

# **The Argentine Republic**

## **Access to Sustainable Finance for Micro, Small and Medium Enterprises Project (P180456)**

### **Negotiations Version ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)**

**July 13, 2023**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Argentine Republic (the Borrower) will implement the Access to Sustainable Finance for Micro, Small and Medium Enterprises Project (the Project), through the Secretariat of Industry and Productive Development (SIDP, *Secretaria de Industrias y Desarrollo Productivo*) and the involvement of the Bank of Investment and Foreign Commerce of Argentina (BICE, *Banco de Inversión y Comercio Exterior*), as set out in the Loan Agreement. The International Bank for Reconstruction and Development (the Bank) has agreed to provide financing for the Project, as set out in the referred agreement.
2. The Borrower shall, through SIDP, shall cause BICE to 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 Bank. The ESCP is a part of the Loan Agreement. 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 Borrower 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 Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the Bank.
4. As agreed by the Bank and the Borrower, 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 Borrower, through the Project Implementing Entity, and the Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and BICE's International Relations and Sustainability Chief. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>MONITORING AND REPORTING</b>			
A	<p><b>REGULAR REPORTING</b></p> <p>Prepare and submit to the 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&amp;S instruments required under the ESCP, the functioning of BICE’s Environmental and Social Management System (BICE’s ESMS), stakeholder engagement activities, functioning of the grievance mechanism(s) and the Project’s Operational Manual (POM).</p>	<p>Submit six-monthly reports to the Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the Bank no later than forty-five (45) days after the end of each reporting period.</p>	BICE
B	<p><b>PARTICIPATING FINANCIAL INTERMEDIARIES (PFIs) REPORTS</b></p> <p>BICE shall request Eligible Participating Financial Intermediaries (PFI) to prepare and submit reports on ESHS performance of activities supported under Part 2 of the Project, including the operation of the respective Eligible PFI ESMS (PFI ESMS), according to the format set forth in the POM.</p>	<p>BICE shall require Eligible PFIs to furnish annually progress reports not later than thirty (30) days after the end of each calendar year. These reports shall be provided to the Bank, at the request of the Bank. This requirement shall be included in the respective PFI Financing Agreement.</p>	BICE
C	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the Bank 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, <i>inter alia</i>, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury. Provide sufficient detail regarding the scope, severity, and possible causes of incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by the Eligible PFIs, as appropriate.</p> <p>Subsequently, at the Bank's request, prepare a report on the incident or accident and propose measures to address it and prevent its recurrence.</p>	<p>Notify the Bank no later than forty-eight (48) hours after learning of the incident or accident. A subsequent report shall be provided within a period acceptable to the Bank, as requested.</p> <p>The requirement for Eligible PFIs to report incidents and accidents shall be included in the respective PFI Financing Agreement.</p>	BICE

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	BICE shall request Eligible PFIs to report any incident or accident that occur in their portfolio of activities that receive financing under the Project. The report will be prepared with the minimum requirements set forth in the POM.		
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL CAPACITY FOR BICE AND ELIGIBLE PFIS</b></p> <p>a) Establish and maintain a Project Coordination Team (PCT) responsible, <i>inter alia</i>, for preparing and implementing BICE’s ESMS and for coordinating the management of the environmental and social aspects of the Project in accordance with the provisions of the Loan Agreement and this ESCP. The PCT shall be comprised, among others, by:</p> <ul style="list-style-type: none"> <li>• A senior representative who will assume the overall responsibility for coordinating the management of the environmental and social aspects of the Project.</li> <li>• An environmental and social specialist responsible for the day-to-day implementation of the ESMS during Project implementation.</li> </ul> <p>b) Require that each Eligible PFI designate a representative to assume overall responsibility for coordinating the management of the environmental and social aspects of the activities supported under the Project, and an environmental and social specialist responsible for the day-to-day implementation of the ESMS.</p>	<p>a) The PCT (including the senior representative and an environmental and social specialist), shall be established no later than thirty (30) days after the Effective Date, and thereafter maintained throughout Project implementation.</p> <p>b) BICE shall require Eligible PFIs to designate a representative and an environmental and social specialist before the selection of any activities to be supported under Part 2 of the Project. This requirement shall be included in the PFI Financing Agreement or the Participation Agreement, as applicable.</p>	<p>a) BICE</p> <p>b) PFIs</p>
1.2	<p><b>TECHNICAL ASSISTANCE</b></p> <p>Ensure that the consultancies, studies (including feasibility studies, if applicable), capacity building, training, and any other technical assistance activities under the Project are carried out in accordance with terms of reference acceptable to the Bank, that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.</p>	Throughout Project implementation.	BICE

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>1.3 <b>CONTINGENCY EMERGENCY RESPONSE FINANCING</b></p> <p>a) Ensure that the CERC Manual includes a description of the ESHS assessment and management arrangements, including the CERC-ESMF, for the implementation of the CERC Component, in accordance with the ESS.</p> <p>b) Adopt any environmental and social (E&amp;S) instruments which may be required for the activities under the CERC Component of the Project, in accordance with the CERC Manual and the CERC-ESMF, and the ESSs, and thereafter implement the measures and actions required under said E&amp;S instruments, within the timeframes specified in said E&amp;s instruments</p>	<p>a) The adoption of the CERC Manual, including the CERC-ESMF, in form and substance acceptable to the Bank, is a withdrawal condition under Section III.B(1)(b) of Schedule 2 to the Loan Agreement.</p> <p>b) Adopt and disclose any required E&amp;S instrument and include it as part of the respective bidding process, if applicable, and in any case, before the carrying out of the relevant Project activities for which the E&amp;S instrument is required. Implement the E&amp;S instruments in accordance with their terms, throughout Project implementation.</p>	<p>SIDP (Secretaria de Industria y Desarrollo Productivo) through BICE</p>
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>		
<p>2.1 <b>LABOR MANAGEMENT PROCEDURES</b></p> <p>a) prepare a Labor Management Procedure (LMP), aligned with ESS2, including, <i>inter alia</i>, provisions on working conditions, management of workers relationships, occupational health and safety (including personal protective equipment, and emergency preparedness and response), code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers. Relevant labor and OHS measures shall also be part of the ESMS.</p> <p>b) BICE shall require Eligible PFIs to have in place procedures and measures aligned with the ESMS and the LMP.</p>	<p>a) The LMP shall be established prior to carrying out any activity under Part 2 of the Project. This action has the same timeframe as action 1.2. above. The LMP will be applied throughout Project implementation.</p> <p>b) This requirement shall be included in the PFI Financing Agreement and/or the Participation Agreement, as applicable.</p>	<p>a) BICE</p> <p>b) Eligible PFIs</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
2.2	<p><b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b></p> <p>Establish and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2.</p>	Establish grievance mechanism prior to engaging Project workers and thereafter maintain and operate it throughout Project implementation.	BICE and Eligible PFIs
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
Relevant aspects of this standard shall be considered as part of BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
Relevant aspects of this standard shall be considered as part of BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
This standard is not relevant.			
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective Eligible PFI, in accordance with ESS9.			
<b>ESS 8: CULTURAL HERITAGE</b>			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
<b>ESS 9: FINANCIAL INTERMEDIARIES</b>			
9.1	<p><b>ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM</b></p> <p>a) Develop, maintain, and implement an Environmental and Social Management System (ESMS), to identify, assess, manage, and monitor the environmental and social risks and impacts for activities that may receive financing under Part 2 of the Project. The ESMS shall include, <i>inter alia</i>, the following elements:</p> <ul style="list-style-type: none"> <li>• Identification of the activities that may receive support from the Project Environmental and Social Policy endorsed by BICE’s senior management.</li> <li>• Clearly defined procedures for the identification, assessment, and management of the environmental and social risks and impacts of activities supported under the Project, including, <i>inter alia</i>, relevant stakeholder engagement and disclosure requirements.</li> <li>• Excluded activities that are not eligible for financing, as set out in the Loan Agreement</li> <li>• Emergency preparedness and response measures</li> </ul>	<p>a) The ESMS shall be established prior to carrying out any activity under Part 2 of the Project. This action has the same timeframe as action 1.2. above. The ESMS will be applied throughout Project implementation.</p> <p>b) Eligible PFIs shall establish, adopt and implement the respective PFI ESMS before the selection of any activity to be supported under Part of the Project. This requirement shall be included in the PFI Financing Agreement</p>	<p>a) BICE</p> <p>b) Eligible PFIs</p>

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<ul style="list-style-type: none"> <li>• Organizational capacity and structure, with clearly defined roles and responsibilities, as set out in action 1.1 above</li> <li>• Monitoring and reporting of environmental and social performance of PFIs and activities and the effectiveness of BICE’s ESMS Incidents and accidents notification and subsequent reporting requirements as set out under action B above.</li> <li>• An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner</li> <li>• Grievance Mechanism</li> </ul> <p>b) BICE shall request Eligible PFIs to develop or update, maintain and implement an ESMS in order to receive financing or to provide partial credit guarantees for activities through Part 2 of the Project, which will include, inter alia, the following elements:</p> <ul style="list-style-type: none"> <li>• Project description</li> <li>• Regulatory framework</li> <li>• Environmental and Social Policy</li> <li>• Clearly defined procedures for the identification, assessment, and management of the environmental and social risks and impacts of activities supported under the Project</li> <li>• Excluded activities that are not eligible for financing</li> <li>• Emergency preparedness and response measures</li> <li>• Organizational capacity and structure, with clearly defined roles and responsibilities</li> <li>• Supervision and reporting</li> <li>• Consultation and Disclosure</li> <li>• Grievance Mechanism</li> </ul>	<p>and/or the Participation Agreement, as applicable.</p>	
<p>9.2 <b>EXCLUSIONS</b> Screen, and require Eligible PFIs to screen, all proposed activities to be supported under Part 2 of the Project, against the exclusion list set out in the ESMS and the POM.</p>	<p>Screen activities before determining whether they are eligible to receive support from the Project. This requirement shall be included in the PFI Financing Agreement and/or the</p>	<p>BICE</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	The mechanism for conducting the analysis of exclusions shall be part of the BICE's ESMS and the PFI ESMSs.	Participation Agreement, as applicable.	
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <p>a) Adopt, implement, and disclose a draft Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, <i>inter alia</i>, provide stakeholders with timely, relevant, understandable and accessible information, and consult them in a culturally appropriate manner, which is free of manipulation, interference coercion, discrimination and intimidation.</p> <p>b) Update, adopt, and implement the SEP, which should consider, <i>inter alia</i>, the disclosure of a summary of the ESMS on BICE's website. The SEP may be amended and updated (and redisclosed) as needed during Project implementation.</p>	<p>a) The SEP shall be established prior to carrying out any activity under Part 2 of the Project. This action has the same timeframe as action 1.2. above. The SEP will be applied throughout Project implementation.</p> <p>b) Revised SEP disclosed throughout Project implementation.</p>	BICE
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>Update, adopt, maintain and operate a Grievance Mechanism, as described in the SEP, to receive and facilitate 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.</p> <p>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 gender-based violence service providers, all in a safe, confidential, and survivor-centered manner.</p>	The mechanism shall be established prior to carrying out any activity under Part 2 of the Project, and thereafter maintain and operate the mechanism throughout Project implementation.	BICE
<b>CAPACITY SUPPORT</b>			
CS1	<p><b>CAPACITY BUILDING PLAN</b></p> <p>Prepare a plan for the development of ESHS capacities that includes a timeline and an estimated budget for training and activities aimed at improving BICE's ESMS and the PFI ESMSs.</p>	Plan to be submitted no later than sixty (60) days after the Effective Date, and thereafter implemented throughout Project implementation. Changes shall be made as needed throughout Project implementation.	BICE



