

REPUBLIC OF LEBANON
KAFALAT SAL

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

BEIRUT
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Abbreviations and Acronyms

B5	Building Beirut Businesses Back & Better Fund Project
BPC	Biological Pest Control
CERC	Contingent Emergency Response Component
CDR	Council for Development and Reconstruction
COVID-19	Corona Virus Disease
EIA	Environmental Impact Assessment
E&S	Environmental and Social
ESA	Environmental and Social Audit
ESCP	Environmental and Social Commitment Plan
ESF	Environment and Social Framework
ESFD	Economic and Social Fund for Development
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standard
FI	Financial Intermediaries
GATE	Lebanon Green Agri- Food transformation for economic recovery Project
GOL	Government of Lebanon
GM	Grievance Mechanism
IEE	Initial Environmental Examination
IPF	Investment Project Financing
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation.
MFI	Microfinance Institutions
MoE	Ministry of Environment
MSEs	Micro and Small Enterprises
NGO	Non-Governmental Organization
PCU	Project Coordination Unit
PIA	Project Implementation Agency
POM	Project Operations Manual
PPE	Personal Protective Equipment
3RF	Reform, Recovery and Reconstruction Framework
RF	Resettlement Framework
SDGs	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SMEs	Small and Medium Enterprises
TPMA	Third Party Monitoring Agency
WB	World Bank
WBG	World Bank Group

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Introduction

Kafalat SAL (Kafalat) developed an ESMS in July 2021 under the B5 Fund Project. This Project is implemented under the World Bank's new Environmental and Social Framework (ESF). The existing ESMS has been fully adopted and promoted by Kafalat senior management for all its supported projects, and is being successfully implemented through the Building Beirut Businesses Back & Better Fund Project (B5) fund different components including the selected participating Microfinance Institutions (MFIs) under Components 1 and 2.

The Environmental and Social (E&S) specialist who was hired for the B5 fund project, developed an environmental and social training toolkit. The ESMS training included screening criteria for the direct beneficiaries, indirect beneficiaries and the sub-project proposals against E&S risks, and exclusion list; procedures for managing the E&S risks and monitoring and reporting system on the E&S performance of sub-projects and the Microfinance Institutions (MFIs). The ESMS developed under B5 Fund Project is now adopted at the institution level and is being updated and adapted to the Green Agri-Food Transformation For Economic Recovery (GATE) project. The objective of the GATE Project is to strengthen the resilience of the Lebanese agri-food sector, including through improved delivery of environmentally sustainable public services in rural communities.

The GATE project will have national coverage with a focus on lagging rural regions following a cluster approach. The project will benefit the agrifood sector countrywide. The GATE project consists of four components plus a Contingent Emergency Response Component (CERC) and implemented over a five-year period for a total budget of US\$ 200 M

Below is a short description of the project components. Please refer to the ESMF for a more detailed description of the components.

Component 1: Climate Smart Investments in Agri-food Value Chains (US\$ 74 million): Project Support will be provided on a demand-driven basis nationwide.

The objective of this component is to strengthen the resilience, improve the competitiveness of agri-food value chains, create income opportunities and reduce out-migration from rural areas.

Sub-Component 1.1: . **Climate Smart Support to Smallholder Farmers (US\$ 20 Million).** The objective of this sub-component is to provide short-and medium-term financial support to smallholder famers, including women, to restore and boost climate smart agriculture productions, and to promote linkage with other smallholder's farmers and with buyers/of-takers. This sub-component will be technically led by MoA and implemented by the Project Coordinating Unit (PCU) under the Council for Development and Reconstruction (CDR). A service provider will be recruited competitively as a grant administrator.

Subcomponent 1.2: **Support to Agrifood, Agritourism SMEs and producer associations and Sustain the capacity of MFIs (US\$ 54 million).** The objective of this sub-component is to provide urgent liquidity in the form of soft loans to eligible SMEs and producer associations operating in the agri-food and

agri-tourism sectors, and to provide Financing Facilities to eligible MFIs for further on-lending for farmers and microenterprises operating in agri-food value chain. This sub-component will be implemented by Kafalat through a subsidiary agreement with the CDR.

This Component would sustain and create livelihood opportunities for Lebanese host communities, youth, women and displaced population.

Component 2. Climate-Smart Infrastructure and Services for Agrifood Development (US\$ 100 million)

The objective of this component is to restore service delivery, build operational capacity and ensure the sustainability of public infrastructure underpinning the agrifood sector across necessary scales. It will be structured across two sub-components:

Sub-component 2.1: Improving Rural Community Infrastructure for Agriculture (US\$31 million)

The objective of this sub-component is to improve rural community infrastructure to support agri-food development. It will focus on water storage, small community-/farmer-led irrigation networks, rural roads, as well as farmer markets and exhibitions, and other demand-driven agricultural sub-projects. The sub-component will be implemented by the Green Plan in close coordination with respective Unions of Municipalities/Municipalities and MoA.

Sub-component 2.2: . Restoring Access and Protecting Agency-managed Infrastructure and Services Underpinning Agriculture (US\$69 million). The objective of this sub-component is to restore essential services and protect infrastructure underpinning the resilience and competitiveness of agri-food systems and their protection from permanent loss in the context of the current financial and governance **crisis**. This sub-component will be implemented by CDR, in close coordination with respective municipalities, union of municipalities and sectoral ministries.

The component will generate large indirect benefits for host communities and displaced populations through several channels.

Component 3: Improving the Enabling Environment and Restoring Support Services for Agrifood Development (US\$ 20 million) The objective of this component is to restore and strengthen the capacity of sector institutions to support the recovery and transformation of the agri-food sector. The component would be implemented by the PCU under the technical leadership of the Ministry of Agriculture (Sub-component 3.1 and 3.2) and the Ministry of Economy and Trade (Sub-component 3.3)..

Component 4: Project and Knowledge Management (US\$ 6 million)

This component would support the coordination and management of the implementation of the project. It would finance the overall project management, including the following aspects: (i) project management and coordination among different actors and stakeholders; (ii) monitoring and evaluation, including periodic beneficiary satisfaction surveys, and establishing a baseline, mid-term, and final survey six months before project completion (including gender and nationality disaggregated data); (iii) project environmental and social standards; (iv) gender specialist (to ensure activities are gender sensitive in their design and

implementation as well as monitor results related to gender); (v) project fiduciary administration, internal controls, and audits; (vi) communication and information activities, and (vii) the establishment and maintenance of a grievance mechanism (GM) and a citizen's engagement mechanism. This component will also finance timely communication of results (e.g., publishing and disseminating project results, best practices, and success stories). This component will also finance a third-party monitoring (TPM) mechanism. It will also enhance coordination and knowledge sharing among stakeholders across government, private sector, local communities, and civil society (including to develop an action plan to combat child labor and a roadmap to improve social protection for farmers). The project would also recruit a Service Provider (NGO) specialized in child labor prevention and response and who will be responsible for supporting the project in preventing, mitigating, monitoring, and responding to such risks during implementation.

Component 5: CERC

This component would have zero funding allocation at the onset and would only be triggered in emergency circumstances; the IPF would support the preparation of a procedure manual governing the CERC operations.

Table 1: Relevant Environmental and Social Standards to the Project

ESS	Objectives
ESS1: Assessment and Management of Environmental and Social Risks and Impacts	<ul style="list-style-type: none"> ● Sets out the Borrower’s responsibilities for assessing, managing and monitoring Environmental and Social (E&S) risks and impacts associated with each stage of a project supported by the WB through IPF, in order to achieve E&S outcomes consistent with the ESS. The preparation of the Environmental and Social Management Framework (ESMF) falls under this ESS.
ESS2: Labor and Working Conditions	<ul style="list-style-type: none"> ● 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 Labor management procedures (LMP) falls under this ESS the provisions for which are included in the Environmental and Social Commitment Plan (ESCP).
ESS3: Resource Efficiency and Pollution Prevention and	<ul style="list-style-type: none"> ● 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

ESS	Objectives
Management	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.
ESS4: Community Health and Safety	<ul style="list-style-type: none"> ● 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.
ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	<ul style="list-style-type: none"> ● Recognizes that involuntary resettlement should be avoided. Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented. The preparation of the Resettlement Framework (RF) falls under this ESS.
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	<ul style="list-style-type: none"> ● Recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development and it recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. ESS6 also addresses sustainable management of primary production and harvesting of living natural resources, and recognizes the need to consider the livelihood of project-affected parties, whose access to, or use of, biodiversity or living natural resources may be affected by a project.
ESS9: Financial Intermediaries	<ul style="list-style-type: none"> ● 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.
ESS10: Stakeholder Engagement and Information Disclosure	<ul style="list-style-type: none"> ● 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&S sustainability of projects, enhance project

ESS	Objectives
	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 Stakeholders' Engagement Plan (SEP).

Objectives of the ESMS

The ESMS helps the Financial Intermediary Kafalat, which is implementing sub-Component 1.2 of the Project, by supporting high growth producer associations, agribusiness and agri-tourism SMEs through the funding of development of business plans and soft loans, avoid / or better manage commitments presenting potential environmental and social risks. The ESMS calls for carrying out environmental and social due diligence prior to the disbursement of funds and to ensure 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 and grievance mechanism

Kafalat will have to take on overall responsibility for the implementation of subcomponent 1.2 of the Project, including implementation of relevant sections 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;

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 helps Micro and Small Enterprises (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 high growth producer associations, agribusiness and agritourist businesses receiving funds from the Project through 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 high growth producer associations, agribusiness and agritourist businesses to guarantee a favorable social climate for the development of their staff, to the extent reasonably possible¹,
- Support investments with a strong social and professional impact, particularly in the area targeted by the Project,
- Support programs promoting the integration of vulnerable populations into the ecosystem, to the extent reasonably possible,
- Consider, screen 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 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, the Environmental and Social Framework of the World Bank 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.

¹This has been added to the policy to be adapted to the GATE project.

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 has developed an ESMS for B5 Project that was adopted by the institution and is considered as its environmental and social policy. The present ESMS is an update of the previous ESMS and 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 GATE Project. This ESMS clearly sets out the provisions applicable to the operations of Kafalat under the sub-component 1.2 of the GATE 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, 5, 6, 9 and 10 of the ESF.

This ESMS 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, the ESF 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 ESMS 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 ESMS pursues the following principals:

- 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 its supported projects 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](#), [Annex 3](#), [Annex 7](#) and [Annex 12](#)),
- The ESSs set out in the ESF of the World Bank.

The ESMS updated under the GATE Project will be extended to other projects supported by Kafalat.

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.
- Kafalat and project beneficiaries will also have to identify corrective measures to avoid, reduce or mitigate the environmental and social risks and impacts identified and compensate for any remaining impacts as applicable. high growth producer associations, agribusiness and agritourist businesses will have to co-sign the ESMS with Kafalat.
- Finally, 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 beneficiaries

- Beneficiaries, including high growth producer associations, agribusiness and agritourist businesses, will prepare and implement E&S instruments according to the risk rating of the sub-projects and the national regulations
- The beneficiaries will assign an E&S focal point to have overall accountability for E&S performance, and to coordinate E&S requirements and implementation of the Project ESCP, ESMS and to document implementation and status in progress reports and report back to Kafalat's E&S specialist assigned on the GATE Project
- The above roles and responsibilities will be part of contracts between Kafalat and beneficiaries

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 beneficiaries' (including high growth producer associations, agribusiness and agritourist businesses) 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 beneficiaries' information,
2. Advising beneficiaries 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 beneficiaries 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 to SMEs, including Agri-food and Agri-tourism SMEs and producer associations to assess:

1. The beneficiaries' existing environmental and social policies and procedures and their capacities to implement them,
2. The environmental and social problems associated with the potential beneficiaries' project and the ones it is likely to have, and
3. The measures necessary to strengthen the protection system in place within the beneficiaries' businesses in the environmental and social fields.

3.3.2 Categorization

Kafalat assigns a category to each subproject 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 beneficiaries' 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, considering 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 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 beneficiaries' 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 and Social Audit (ESA) for subprojects including working capital soft loans, and /or Environmental and Social Impact Assessment (ESIA) for new investments as per the requirements of ESS1 and Lebanese Law 8633/2012. (See [Annex 2](#), [Annex 7](#) and [Annex 12](#)). The E&S instruments under this category will include, as relevant, site specific Pest Management Plan (PMP) in accordance with the PMP presented in [Annex 11](#).

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 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 beneficiaries' 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 Environmental and Social Audit (ESA) for subprojects including working capital soft loans, and/or an Initial Environmental Examination (IEE) including an ESMP for new investments as per the requirements of ESS1 and Lebanese Law 8633/2012 and MoE Decision 189/1 dated 2016. (See [Annex 2](#), [Annex 7](#) and [Annex 12](#)). The E&S instruments under this category will include, as relevant, site specific Pest Management Plan (PMP) in accordance with the PMP presented in [Annex 11](#).

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 proposed interventions fall under Projects requiring Environmental and Social Management Plan (ESMP) with, as relevant, the PMP presented in [Annex 11](#).

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, industry best practices, World Bank Group Environment, Health and Safety Guidelines (EHSGs) and relevant ESSs set out in the World Bank's Environmental and Social Framework (ESF).

Eight of the World Bank's ESSs apply under this Project, and 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
- ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- ESS 9: Financial intermediaries
- ESS 10: Stakeholder Engagement and information Disclosure

3.5 Communication

Kafalat communicates sufficient information on the risks and potential effects of the project on Kafalat's website as well as the B5 website, to the PCU in the periodical E&S reporting and 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 Stakeholders' 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, the PCU has prepared, disclosed, adopted, and implemented a SEP consistent with ESS 10. Stakeholder Engagement will be conducted throughout the project cycle. Kafalat is committed to support the PCU in engaging with Stakeholders as per the SEP that was developed by the PCU.

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, the PCU will prepare, disclose and widely and effectively disseminate a project grievance mechanism which has been outlined in the SEP prepared by the PCU and is consistent with ESS 10. For the implementation of sub-component 1.2 of the Project, in addition to Kafalat's GM, Kafalat will disseminate also the PCU's GM once established.

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 GM will also allow anonymous grievances to be raised and addressed.
- c. To institutionalize a reporting system to take corrective action. (See sample of the GM 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 maintain the existing referral pathways adopted 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. The PCU will be kept informed by the Kafalat of any complaints associated with SEA/SH as per the provisions of the ESCP.

- g. In the event when a complainant is not satisfied with the resolutions, he can escalate to Kafalat 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 GM, 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. Kafalat shall also disseminate the PCU GM and inform PCU of any grievance received when related to GATE Project.

Below is the summary of the current GM 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
- By using an online form provided on the Website: <http://www.kafalat.com.lb> under "Submit a Complaint" available in Arabic, French and English.

Universal Access

As referred in ESS 4 para 7 and the World Bank Good Practice Note on Non-Discrimination and Disability² ; the beneficiaries 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 has an Environmental and Social Specialist position in its organogram, as indicated in Annex 6, to oversee the environmental and social assessment, monitoring processes and to initiate and develop environmentally and socially beneficial projects. Kafalat will maintain this position and will provide the needed E&S capacity to achieve the E&S policy objectives as indicated in this ESMS.

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

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

The E&S Specialist continuously monitors and assesses the environmental and social performance of the projects financed regarding the objectives of the ESMS Policy. This is continuously reviewed and may be modified or updated in coordination with Gate Project PCU, subject to the approval of General Management.

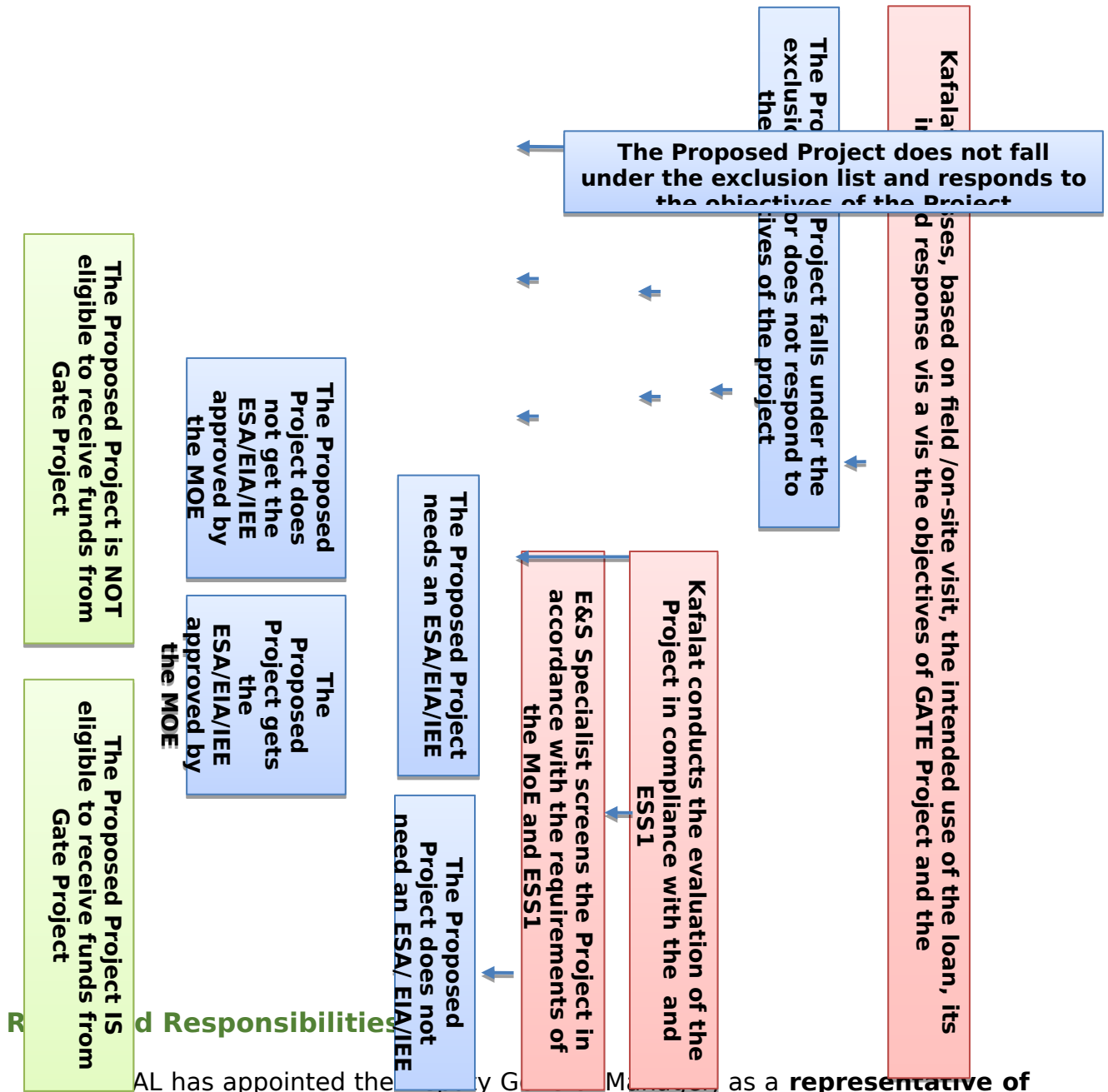
Environmental and Social Procedures

Under sub-component 1.2, Kafalat will undertake the assessment and selection of eligible Projects presented by beneficiaries (the proponent) as per the eligibility criteria.

Kafalat 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 detailed in section I. Consequently, the Project shall undergo the screening, scoping and reporting as set in Annex 9 of the EIA Decree 8633/2012 and provided in [Annex 7](#) and in the ESMF of the GATE project.:

The following diagram shows the flow of selection for eligibility:

Figure 1: Diagram of Flow of Screening for Eligibility



AL has appointed the Senior Management Representative 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 for sub-component 1.2 under Gate Project.

The Senior Management Representative of Kafalat will ensure that:

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

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 **representative of Kafalat senior management** will keep a file of qualified environmental and social assessment consultants who may be called upon to support the E&S specialist of Kafalat 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 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 the operational costs, the time required for the staff to fulfill the responsibilities and tasks relating to the ESMS.

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.

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

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 Kafalat E&S Specialist 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 will be proportionate to the environmental and social risks and impacts associated with the project. At a minimum, monitoring requirements and commitments include the review of quarterly environmental and social reports that clients prepare on projects and may require close follow up on the implementation of the ESAs recommendations, ESMPs elaborated in the EIA/IEE. Kafalat may also periodically visit the project sites for monitoring.

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 action

and / or exercise the remedies provided for in the financing agreements as it deems appropriate.

Kafalat will immediately inform the PCU of any significant accident or incident associated with sub-projects and in line with the provisions of the ESCP the subsidiary agreement will be with the CDR - and coordination will be done with the PCU.

Kafalat will prepare quarterly environmental and social performance reports (according to the template in [Annex 4](#)). This will be prepared on the basis of environmental and social performance information of each sub-project. Kafalat will report periodically to the PCU on E&S compliance during project implementation.

Training

The Kafalat will ensure that their E&S specialist will implement, in collaboration with PCU, the training program to ensure the beneficiaries have the adequate capacity and competency to implement the E&S requirements. Additional training will be conducted to cover the following items:

Training and information dissemination to the public and community groups as well as local authorities, and others as identified in the SEP on the following aspects as relevant to them:

- Stakeholder mapping and engagement
- Specific aspects of environmental and social assessment including GBV SEA/SH risks, impacts and mitigation measures that require feedback from the public and local authorities and for their own awareness so that community health and safety can be improved
- Training on occupational health and safety including 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 mechanism
- ESA, ESIA, IEE and ESMP preparation, implementation, and monitoring
- Resettlement Framework and respective Resettlement Plans (RP) for subprojects as relevant

Training shall be conducted for project workers and contractors, while maintaining training records on the following:

- Occupational health and safety including emergency prevention and preparedness and response arrangements to emergency situations.
- Training on implementation of environmental and social due diligence documents (e.g., OHS, environmental and social assessments, community health and safety, stakeholder engagement, grievance, codes of conduct, etc.) to all staff working with contractors and sub-contractors that are responsible for project's environment and social issues
- ESA, /ESIA, IEE and ESMP implementation
- LMP
- GBV AND SEA/SH and code of conduct ([Annex 10](#))
- Grievance mechanism

Stakeholder Engagement

Kafalat is continuously engaging with different categories of stakeholders under the B5 project. The stakeholder engagement activities will continue under the GATE. As part of fulfilling its commitments under the ESCP of the GATE Project, PCU has prepared, disclosed, adopted, and implemented a Stakeholder Engagement Plan (SEP) consistent with ESS 10. PCU's environmental and social commitment includes communication with stakeholders, in addition to the WB. As implementer of the sub-component 1.2 of the Project, Kafalat will ensure to abide by the above-mentioned SEP and will ensure the dissemination of information in environmental and social matters relevant to sub-component 1.2 of the Project.

ESMS Review

ESMS Review	Status	Recommendations
Environmental and social policy: are the ESMS components in place	Was developed under B5 and has been adjusted in this document to adapt for the new beneficiaries under the GATE project.	Continuously update the ES policy, endorsed by the Kafalat's senior management periodically and create a lessons learnt database garnered from practical implementation in the field depicting what works and what needs modification.
Environmental and social procedures for project selection, categorization of E&S risks and their due diligence assessment	<ul style="list-style-type: none"> - Selection process is being primarily conducted based on screening criteria, then crossed checked with different platforms. - Site-visits are regularly conducted according to their risk categorization and any course of action is determined at selection committee level <p>developed written procedure and mechanism to assess and address E&S risks and impacts which is functioning adequately</p> <ul style="list-style-type: none"> - developed an E&S training materials which need to be upgraded to a comprehensive training module for the beneficiaries Developed format for screening of applicants which is working adequately . the exclusion 	Update training materials

	list has been updated in this document to adapt the GATE beneficiaries	
Institutional capacities and skills with clear definition of ESMS management roles and responsibilities	<p>Kafalat and the MFIs have different layers and structure of officers assigned for assessment and management of ES related risks and impacts</p> <p>The selection Committee (chaired by the GM) decides on the needed measures where there are unresolved ES issues or non-compliance with the ESMS which is functioning adequately</p>	Maintain the existing capacities, roles and responsibilities
Monitoring and reporting mechanisms	<ul style="list-style-type: none"> - Review of periodic ES performance reports submitted by the MFIs and regular site visits to MSMEs are conducted - Kafalat has set up periodic reporting mechanism for the MSMEs and the MFIs , including reporting channel and frequency. - Periodic Meeting with MFIs are being conducted to assess any E&S issues which is needs further improvement and strengthening 	Close follow up on the collection of reports from MSMEs is required
Stakeholder engagement and grievance mechanism	<p>Well established grievance mechanism and log are in place on the website of Kafalat and other MFIs and is appropriately communicated to different stakeholders. The GRM is adequately functioning and all grievances are closed in a timely manner.</p> <p>Regular meetings with all identified stakeholders were conducted, in addition to focus group consultation and liaison with communities</p>	Strengthen communication and consultations with the identified stakeholders on a more frequent basis

	were carried out	
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List of Annexes

Annex 1: Exclusions List of Financing Activities & Screening Form

Annex 2: Examples of Projects with E&S Impacts requiring EIA/IEE 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 10: Kafalat Code of conduct

Annex 11: Pesticides Management Plan

Annex 12: Audit Review Procedures as per Decision 189/1 dated 2016

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 the Lebanese laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's and wildlife.
2. Production or trade in weapons and ammunitions¹
3. Production or trade in alcoholic beverages (excluding beer and wine)¹
4. Production or trade in tobacco¹
5. Gambling, casinos, and equivalent enterprises¹
6. 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.)
7. Production or trade in or use of unbounded asbestos fibers
8. 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
9. Production or activities involving harmful or exploitative forms of forced labor³ or harmful child labor⁴
10. Production or trade in wood or other forestry products other than from sustainably managed forests²
11. Activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement unless in compliance with the Resettlement Framework/Resettlement Plan under ESS5
12. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products)
13. Any activities involving significant degradation or conversion of natural⁶ and/or critical habitats⁷ and/or any activities in legally protected areas
14. Activities involving impacts on international waterways (as defined per World Bank Policy OP7.50) or those that would affect quantity or quality of water flowing to other riparians
15. Activities involving significant adverse impacts on critical cultural heritage⁸

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.

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"> • 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? 	<ul style="list-style-type: none"> • Has the loan activity been screened against Lebanese laws? • 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.? • Will the loan be used to produce or sell any illegal substances such as alcohol, drugs, hashish etc.? • Will the loan be used for cultivation, processing, and sale of poppy and/ or other illegal addictive substances (for example, hashish, alcohol, etc.)?
<ul style="list-style-type: none"> • Will funds be used for production or trade in pharmaceuticals, banned pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans? 	<p>This may include the following:</p> <ul style="list-style-type: none"> • DDT and Persistent Organic Pollutants • CFCs, HBFCs, HCFCs used in refrigerators, air conditioners, fire extinguishers, in dry cleaning, as solvents for cleaning, electronic equipment and as agricultural fumigants. • Coolants and lubricants etc.

<ul style="list-style-type: none"> • Will funds be used for trade in wildlife or wildlife products regulated under Convention on International Trade in Endangered Species? 	<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: www.cites.org</p>
<ul style="list-style-type: none"> • Will funds be used for production or trade in weapons and ammunitions? 	<p>For example, ensure that the loan is not used to equip an arms and 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"> • Will funds be used for production or trade in alcoholic beverages? 	<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"> • Will funds be used for production or trade in tobacco? 	<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"> • Will funds be used for gambling, casinos, and equivalent enterprises? 	<p>Ensure that the loan is not used for activities related to gambling or casinos.</p>
<ul style="list-style-type: none"> • 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)? 	<p>Radioactive materials can include:</p> <ul style="list-style-type: none"> • Nuclear waste • Radioactive and toxic waste from factories • Radioactive waste from hospitals used for cancer treatment
<ul style="list-style-type: none"> • Will funds be used for cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations? 	<p>This may apply to the smuggling or international trade of scrap materials, chemicals and toxic materials.</p> <p>www.basel.int</p> <p>The provisions of the Basel Convention center around the following principal aims:</p> <ul style="list-style-type: none"> • The reduction of hazardous waste generation and the promotion of environmentally sound management of hazardous wastes, wherever the place of disposal, • 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 • A regulatory system applying to cases where transboundary movements are permissible.

<ul style="list-style-type: none"> • Will funds be used for production or trade in or use of unbonded asbestos fibers? 	<p>Unbonded asbestos fibers can be found in building materials such as:</p> <ul style="list-style-type: none"> • pipe lagging • boiler insulation • fire retardant material on steel work • sprayed insulation.
<ul style="list-style-type: none"> • 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? 	<p>This includes:</p> <ul style="list-style-type: none"> • Fishing practices that will result in the catching of juvenile fish, • Fishing practices that will result in the catching of other marine life, and • Use of illegal fishing methods.
<ul style="list-style-type: none"> • Will funds be used for production or trade in wood or other forestry products other than from sustainably managed forest? 	<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"> • Will funds be used for production or activities involving harmful or exploitative forms of forced labor or harmful child labor? 	<p>Ensure that no child under the age of 18 is hired to work in hazardous conditions (pesticide sprays, industrial activity); and no child under age 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"> • Will funds be used for activities involving land acquisition and/or restrictions on land use resulting in involuntary resettlement or economic displacement? 	<p>Ensure the requirements of ESS5 and of the Resettlement Policy Framework (RPF) are applied.</p>
<ul style="list-style-type: none"> • Will funds be used for any activities involving significant degradation or 	<p>This includes Protected Areas, Notified Forests and Reserve Forests</p>

<p>conversion of natural and/or critical habitats and/or any activities in legally protected areas?</p>	<p>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"> • Cutting of trees, extraction of wood or other forest products, • Construction activities such as buildings, houses roads etc., • Clearing of land for agriculture expansion/planting of crops, • Grazing of livestock, and • Extraction of forest products for livestock fodder or growing of fodder.
<ul style="list-style-type: none"> • 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)? 	<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"> • Will funds be used for activities involving significant adverse impacts on critical cultural heritage? 	<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"> • Will funds be used for production or trade in or use of non-biodegradable packaging material such as polythene bags and Styrofoam? 	<p>Non-biodegradable packaging material includes:</p> <ul style="list-style-type: none"> • Polythene/plastic bags or shopping bags • Styrofoam / thermopore / foam used for packing food <p>Setting up a business that produces these items or a shop that sells plastic bags or Styrofoam should be prohibited.</p>

	Use of plastic bags and Styrofoam in business activities is permissible.
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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

3. 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:

ISIC	Description
D	Industry
15	Food industry (heading)
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)
16	Tobacco products (heading)

ISIC	Description
1600	Tobacco products (cigarettes, not cigars)
17	Textile products (heading)
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)
19	Leather industry:
1930	Various shoes (not including leather manufacturing, (power= engines of +35 kilowatts) Manufacture of shoe accessories from plastics and chemical compounds
20	Furniture and wood industry (heading)
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)
21	Paper industry (heading)
2112	Paper and cartoon paper (w/without use of chlorine material)
22	Publishing, printing and advertisement (heading)
2211	Books, printing, printing and dried in air and fire
24	Chemical industry (heading)
2412	Dyeing
2430	Paints, varnishes, other paints, printing ink A mix of paint and inc
2441	Basic medical products (see Decree 83/105)

ISIC	Description
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
25	Rubber and plastic (heading)
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
26	Building material (heading)
2611	Surface glass (power= +100 kilowatts)
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
27	Raw metal industry (heading)
2721	Pipes and accessories of cast iron (working space = + 500 m2; and a range between 500 and 1000 m2)

ISIC	Description
2722	Steel pipes and accessories (working space = + 500 m2; and a range between 500 and 1000 m2)
2731	Cold iron products (working space = + 1000 m2)
2732	Cold galvanized thin plates (working space = + 1000 m2)
2733	Non alloy iron and steel products (working space = +500 m2), (working 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
28	Metal and electrical technical products (heading)
2851	Metal painting treatment services (electrical - non electrical)
2873	Wire products w chemical insulators
2875	Other fabricated metal products - not previously specified
29	Machinery industry (machines) (heading)
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
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)
30	Computer and office equipment (heading)
3001	Production of office equipment
3002	Production of computers
31	Production of various electrical machines and equipment

ISIC	Description
	(heading)
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
32	Audio-visual equipment (video) and communication industry (heading)
3210	Valves, electronic pipes, other electronic elements
3230	Recording telecasters and related products
33	Medical and optical equipment (heading)
3310	Medical and surgical equipment
3340	Optical and photographic equipment
34	Transport- related industry (heading)
3420	Manufacture of wagons; seats for cars, trucks, and trailers
3430	Parts and accessories for cars and their engines (capacity= + 50 ton/year; capacity = + 50 ton/year)
35	Transport (heading)
3550	Other transportation means - not previously specified
36	Various tools and fitting industry (heading)
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

Projects that duly require an Initial Environmental Examination report (IEE)

1. Irrigation and drainage:

- Irrigation projects if space exceed 100 hectares

2. Drinking water:

- Water treatment plants

3. Wastewater:

- Sanitary sewage networks

4. Agriculture and forestry:

- Reforestation projects

5. Road and transport:

- Building agricultural roads
- Multi-stores parking
- Terminals

6. Power generation and distribution:

- Distribution lines of electrical power (high voltages)

7. Oil and gas:

- Stations for distributing petroleum derivatives

8. Cars:

- Garages with car painting facility
- Car decommissioning
- Neglected car warehouses

9. Tourism and recreation projects:

- Any tourism and recreation project, including hotels, marine complexes, parks and protected areas

10. Housing projects:

- High towers (+15 storeys)
- Housing complexes

11. Farms (classified in the first and second categories)

12. Warehouses of hazardous material

13. Factories:

- Industries included in the table below:

ISIC	Description
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D	Industry
---	----------

15	Food industry (heading)
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1511	Fresh and preserved meat (excluding poultry and slaughterhouses)
------	--

1512	Poultry meat - fresh and preserved excluding 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)
------	--

16	Tobacco products (heading)
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1600	Tobacco products (cigarettes, not cigars)
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17	Textile products (heading)
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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)
------	--

ISIC	Description
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)
19	Leather industry (heading)
1930	Various shoes (not including leather manufacturing, (power= engines of +35 kilowatts) Manufacture of shoe accessories from plastics and chemical compounds
20	Furniture and wood industry (heading)
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)
21	Paper industry (heading)
2112	Paper and cartoon paper (w/without use of chlorine material)
22	Publishing, printing and advertisement (heading)
2211	Books, printing, printing and dried in air and fire
24	Chemical industry (heading)
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
25	Rubber and plastic (heading)
2511	Rubber tyres and pipes
2512	Remanufactures rubber tyres and pipes
2513	Other rubber products

ISIC Description

- 2521 Plastic plates, pipes and plastic casting
- 2522 plastic products for packing
- 2523 Plastic clothing
- 2524 Other plastic material

26 Building material (heading)

- 2611 Surface glass (power= +100 kilowatts)
- 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

27 Raw metal industry (heading)

- 2721 Pipes and accessories of cast iron (working space = + 500 m2; and a range between 500 and 1000 m2)
- 2722 Steel pipes and accessories (working space = + 500 m2; and a range between 500 and 1000 m2)
- 2731 Cold iron products (working space = + 1000 m2)
- 2732 Cold galvanized thin plates (working space = + 1000 m2)
- 2733 Non alloy iron and steel products (working space = +500 m2), (working 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 non ferrous metal products (capacity = + 1000 ton/year)
- 2751 Iron casting services
- 2753 Light metal casting services
- 2754 Other no ferrous metal casting services

ISIC	Description
28	Metal and electrical technical products (heading)
2851	Metal painting treatment services (electrical - non electrical)
2873	Wire products w chemical insulators
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ISIC	Description
33	Medical and optical equipment (heading)
3310	Medical and surgical equipment
3340	Optical and photographic equipment
34	Transport- related industry (heading)
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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

- Decision 16/1 of 2022 - Supersedes Decision 8/1 2001 National Standards for Environmental Quality
- 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 77 of 2018 - Water Law or Water code
- Decree 167 of 2017 - Incentives for the adoption of environmentally sound technologies
- Decree 8471 of 2012 - Environmental compliance of the establishment
- Decree 8018 of 2002 - Determination of the Permitting essentials, procedures, and conditions to establish and exploit factories or industrial institutions or enterprises
- Decree 7945 of 2002 - An Inter-Ministerial Permitting Committee is formed and groups representatives from Mol (president); the MoPH (Member), The Ministry of Public Work and Transport- Urban Planning (Member); The MoE (Member); Representative from the concerned ministry (in accordance with the type of activity the establishment will practice).
- Decree 5243 of 2001 - Classification of industrial establishments taking into consideration their potential environmental impacts.
- Law 444 of 2002 - Environment Protection Law;
- MoE Decision 189/1 dated 2016 on Audit review procedures
- 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 205 of 2020 - Criminalization of the sexual harassment

- Law 53 of 2017 - Abolishment of article 522 of the penal code that exempts a rapist from punishments if he marries a victim
- Law 27 of 2017 - All public institutions are instructed to activate administrative self-monitoring and to enhance transparency and positivity in the communication between the administration and the citizens, within one month from the date of the circular
- 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 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: Quarterly Report Template

Content: The Quarterly 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 (GM 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

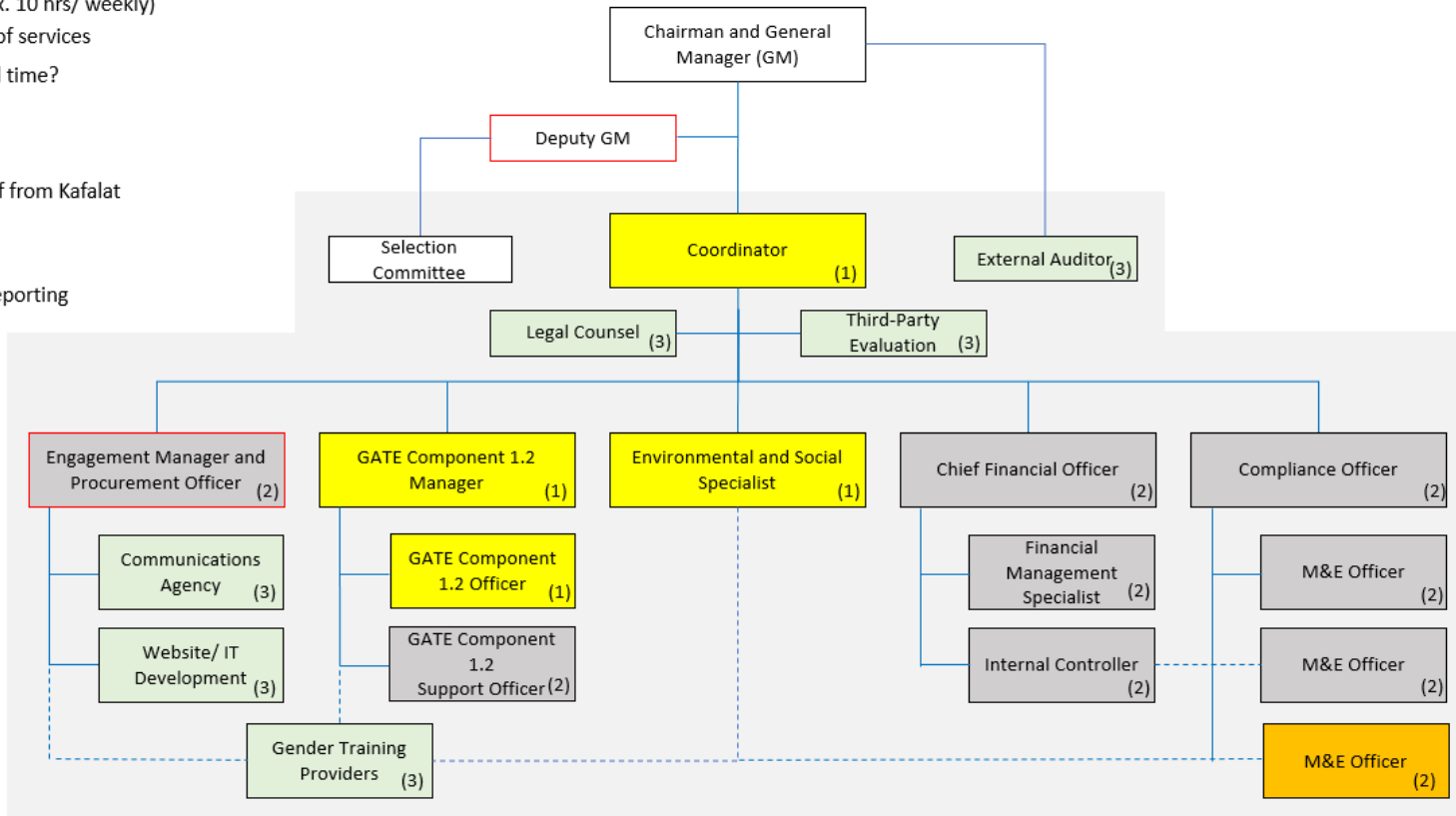
Date	Telephone			Email			Webpage			Regular Mail/ Dropbox			TOTAL		
	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution	Received	Resolved	Avg days to Resolution
TOTAL															

Annex 6: Kafalat Organizational Chart

Kafalat SAL: ORGANIZATION CHART

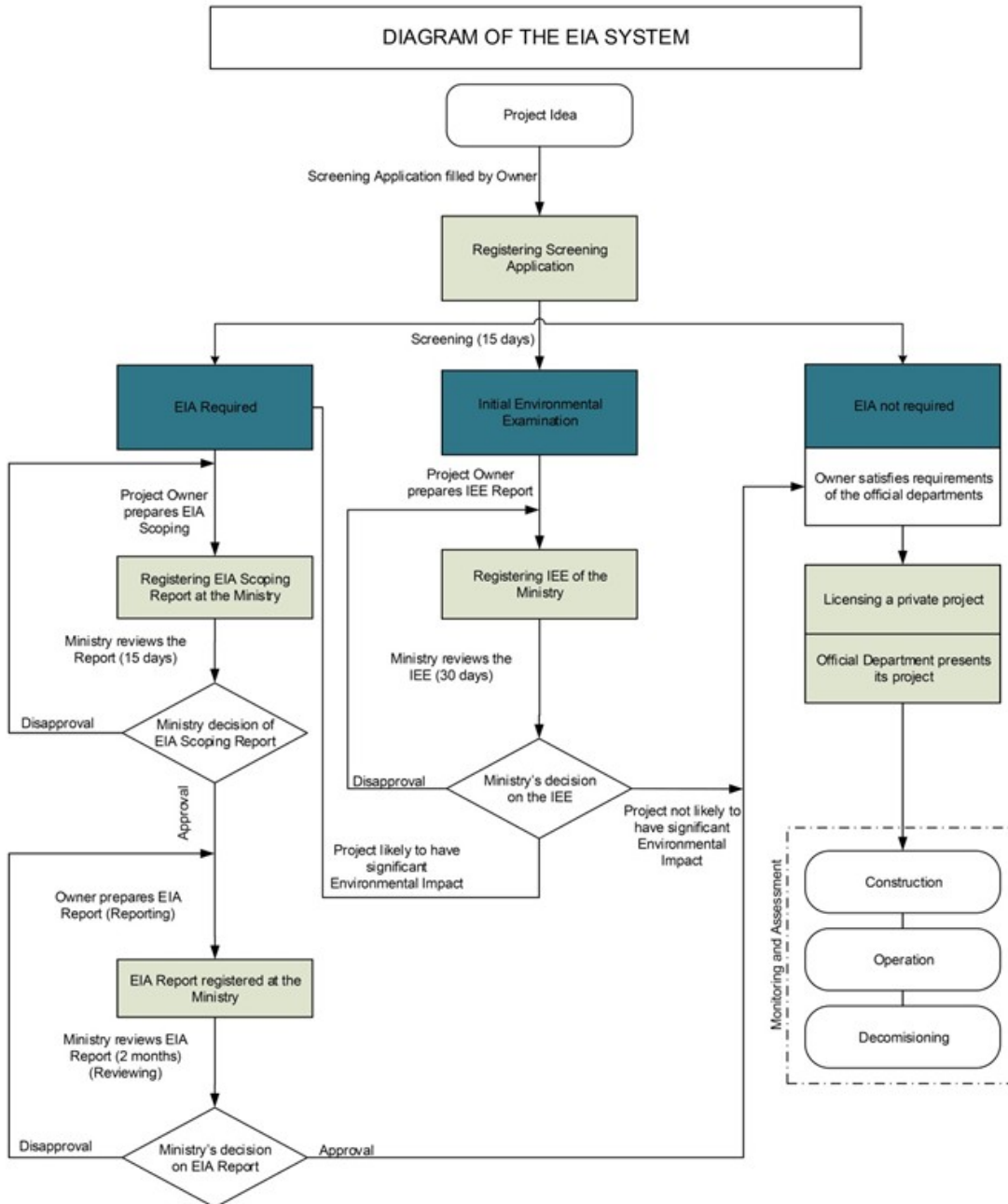
- Project Management Unit
- Full time (40 hrs/ weekly)
- Part time (max. 10 hrs/ weekly)
- Procurement of services
- Convert to full time?
- Same person

- (1)** Consultants
- (2)** Seconded staff from Kafalat
- (3)** Vendors
- Reporting
- - - Dual/ triple reporting



Annex 7: Diagram of the National EIA System

As per Annex 9 of the EIA Decree 8633/2012:



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:
 - o When new employee is recruited, on IT Security and any topic related to the position.
 - o 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 undertaken 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 the 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:

- o 3 days in the event of death of either his/her spouse, or any of his/her ascendants, descendants or siblings.
 - o 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 as per [the Code of conduct](#) signed by Kafalat direct and indirect workers. 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.

Annex 10: Kafalat Code of Conduct

OVERVIEW

At KAFALAT SAL ("**the Company**") we require that all of our employees conduct themselves according to the highest standards of ethics, integrity, and behavior when dealing with our clients, colleagues and other stakeholders. This includes, but is not necessarily limited to, full compliance with all legal obligations imposed by statute or any other source of law.

This Code establishes the standards of behavior that must be met by all employees. Where these standards are not met, appropriate disciplinary action will be taken. In cases where the breach involves serious misconduct, this may result in summary dismissal. In cases where a breach of the policy involves a breach of any law, then the relevant government authorities or the police may be notified.

OPERATION

The purpose of this policy is to make it clear what the Company expects from employees, and employees are required to be familiar with and comply with the terms of this policy at all times. Failure to do so may result in disciplinary action, including potentially termination of employment.

In so far as this policy imposes any obligations on the Company, those obligations are not contractual and do not give rise to any contractual rights. To the extent that this policy describes benefits and entitlements for employees, they are discretionary in nature and are also not intended to be contractual. They set the terms and conditions of employment that are intended to be contractual out in an employee's written employment contract.

The Company may unilaterally introduce, vary, remove or replace this policy at any time.

STANDARDS OF CONDUCT

The standards expected of employees include:

- Compliance with all Company and workplace policies, procedures, rules, regulations and contracts; Compliance with all Lebanese laws;
- Compliance with all reasonable and lawful instructions given by or on behalf of the Company;

- Devotion of the employee's entire time, attention and skill during normal working hours and at other times as reasonably necessary for the employee to perform their duties;
- To be honest and fair in dealings with customers, clients, co-workers, Company management and the general public, and to treat them with courtesy and respect;
- To be faithful and diligent, and actively pursue the Company's best interests at all times;
- To work in a safe and compliant manner, and to observe all workplace health and safety rules and responsibilities;
- Refraining from any discriminatory, bullying or harassing behavior toward customers, clients, co-workers, Company management and the general public;
- To not make any statements to the media about the Company's business, unless expressly authorized to do so by the Company;
- To not make any statements about the Company on social media, or any other public platform, that may harm the Company's reputation;
- To not, in connection with the employee's employment, accept any financial or other benefit from any entity other than the Company - unless acceptance of such benefit is in accordance with the Company's other workplace policies or is otherwise disclosed to the Company and expressly permitted by the Company;
- To not engage in any employment or provide any services to any person or entity other than the Company, except with the Company's prior written consent;
- To not engage in any employment or provide any services to a supplier or competitor of the Company, except with the Company's prior written consent;
- To not engage in business related negotiations (direct or indirect) with clients, beneficiaries and stakeholders on behalf of the Company without specific, explicitly written, documented and disseminated authorization by the Management.
- Immediately disclosing any potential, perceived or actual conflict of interest (whether direct or indirect) that may give rise to a conflict with the performance of the employee's obligations to the Company, or the Company's business, confidential information or reputational interests. The Company may direct employees to take action to eliminate or reduce any such conflict, and employees must comply with such directions;
- To not engage in conduct, whether during or after work hours, that in the opinion of the Company causes damage or potential damage to the Company's property or reputation;
- To not use, or come to work while affected by use of prohibited drugs or alcohol;

- To not discriminate on the basis of personal characteristics including (but not limited to) sex, race, disability, pregnancy, age, marital status or sexual orientation;
- To ensure and maintain punctuality;
- To respect the company's property;
- To dress in an appropriate manner and to ensure that appearance is presentable, clean, neat and tidy (including but not limited to wearing any uniform that is required of you by the Company);
To not engage in any form of sexual harassment including unwelcome sexual advances, requests for sexual favors, and other unwanted verbal or physical conduct of a sexual nature with other Client's or Employer's Personnel;
- To not engage in Sexual Exploitation, which means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another.
- To complete relevant training courses that will be provided related to the environmental and social aspects of the Contract, including on health and safety matters, and Sexual Exploitation, and Sexual Abuse (SEA);
- To not use Company internet to access and/or download sexually explicit material or other offensive material;
- To not use Company email to send sexually explicit or suggestive material, or other offensive or harassing material;
- To maintain both during employment and after termination of employment with the Company, the confidentiality of any confidential information, records or other materials acquired during the course of employment;
- At all times, behave in a way that upholds the Company's core values and the integrity and good reputation of the Company;
- Reporting any conduct of other workplace participants which is in breach of any of the above, or potentially in breach of any of the above, without delay.

CONSEQUENCES OF VIOLATING THE CODE OF CONDUCT

Any violation of this Code of Conduct by employees may result in serious consequences, up to and including termination and possible referral to legal authorities.

FOR EMPLOYEE:

I have received a copy of this Code of Conduct written in a language that I

comprehend. I understand that if I have any questions about this Code of Conduct, I can contact [enter name of contact person] requesting an explanation.

Name of Employee: [insert name]

Signature:

Date: (day month year):

Countersignature of authorized representative of the Company:

Signature:
year):

Date: (day month

Annex 11: Pesticides Management Plan

In line with ESS3, Pesticides should only be used to the extent necessary as part of an Integrated Pest Management (IPM) or Integrated Vector Management (IVM) approach, and only after other pest management practices have failed or proven ineffective.

IPM refers to a blend of ecologically focused and agriculture-focused pest management practices that aim to reduce reliance on synthetic chemical pesticides. This involves: (i) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (ii) rely, where possible, on non-chemical measures to keep pest populations low; and (iii) select and apply pesticides, where they are to be used, in a manner that minimizes adverse effects on beneficial organisms, humans, and the environment.

IVM refers to integrating both chemical and nonchemical interventions to manage disease vectors, the objective being to limit the reliance on chemical pesticides.

An effective IPM/IVM Plan shall:

- Select cultivars and varieties on an understanding of their characteristics, including response to sowing or planting time, productivity, quality, market acceptability, disease and stress resistance, edaphic and climatic, adaptability, and response to fertilizers and agrochemicals.
- Identify and assess pests, thresholds and control options and the risks associated with those control options.
- Rotate crops to reduce the presence of insects, diseases or weeds in the soil or crop ecosystems and maximize benefits of cultural practices that optimize biological prevention of pests and diseases, and where appropriate inclusion of non-host crops legumes to provide reservoir for natural enemies a biological source of nitrogen.
- Apply fertilizers, organic and inorganic, in a balanced fashion, with appropriate methods and equipment and at adequate intervals to replace nutrients extracted by harvest or lost during production.
- Support beneficial biological control organisms – such as insects, birds, mites and microbial agents – to achieve biological pest control (for example, by providing favorable habitat, such as bushes for nesting sites and other native plants that may harbor predators of pests and parasites).
- Maintaining vegetation cover of the soil to inhibit the build-up of soluble nitrogen by absorbing mineralized nitrogen and minimizing leaching during periods of rain; Prioritize manual, mechanical and/or selective weeding.
- Maximize the benefits to soil and nutrient stability by re-cycling crop and other organic residues.
- Consider using mechanical controls, such as traps, barriers, light and sound, to kill, move or repel pests.

- Use pesticides to complement these approaches, not to replace them.
- Integrate livestock into crop rotations and utilize the nutrient cycling provided by grazing or housed livestock to benefit the fertility of the entire farm.
- Before purchasing any pesticide, assess the nature and degree of associated risks and effectiveness, taking into account the proposed use and intended users.

In 2020, the MOA published the National Agriculture Strategy for 2020-2025. The strategy calls for the adoption of good agricultural practices (GAP), supporting and training farmers on the use of biological pest control and integrated control with the aim of decreasing the use of chemicals and pesticides and mitigating pollution^[1].

The MOA in collaboration with the Food and Agriculture Organization (FAO) has been implementing Projects with the objective of reduction of pollution through the promotion and application of IPM-Good agricultural practices by farmers. GATE project can build on the previous experiences and achievements of the MOA in collecting baseline data, developing IPM training curricula and technical capacities of MoA technical staff and farmers to promote and develop further the adoption of the IPM concept in Lebanon^[2].

Where the use of pesticides is justified, they should be stored, handled and applied in accordance with the recommendations for the management of hazardous materials presented in the [General EHS and Agribusiness/Food Production Guidelines of the World Bank](#) and the National regulations under the control of the Ministry of Agriculture. The objective being to prevent, reduce or control potential contamination of soil, wildlife, groundwater or surface water resources from accidental spills during transfer, mixing, storage and application of pesticides,

Pest control in Lebanon is regulated by:

- Law 728/2006: Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.
- Law 432/2002: Stockholm Convention on POPs and classification of POPs according to their source as pesticides, industrial (IPOP) and unintentionally released (UPOP).
- Law 6/68: Regulation of trade of pesticides
- Various decisions by the Ministry of Agriculture (MoA) such as (i) MoA Decision 310/1-2010 that regulates the import, registration and use of agricultural pesticides in Lebanon and defines the requirements and conditions for registration and (ii) MoA Decision 311/1-2010 that requires that pesticide consignments be inspected at the port of entries and samples analyzed for active ingredient content and impurities that may have toxicological characteristics

Staff handling and applying pesticides should be appropriately trained. The staff shall:

- Ensure that all pesticides used are manufactured, formulated, packaged, labelled, handled, stored, disposed of and applied in accordance with the [FAO International Code of Conduct on Pesticide Management](#).
- Not buy, store, use or trade pesticides that fall contain active ingredients that are restricted under the international conventions and protocol and under the [World Health Organization \(WHO\) recommended classification of pesticides by Hazards and Guidelines to Classification 2019](#).
- Not use pesticides listed in WHO Hazard Class II (Moderately Hazardous), unless the project has appropriate controls established regarding manufacture, supply or distribution and/or the use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment and facilities to handle, store, apply and dispose of these products correctly.
- Preferably use selective pesticides with a low Environmental Impact Quotient (EIQ) where appropriate, rather than broad-spectrum products, in order to minimize impacts on non-target species.

Storage

In Lebanon, pesticides are predominantly stored by farmers in agricultural areas. However, some of the pesticides are stored in residential areas (10% of the pesticides in the South and 17% in northern Mount Lebanon) are stored in residential areas.^[3] Recommended practices for storing pesticides are summarized below:

- Store all pesticides in a lockable container or warehouse with a barrier that has enough space to collect any spills without contaminating the environment. Stores should be away from water sources, residential and built-up areas, and livestock and feed storage areas.
- Obtain spill kits and institute appropriate control measures in case of accidental spills.
- Store all pesticides in their original labeled containers and ensure that storage instructions are followed.
- Keep a record of all pesticides purchased, noting when they were received, the amount used, the amount left in store and their location.
- Keep product Safety Data Sheets (SDSs) in appropriate places in storage facilities.
- Warehouses should have adequate ventilation, secondary containment, showers and emergency kits.

Handling

- Operators must read, understand and follow product label instructions for safe

mixing, application and disposal; use qualified personnel for critical operations (eg mixing, transfers, tank filling and application).

- Insist that the correct Personal Protective Equipment (PPE) (eg gloves, coveralls, eye protection) for each route of exposure listed in the SDS is worn at all times when handling and applying pesticides.
- Require that all mixing and filling of pesticide tanks be done in a designated filling area. It should be away from waterways and sewers. If on concrete, liquids spills should be collected and disposed of as hazardous waste and ensure spills are cleaned up immediately using appropriate spill kits; spills should not be washed into waterways or sewers.

Application

- Use the method of application with the lowest EHS risk and ensure that non-target organisms are not affected.
- Select pesticide application technologies and practices designed to minimize offsite movement or runoff (e.g., low drift nozzles, using the largest droplet size and lowest pressure appropriate for the product).
- Establish buffer zones around waterways, residential and built-up areas, and livestock and feed storage areas.
- Ensure all equipment is well maintained and properly calibrated to apply the correct dosage.
- Insist that applications take place under appropriate weather conditions; avoid wet weather and windy conditions.

Arrangement

- Any unused diluted pesticides that cannot be applied to the crop, as well as rinse water and pesticides that are obsolete or no longer approved, should be disposed of as hazardous waste, in accordance with FAO guidelines.
- The majority of farmers in Lebanon burn empty containers (87% in Akkar and 64% in the South) or throw them with the municipal waste (60% in northern Mount Lebanon and 50% in Central Bekaa). Other practices include throwing empty containers in fields or rivers, handing them over to municipalities or selling them.^[4] Empty pesticide containers, foil seals, and lids should be triple-rinsed, and washings used in the pesticide tank should be sprayed on the field or disposed of as hazardous waste in a manner consistent with FAO guidelines and according to the manufacturer's instructions. Containers should be stored safely under cover prior to safe disposal; they must not be used for other purposes.

Fertilizers

- Store fertilizers in their original packaging and in a dedicated lockable room clearly identified by signs, access to which is limited to authorized persons.
- Ensure that SDSs and inventories are available at fertilizer storage facilities and available to first responders if needed.
- Buy and store only the fertilizers that are needed need, and use older fertilizers first.
- Keep fertilizer stores separate from pesticides and machinery (fuels, ignition or heat sources).
- Know and understand the fertilizer needs of each crop and apply only what is needed, when needed, to minimize losses to the environment.
- Set up a suitable training program for personnel responsible for the transport, handling, loading, storage and application of fertilizers.

Any agricultural sub-project to be funded by the Gate project, shall submit an IPM Plan that shall contain the following components and activities:

- Technical plan on how IPM will be implemented
- Training and Awareness raising Plan. The sub-project proponent can seek advice from MoA professionals and trainers. Specific training and awareness raising activities on IPM shall be conducted based on need assessment.
- Safety and Storage of Pesticides Plan following the instruction of the MoA for the safe use, handling and storage of pesticides, and the proper use, maintenance and storage of pesticide spraying equipment and the provisions of this Annex on IPM and pesticide management
- Monitoring and Reporting: The sub-project shall have means to demonstrate implementation of the IPM.

^[1] MoE, UNDP, UNHCR, UNICEF, 2020

^[2] FAO (2020) Briefing note on Integrated pest management. Retrieved March 2023, from <https://www.fao.org/3/cb1199en/CB1199EN.pdf>

^[3] MoE, UNDP, UNHCR, UNICEF, 2020

^[4] MoE, UNDP, UNHCR, UNICEF, 2020

Annex 12: Audit Review Procedures as per Decision 189/1 dated 2016

