710	Textile and threads, weaving and wool manufacture (power= engines of + 25 kilowatts) Use of chemicals and flammable material (whitening, dyeing, steam broiler)
1720	Textile cloth (sewing), (power= engines of + 25 kilowatts) Use of chemicals and flammable material (whitening or dyeing)
1730	Complementary textile services (whitening or dyeing), other services
1771	Socks and pantyhose (sewed or tight)- (power= engines of 25 kilowatts) Use of chemicals and flammable material (whitening, dyeing, steam broiler)
<b>19</b>	Leather industry:
1930	Various shoes (not including leather manufacturing, (power= engines of +35 kilowatts)  Manufacture of shoe accessories from plastics and chemical compounds
<b>20</b>	<b>Furniture and wood industry (heading)</b>
2010	Sawed or scrap wood (power =+ 100 kilowatts)  Use of dissolvent material
2020	Compression wood or opposite wood logs or fiber etc (power= + 100 kilowatts) Use of dissolvent material
2030	Carpentry (installation and joining), (power= + 100 kilowatts)
2040	Wooden containers (power= + 100 kilowatts)
2051	Other wood products (power = + 100 kilowatts)
<b>21</b>	<b>Paper industry (heading)</b>

<b>ISIC</b>	<b>Description</b>
2112	Paper and cartoon paper (w/without use of chlorine material)
<b>22</b>	<b>Publishing, printing and advertisement (heading)</b>
2211	Books, printing, printing and dried in air and fire
<b>24</b>	<b>Chemical industry (heading)</b>
2412	Dyeing
2430	Paints, varnishes, other paints, printing ink A mix of paint and inc
2441	Basic medical products (see Decree 83/105)
2442	Pharmaceuticals (see Decree 83/105)
2451	Soap, detergents, polishing, sanitizers
2452	Perfume and ornaments
2462	Glue and gelatin (from raw animal materials and without them)
2464	Photography chemicals
2466	Other chemicals - not previously specified
<b>25</b>	<b>Rubber and plastic (heading)</b>
2511	Rubber tyres and pipes
2512	Remanufactures rubber tyres and pipes
2513	Other rubber products
2521	Plastic plates, pipes and plastic casting
2522	plastic products for packing
2523	Plastic clothing
2524	Other plastic material
<b>26</b>	<b>Building material (heading)</b>
2611	Surface glass (power= +100 kilowatts)

<b>ISIC</b>	<b>Description</b>
2612	Surface glass fabrication (power= + 100 kilowatts)
2613	Void glass (power= + 100 kilowatts)
2615	Fabricated glass of different kinds including technical glass equipment (power = + 100 kilowatts)
2621	Domestic appliances and ceramic tiles (power = + 100 kilowatts)
2622	Ceramic sanitary ware
2624	Artistic ceramic products
2626	Thermal ceramics
2630	Ceramic tiles and bottles
2640	Tile, stone, brick products made of dried mud
2661	Cement blocks (w/without compressors and cement vibrating equipment)
2662	Gypsum products
2663	Bricks for mixture (capacity = 50 ton/day)
2666	Other gypsum and cement brick products
2680	Other mining non-metal products (not previously specified - without asbestos)
2681	Sand scratchers
2682	Other mining non-metal products - not previously specified
<b>27</b>	<b>Raw metal industry (heading)</b>
2721	Pipes and accessories of cast iron (working space = + 500 m <sup>2</sup> ; and a range between 500 and 1000 m <sup>2</sup> )
2722	Steel pipes and accessories (working space = + 500 m <sup>2</sup> ; and a range between 500 and 1000 m <sup>2</sup> )
2731	Cold iron products (working space = + 1000 m <sup>2</sup> )
2732	Cold galvanized thin plates (working space = + 1000 m <sup>2</sup> )
2733	Non alloy iron and steel products (working space = +500 m <sup>2</sup> ), (working

<b>ISIC</b>	<b>Description</b>
	space between 500 and 1000 m2)
2734	Metal rail (working space = 1000 m2)
2735	Iron alloys and iron/steel alloys (working space + 500 m2; and between 500 and 1000 m2)
2744	Brass products (capacity = + 1000 ton/year)
2745	Other nonferrous metal products (capacity = + 1000 ton/year)
2751	Iron casting services
2753	Light metal casting services
2754	Other no ferrous metal casting services
<b>28</b>	<b>Metal and electrical technical products (heading)</b>
2851	Metal painting treatment services (electrical - non electrical)
2873	Wire products w chemical insulators
2875	Other fabricated metal products - not previously specified
<b>29</b>	<b>Machinery industry (machines) (heading)</b>
2911	Engines and turbines (except aviation, cars, revolving engines)
2912	Pumps and compressors
2913	Valves and taps
2914	Carrier, machine tooth, pushing tools
2921	Burners and incinerators
2922	Lifting and handling equipment
2923	Non domestic cooling and ventilation equipment
2924	Tools and equipment for different uses - not previously specified
2931	Agricultural tractors
2932	Other machinery for agriculture and forestry
2940	Mechanical tools

<b>ISIC</b>	<b>Description</b>
2951	Tools for metal works
2952	Equipment for mining and building
2954	Machines for textile, clothing, and leather works
2956	Machines for various purposes - not previously specified
2971	Domestic electrical appliances (capacity = + 50 ton/year)
<b>30</b>	<b>Computer and office equipment (heading)</b>
3001	Production of office equipment
3002	Production of computers
<b>31</b>	<b>Production of various electrical machines and equipment (heading)</b>
3110	Electric engines, generators, transformers
3130	Wires and cables insulated
3150	Lighting bulbs and equipment
3161	Electrical equipment for engines and cars- not previously specified
3162	Various electrical equipment - not previously specified
<b>32</b>	<b>Audio-visual equipment (video) and communication industry (heading)</b>
3210	Valves, electronic pipes, other electronic elements
3230	Recording telecasters and related products
<b>33</b>	<b>Medical and optical equipment (heading)</b>
3310	Medical and surgical equipment
3340	Optical and photographic equipment
<b>34</b>	<b>Transport- related industry (heading)</b>
3420	Manufacture of wagons; seats for cars, trucks, and trailers

<b>ISIC</b>	<b>Description</b>
3430	Parts and accessories for cars and their engines (capacity= + 50 ton/year; capacity = + 50 ton/year)
<b>35</b>	<b>Transport (heading)</b>
3550	Other transportation means - not previously specified
<b>36</b>	<b>Various tools and fitting industry (heading)</b>
3615	Furniture (with sponge manufacture), (capacity = + 50 ton/year)
3622	Jewelry and related arts - not previously specified (capacity = + 50 ton/year)
3640	Sporting equipment and supplies
	Use of chemicals or flammable material
3650	Toys
	Use of chemicals or flammable material
3663	Other manufactured products - not previously specified

## **Annex 3: Legal Documents Relevant to E&S**

### **Relevant Environment**

- Decree 5605 of 2019 – Domestic Waste Sorting at Source;
- Decree 5606 of 2019 - Determination of the Fundamentals of Hazardous Waste Management;
- Law 80 of 2018 – Integrated Solid Waste Management;
- Law 78 of 2018 – Air Quality Protection;
- Law 444 of 2002 – Environment Protection Law;
- MoE Decision 52/1 of 1996 - National Standards for Environmental Quality (NSEQ) and the Environmental Limit Values (ELVs) for air, water, and noise; and
- MoE Decision 8/1 of 2001 - Revised standards for air emissions, liquid effluents and wastewater treatment plants. The decision sets limits for discharge of wastewater into water bodies
- Law 64 of 1988 – Protection of the Environment against Pollution from Solid Waste and Hazardous Material.
- Decree Law 166 dated 1933 that defines chance find procedures that should be followed in case antiquities are identified during works

### **Relevant to the Social**

- Law 293 of 2014 - Law on the Protection of Women and Family Members from Domestic Violence;
- Law No 400 of 2002 pursuant to the ILO Convention No. 138 and addresses the child labor
- Law No. 335 of 2001 pursuant to International Labor Organization Convention No. 138 and addresses the minimum age of employment
- Law 207 of 2000 – Prohibition of all forms of discrimination between men and women in the workplace
- Labor Law of 1946 which covers the industrial accident prevention and compensation. It regulates the minimum wage, the minimum age of employment based on their ages and the workplaces, resting periods and vacations for adolescent workers. It also sets the working hours, and the penal code regulation of strikes and lock out in essential employments
- Decree 3791 of 2016 – Official minimum wage for employees and workers subject to the Labor Law;
- Decree 8987 of 2012 – Prohibition of the employment of adolescents and children under 18 years of age in jobs that pose a risk to their health, safety and behavior;

- Decree 8987 of 2012 that restricts the employment of minors under the age of 18 in activities and works that can be harmful to their health, morals and that can limit their education
- Decree 11802 of 2004 - Occupational Health and Safety

**Relevant to Health and Safety**

- Decree 11802 of 2008, Occupational prevention, safety, and health in all enterprises subject to the Code of Labor
- Law 207/2000 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.

## **Annex 4: Yearly Report Template**

**Content:** The Yearly Report must comprise at least the following information:

- Summary of E&S monitoring follow up activities done by Kafalat
- Summary of MFI's E&S reports
- Problems encountered (accidents/incidents/non-conformity E&S)
- Trainings and E&S capacity building activities completed/planned
- Grievances received (GRM log)
- Kafalat's Environmental and Social Action Plan for the next year
- Status / Modifications in the ESMS
- Sub-Projects that were not accepted for E&S non-eligibility

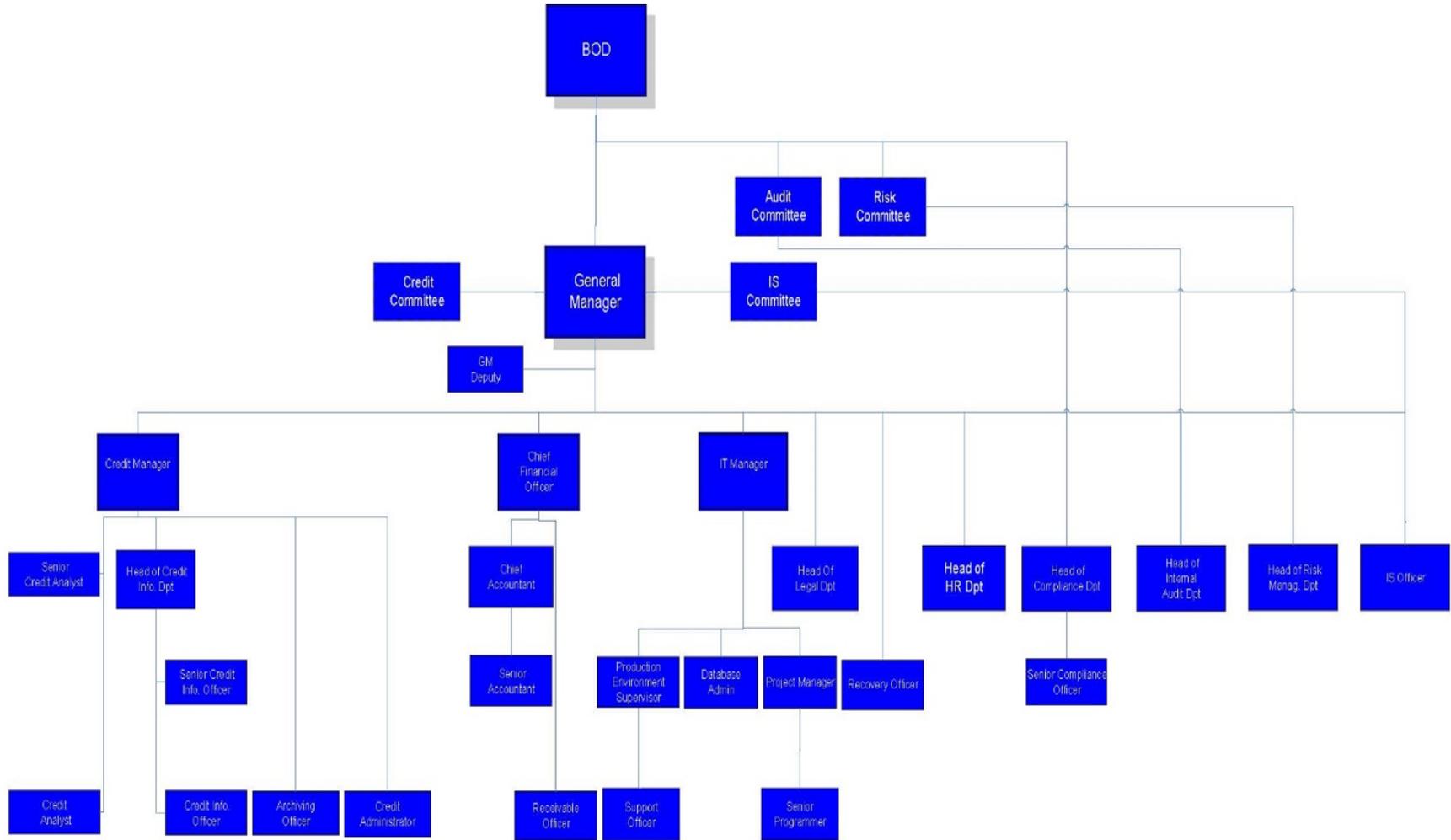
**Annex 5: Kafalat Client Complaints Log Summary Sheet**



**Client Complaints Log Summary  
(From 2017 to Mar-2021)**

	Telephone			Email			Webpage			Regular Mail/Dropbox			TOTAL		
	Avg days to			Avg days to			Avg days to			Avg days to			Avg days to		
Date	Received	Resolved	Resolution	Received	Resolved	Resolution	Received	Resolved	Resolution	Received	Resolved	Resolution	Received	Resolved	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
2020	32	32	2.2	26	26	2.6	0	0	0				58	58	2.4
Jan-21	5	5	1.1	12	12	1.6	-	-	-	-	-	-	17	17	1.5
Feb-21	10	10	1.2	13	13	2.3	-	-	-	-	-	-	23	23	1.8
Mar-21	22	22	1.7	16	16	1.4	-	-	-				38	38	1.6
TOTAL	121	121	0.8	92	92	1.2	21	21	3.5	0	0	0	234	234	1.2

**Annex 6: Kafalat Organizational Chart**



## Annex 7: Kafalat PMU Organogram

### Kafalat SAL: Recipient and Project Implementation Agency (PIA)

■ Project Management Unit

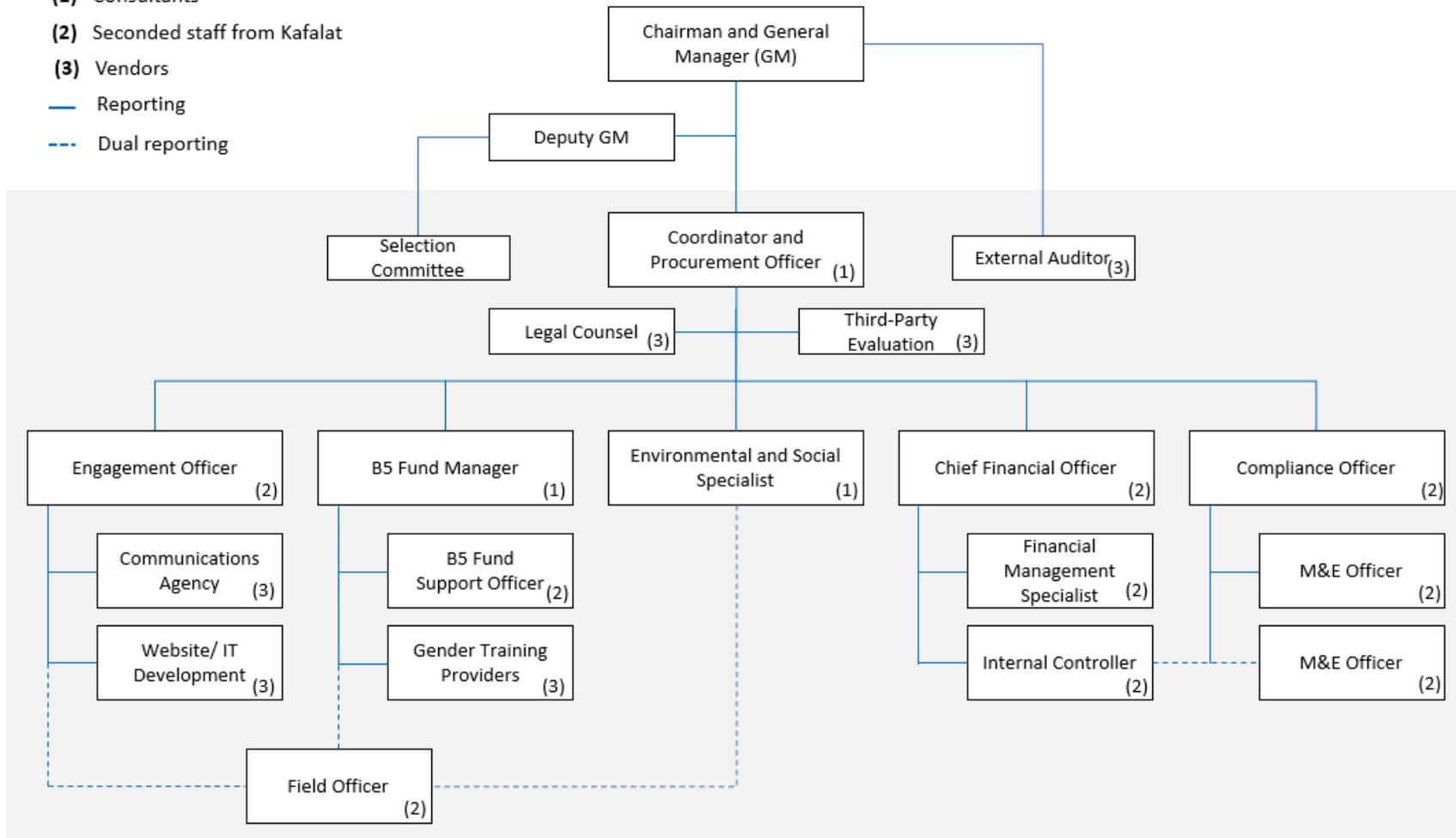
(1) Consultants

(2) Seconded staff from Kafalat

(3) Vendors

— Reporting

- - - Dual reporting



## Annex 8: Kafalat Human Resources Procedures

KAFALAT S.A.L.

PROCEDURE FOR HR RELATED PROCESS

*Doc. No. : SOP-HR-01*

*Rev. No. : 01*

*Rev. Date : 16/07/2019*

*Page 1 of 5*

### 1.0 PURPOSE

To establish and maintain a method for Human Resources related processes, including training needs & vacation policy.

### 2.0 SCOPE

This Procedure applies to all personnel of Kafalat SAL

### 3.0 RESPONSIBILITIES

This procedure is authorized by the GM; its validity relies on the MR and its proper and full implementation relies on the HR Team and Head of Departments.

### 4.0 PROCEDURE

4.1- Training

4.1.1- Request for Awareness/Training Process

Kafalat has two types of training:

- Planned training:
  - When new employee is recruited, on IT Security and any topic related to the position.
  - On Januaries, for updates on some topics mainly on IT security.
- Unplanned training: this is triggered whenever a need to expand knowledge or to learn new topics. This training can be requested by the employee him/herself, by his direct manager, by a HOD, or by the GM.

To express this need, the person uses the Training Request Form and fill it correctly to get all needed approvals before submitting it to HR team.

#### 4.1.2- Awareness/Training Sessions Process

Awareness/Training sessions are undertaken either internally or externally. Qualified and experienced employees dispense in-house training, whereas other training needs are outsourced with appropriate training center, chosen by the concerned manager/HOD or by the GM.

Course notes, handouts or manuals distributed during training sessions are copied and handed to the HR team to keep in the Training file. Furthermore, when the attendant receives an original Training Certification and/or Handouts, he hands a copy to the HR Team to keep in the Training file.

#### 4.1.3- Competence & Awareness Control Process

This process aims at evaluating if the training/awareness session has served its purpose. The trainee uses the Training Efficiency Assessment that he starts filling upon completion of the training to judge its overall aspects, then after 3 months to judge if he has been able to implement it, and finally he hands the document to his Direct Manager to give his level of satisfaction with respect to the specific training session undertook by the trainee.

The HR team logs the trainings and their efficiency in the Training Register while the HR team discusses any poor training results during management meeting to take the appropriate actions.

#### 4.2- Confidentiality Deed

All employees are required to sign a **Confidentiality Deed** that mentions among other issues to treat information gathered within Kafalat as strictly confidential. They have to remember that any business information disclosed or commented outside Kafalat can be used against the well-being of the company, their management and employees.

#### 4.3- Working Hours

Staff are informed that office hours start at 8:00am sharp and ends at 2:00pm with possibility of paid overtime till 4:30pm in case of work necessity.

#### 4.4- Breaks

All employees are entitled daily to a 30mn lunch break to be taken between 12:00pm noon and 2:00pm in case they stayed till 4:30pm.

#### 4.5- Presence Management

Time attendance machine is found in the reception area. It is required daily from all employees to register their time of arrival to, and their departure from Kafalat.

It is also required from those who frequently move outside the company, to notify their administrations before coming (if lateness-IN) or leaving (if early-OUT) and to inform them of their daily whereabouts (customers or reasons), by filling the *سجل المهمات الخارجية*.

#### 4.6- Holidays, Vacations and Leaves

##### 4.6.1- Holidays

All the national public holidays adopted by Banque Du Liban.

##### 4.6.2- Vacations

A Leave Request Form is at the disposal of all employees.

All employees enrolled since more than 1 year are entitled to a full vacation period as mentioned in Lebanese Labor Law.

Moreover, newly recruited employees not enrolled since one year can still benefit from vacation which will be deducted from the 15 days once due.

It is mandatory that the employee takes at least one-time per year, 5 consecutive working days as vacations as advised by BCCL.

In general, vacations must be scheduled well in advance, to allow Department Managers redistribute the workload over the rest of their team. At Kafalat, vacations are scheduled according to the following conditions:

- One or two days vacation: at least 2 days in advance;
- Three to five days vacation: at least 2 weeks in advance;
- One or two weeks vacation: at least 1 month in advance.

To request a vacation, the requester fills the Leave Request Form and gets the signature of his direct manager before submitting it to the HR Officer. All vacations details must be entered on the Vacation Request Form, with the number of vacation days left;

#### 4.6.3- Special Leaves

On the other side, the employees are entitled to paid leaves in the following cases:

- Wedding leave: 2 weeks in a row
- Maternity Leave: 70 days in a row
- Funeral Leave:
  - 3 days in the event of death of either his/her spouse, or any of his/her ascendants, descendants or siblings.
  - 1 day in the event of death of either his/her uncle, aunt, cousins, nephews, nieces or parents in law.

#### 4.6.4- Sick Leaves

In case of illness, employees are required to notify Kafalat immediately and provide an adequate medical report certified by a relevant Doctor justifying their absence, as soon as they return to the company. Otherwise, it shall be deducted from their vacation days.

#### 4.7- Personal Behavior

All employees are required to behave in a proper and disciplined manner in relation with the habits and ethics of Kafalat. Subjects such as racism, politics and religion should never be discussed during office hours.

No wandering in the office is allowed. All employees should give priority to intranet as a way of communication. In this way, same information can be shared with all concerned personnel at the same time and it will be a way of proof.

#### 4.8- Clothing and Personal Hygiene

All employees represent Kafalat vis-à-vis its customers. Therefore, it is mandatory to wear decent and professionally acceptable clothing and refrain from wearing eccentric and very casual clothing such as old Jeans & T-Shirts, Tennis shoes, jogging suit, sandal for men, etc.

#### 4.9- Smoking Regulation

Smoking is strictly prohibited in offices, not only for your own sake, but also for the sake of others.

#### 4.10- Attestations & Certifications

A Certification Request Form is at the disposal of all employees, to allow them request a record that certifies their employment at Kafalat, their salary or their competency.

The requester fills the form and presents it to the HR Officer to provide him by the corresponding Letter or Certificate.

#### 4.11- Clear Desk Policy

Kafalat S.A.L have introduced the policy so that:

1. It reduces the threat of security breaches as all paper based information gets locked away.
2. It helps Kafalat S.A.L meet obligations under the data protection and client confidentiality agreements.

#### 4.11.1- Responsibilities

Each employee is expected to tidy their desk and to file or put away all office papers with classification (all confidential documents must be classified accordingly).

Kafalat S.A.L provides a locked storage drawers or cabinet for this purpose. All confidential, client confidential or private related paperwork, job briefs, reports, .....etc. must be put away in the locked storage provided. All other paperwork must be stored in desk drawers, which are deemed "private".

Persistent failure to comply will be regarded as a disciplinary matter and will be dealt with under disciplinary procedures.

#### 4.11.2- Unattended User Equipment

As well as clearing away papers and data all users should also be aware of their responsibilities in relation to securing equipment when leaving it unattended. Users should:

- a. Terminate active sessions when finished.
- b. Log off desktops etc. when the sessions are finished.
- c. Lock desktops etc. when not in use.

RECORDS:

- 3. **F-HR-01** Training Request Form
- 4. **F-HR-02** **Training Efficiency Assessment**
- 5. **F-HR-03** Training Register
- 6. **F-HR-04** Confidentiality Deed
- 7. **F-HR-05** سجل المهمات الخارجية
- 8. **F-HR-06** **Leave Request Form**
- 9. **F-HR-07** **Certification Request Form**

REVISION HISTORY		
Rev. No.	Description of Change	Effective Date
01	Creation	16-07-2019

## **Annex 9: Chance Find Procedures**

Chance find procedures will be used as follows:

- a. Stop the construction activities in the area of the chance find;
- b. Delineate the discovered site or area;
- c. Secure the site to prevent any damage or loss of removable objects. In cases of removable antiquities or sensitive remains, a night guard shall be present until the responsible local authorities and the Ministry of Culture take over;
- d. Notify the supervisory Engineer who in turn will notify the responsible local authorities and the Ministry of Culture immediately (within 24 hours or less);
- e. Responsible local authorities and the Ministry of Culture would be in charge of protecting and preserving the site before deciding on subsequent appropriate procedures. This would require a preliminary evaluation of the findings to be performed by the archeologists of the Ministry of Culture (within 72 hours). The significance and importance of the findings should be assessed according to the various criteria relevant to cultural heritage; those include the aesthetic, historic, scientific or research, social and economic values;
- f. Decisions on how to handle the finding shall be taken by the responsible authorities and the Ministry of Culture. This could include changes in the layout (such as when finding an irremovable remain of cultural or archeological importance) conservation, preservation, restoration and salvage;
- g. Implementation for the authority decision concerning the management of the finding shall be communicated in writing by the Ministry of Culture; and
- h. Rehabilitation work could resume only after permission is given from the responsible local authorities and the Ministry of Culture concerning safeguard of the heritage.

These procedures must be referred to as standard provisions in MSE's contracts. During project supervision, the MFIs and Kafalat E&S specialist shall monitor the above regulations relating to the treatment of any chance find encountered are observed. Relevant findings will be recorded and reported to the World Bank.