

Aga Khan Foundation

ENVIRONMENTAL and SOCIAL COMMITMENT PLAN (ESCP)

for
Empowering Microfinance and Enterprises for Resilience and Growth
(P504220)

Draft

January 2024

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Aga Khan Foundation (AKF) and Afghanistan Credit Guarantee Company (ACGF) will implement the Empowering Microfinance and Enterprises for Resilience and Growth (EMERGE) (hereinafter referred as the Project). The International Development Association (the World Bank), acting as the administrator of the Afghanistan Reconstruction Trust Fund (ARTF), has agreed to provide financing for the Project (P504220), as set out in the referred Project Appraisal Document.
2. AKF shall ensure that the Project is carried out in accordance with the Environmental and Social Standards (ESSs) and this Environmental and Social Commitment Plan (ESCP), in a manner acceptable to the World Bank. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the AKF shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the World Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the World Bank.
4. As agreed by the World Bank and AKF, this ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the AKF and the World Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and the AKF representatives assigned to the Project. AKF shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING</p> <p>Prepare and submit to the World Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S instruments required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanisms.</p>	Submit triannual Progress Reports to the World Bank within 30 days of each reporting cycle throughout Project implementation period.	AKF
B	<p>INCIDENTS AND ACCIDENTS</p> <p>Promptly notify the World Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), accidents that result in death, serious or multiple injury. Provide sufficient detail regarding the scope, severity, and possible causes of the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and/or supervising firm, as appropriate.</p> <p>Subsequently, at the World Bank’s request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Promptly notify the Bank and no later than 48 hours after learning of the incident or accident using such reporting formats as the Bank may require.</p> <p>A subsequent detailed report of the incident to be provided to the World Bank within (45) days of making the initial report of the incident or accident.</p>	AKF
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Establish and maintain a PIU with qualified staff and resources to support management of ESHS risks and impacts of the Project.</p> <p>The PIU established by AKF will draw on WERP’s dedicated Environmental Specialist, dedicated Social Development Specialist, Security Specialist, GRM Officer, and a Gender and SEAH Specialist.</p> <p>ACGF has already adequate E&S staff in place as part of their organizational structure.</p>	<p>AKF will establish and maintain a PIU as set out in the grant agreement by project effectiveness.</p> <p>ACGF will maintain adequate organizational structure throughout Project implementation.</p>	AKF/ACGF
1.2	<p>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</p> <p>Prepare, consult, disclose, adopt, and implement the project's Environmental and Social Commitment Plan (ESCP), Stakeholder Engagement Plan (SEP), and SEA/SH Action Plan, consistent with the relevant ESF standards.</p>	Prepare, consult, disclose and adopt by project appraisal and thereafter implement throughout project implementation.	AKF/ACGF

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>ACGF has already established an ESMS and will update the ESMS when needed to ensure it is materially consistent with ESF.</p> <p>In addition, ensure compliance with the Environmental Health and Safety Guideline (EHSs) and other relevant Good International Industry Practice (GIIP). Furthermore, adhere to the ACGF ESMS system's provisions including the exclusion list, Labor Management Procedures (LMP), Occupational Health and Safety (OHS), and Community Health and Safety (CHS), measures.</p>	<p>ACGF will update the ESMS during the project implementation.</p> <p>Adopt the SEA/SH Action Plan before commencement of project activities and thereafter implement the SEA/SH Action Plan throughout Project implementation.</p>	
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES.</p> <p>Prepare, consult, disclose, adopt, and implement a simplified labor management procedure consistent with ESS2.</p>	<p>Prior to prior to engagement of project workers and thereafter implement throughout project implementation.</p>	AKF
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Publicize, maintain, and operate the existing GRM system, to receive and facilitate the resolution of project worker's concerns and grievances in relation to the Project.</p>	<p>By Appraisal and thereafter implement throughout project implementation.</p>	AKF/ACGF
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	<p>WASTE MANAGEMENT PLAN</p> <p>Implement the screening mechanism and exclusion list (which is a part of ACGF ESMS) to verify that sub-projects meet the eligibility criteria and ensure that such sub-projects will not adversely impact the environment and the people, consistent with ESS3.</p> <p>Adopt and implement a Waste Management Plan (WMP), to manage hazardous and non-hazardous wastes, consistent with ESS3.</p>	<p>As per ESMS and before the implementation of any sub-project</p> <p>As per ESMS and before the implementation of any sub-project and thereafter implement the WMP throughout Project implementation.</p>	ACGF
3.2	<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>Incorporate resource efficiency and pollution prevention and management measures in the ESMS (to be updated) under action 1.2.</p>	<p>Same timeframe as for the updating the ESMS.</p>	ACGF
ESS 9: FINANCIAL INTERMEDIARIES [This standard is only relevant for Projects involving Financial Intermediaries (FIs).]			

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>9.1 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)</p> <p>Develop, maintain, and implement an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of borrowing enterprises. The ESMS shall include, inter alia, the following elements:</p> <ul style="list-style-type: none"> • Identification of the sub-sector businesses of small and micro enterprises that may receive support from the Project. • An environmental and social policy • Clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of borrowing enterprises, in accordance with ESS9, including, inter alia, stakeholder engagement and disclosure requirements. • Exclusion list of the sub-sector businesses that are not eligible for financing, • An organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities. • Monitoring and reporting of environment and performance of sub-sector businesses and the effectiveness of the ESMS. • Incidents and accidents notification and subsequent reporting requirements. • An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner. • [specify other relevant elements or characteristics as relevant]. <p>Disclose a summary of each of the elements of the ESMS through the relevant website.</p>	<p>ACGF has already established an ESMS and will maintain and implement the ESMS throughout Project implementation.</p>	<p>ACGF</p>
<p>9.2 EXCLUSIONS</p> <p>Screen all proposed loans to be provided by MFPs to small and micro enterprises against the exclusion list set out in the Operations Manual.</p>	<p>Screen loans before determining whether they are eligible to receive support from the Project.</p>	<p>ACGF</p>
<p>9.3 FI ORGANIZATIONAL CAPACITY</p> <p>Establish and maintain an organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities</p>	<p>ACGF has already established an organizational capacity for implementing the ESMS and will maintain it throughout the project implementation period.</p>	<p>ACGF</p>
<p>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</p>		
<p>10.1 STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</p> <p>Adopt and implement a Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, inter alia, provide stakeholders and project actors with timely, relevant, understandable, and accessible information, and consult</p>		<p>AKF</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, and intimidation. This shall include measures to consult the E&S instruments for the Project with key stakeholders. There is a Preliminary SEP prepared which will be subject to stakeholder consultation and updating.	Update and consult upon and re-disclose the updated SEP within (60) sixty days after the Project effectiveness date and, thereafter, implement it throughout project implementation.	
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>Publicize, maintain, and operate the existing grievance mechanism, to receive and facilitate the resolution of concerns and grievances in relation to the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10. The grievance mechanism shall be equipped to receive, register, and facilitate the resolution of SEA/SH complaints, including through the referral of survivors to relevant to gender-based violence service providers, all in a safe, confidential, nondiscrimination, respect access to services and survivor-centered manner.</p>	Adopt and publicize existing grievance mechanisms before the commencement of project activities and thereafter maintain and operate the mechanism throughout Project implementation.	AKF/ACGF
CAPACITY SUPPORT			
CS1	<p>All capacity-building activities and training will be further detailed in a Capacity Building and Training Plan. AKF and ACGF shall facilitate training as per the training plan to build the capacity of the relevant staff of MFPs.</p> <p>Content of capacity building will include but not limited to:</p> <ul style="list-style-type: none"> • ESMS operationalization • Stakeholder mapping, analysis, and engagement • SEA/SH Risk Mitigation • GRM • Monitoring and reporting on E&S due diligence • Incident reporting and understanding of ESIRT. • Security risk management measures 	Throughout Project Implementation	AKF/ACGF