

Republic of Tunisia
Innovative Startups and SMEs Project (P167380)

**ENVIRONMENTAL and SOCIAL
COMMITMENT PLAN (ESCP)**

[04/29/2019]

The Republic of Tunisia
Innovative Startups and SMEs Project (P146387)
ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Republic of Tunisia (the **Borrower**) is planning to implement the Innovative Startups and SMEs Project (the **Project**) with the involvement of “Caisse de Depots et de Consignation” (the **Project Implementing Entity** or the **CDC**). The International Bank for Reconstruction and Development has agreed to provide financing for the Project.
2. The **Borrower** shall ensure that CDC, will implement material measures and actions so that the Project is implemented in accordance with the World Bank Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out a summary of the material measures and actions.
3. Where the ESCP refers to specific plans or other documents, whether they have already been prepared or are to be developed, the ESCP requires compliance with all provisions of such plans or other documents. In particular, the ESCP requires compliance with the provisions set out in the Project’s Stakeholder Engagement Plan (SEP) developed by the CDC, the CDC’s the Labor Management Procedures (LMP, and the ESMSs and LMPs to be prepared by Anava Fund of Funds and the Innovatech Co-Investment Fund¹, both managed by Smart Capital fund management company, and by the Child Funds.
4. The table below summarizes the material measures and actions that are required as well as the timing of the material measures and actions. The Borrower is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by the CDC.
5. Implementation of the material measures and actions set out in this ESCP will be monitored and reported to the Bank by the Borrower as required by the ESCP and the conditions of the legal agreements, and the Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. As agreed by the Bank and the Borrower, this ESCP may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to assessment of Project performance conducted under the ESCP itself. In such circumstances, the Borrower will agree to the changes with the Bank and will update the ESCP to reflect such

¹ All measures and actions which are under the responsibility of the Anava Fund of Funds and the Innovatech Co-Investment Fund included in this ESCP will be the responsibility of Smart Capital, the management company responsible for managing the two funds.

changes. Agreement on changes to the ESCP will be documented through the exchange of letters signed between the Bank and the Borrower. The Borrower will promptly disclose the updated ESCP.

7. Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Borrower shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts.

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Summary of the Material Measures and Actions to Mitigate the Project's Potential Environmental and Social Risks and Impacts	Timeframe	Responsibility / Authority and Resources/Funding Committed	Date of Completion
ESCP Monitoring and Reporting			
REGULAR REPORTING Prepare and submit regular monitoring reports on the implementation of the ESCP.	Six-monthly throughout Project implementation as part of Project progress reports.	CDC	
INCIDENTS AND ACCIDENTS NOTIFICATION In case of occurrence of an incident or accident related or having an impact on the Project which has, or are likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, the CDC shall:	Promptly after taking notice of the incident or accident.	CDC	

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<p>(a) as soon as reasonably practicable, but no later than ten (10) calendar days after the occurrence of such incident of accident, inform the Bank by any electronic means of its nature, or circumstance and any effect or impact resulting or likely to result there from;</p> <p>(b) as soon as reasonably practicable, but no later than thirty (30) days after such incident or accident, provide the Bank with a summary report that includes a description of the incident or accident, and the measures, if any, that the Borrower is taking or plans to take to address it and to prevent any future similar event; and</p> <p>(c) keep the Bank informed of the on-going implementation of the said measures and plans.</p>			

SUMMARY ASSESSMENT

ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

<p>1.1 ORGANIZATIONAL STRUCTURE:</p> <p>1.1.2 Smart Capital (the fund manager of the Anava Fund of Fund and Innovatech Co-Investment Fund) will designate a senior management representative to have overall accountability for environmental and social performance. The representatives of senior management will designate an E&S focal point to be responsible of day to day implementation of the ESMS</p>	<p>Condition of Investment of the CDC into Anava Fund of Fund and Innovatech Co-Investment Fund</p>		
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<p>1.1.3 The Child Funds that will receive investments from Anava Fund of Funds will each designate a senior management representative to have overall accountability for environmental and social performance. The representatives of senior management will designate an E&S focal point to be responsible of day to day implementation of the ESMS.</p> <p>The CDC, Anava Fund of Fund, Child Funds and the Innovatech Co-Investment Fund will maintain their respective organizational structure as necessary throughout Project implementation.</p>	<p>Condition of Investment of the Anava Fund of Funds into the Child Funds</p>		
<p>1.2 ENVIRONMENTAL AND SOCIAL ASSESSMENT, MANAGEMENT TOOLS AND INSTRUMENTS:</p> <p>1.2.1 CDC will incorporate into the Project Operations Manual a clear process and structure for E&S due diligence and supervision of the Responsible FIs under the Project, which will include at a minimum the following elements:</p> <ul style="list-style-type: none"> a. Applicable E&S requirements (including the Exclusion List as specified in the Bank Financing Agreement) b. E&S due diligence process to ensure that FIs under the project develop and implement their ESMS c. Clear parameters for assessing adequacy of the Responsible FIs’ ESMS 	<p>By negotiations</p>	<p>CDC</p>	<p>May 8, 2019</p>

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<ul style="list-style-type: none"> d. Procedures for supervision of the E&S performance of the Responsible FIs e. Procedures for periodic monitoring of E&S risks and impacts at the level of start-ups and SMEs to ensure the FIs’ ESMS is operational and effective f. Provisions for incorporating E&S requirements into financing agreements with the Responsible FIs g. Requirements and templates for E&S reporting for the Responsible FIs h. CDC staffing arrangements, capacity and responsibilities i. Arrangements for CDC’s annual E&S reporting to the World Bank 			
<p>1.3 CAPACITY BUILDING PLAN: CDC will prepare an E&S Capacity Building Plan that shall include clear timeframe and budget for building capacity and enhancing ESRM systems of Anava Fund of Funds, Child Funds and Innovatech Co-Investment Fund.</p>	<p>Before Investment of the CDC into Anava Fund of Fund and Innovatech Co-Investment Fund</p>	<p>CDC</p>	
<p>1.4 NON-INVESTMENT ACTIVITIES: CDC and Smart Capital (Anava Fund of Funds and Innovatech Co-Investment Fund management company) will prepare requirements and TORs for non-investment activities which will incorporate relevant references to E&S Standards.</p>	<p>During project implementation as appropriate</p>	<p>CDC and Smart Capital</p>	

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<p>1.5 Reporting by FIs</p> <p>1.5.1 REPORTING TO CDC: Smart Capital will submit annual E&S performance reports for the Anava Fund of Funds and Innovatech Co-Investment Fund to the CDC within 45 days after end of the calendar year</p> <p>1.5.2 REPORTING TO WB: CDC will submit annual E&S performance reports to the World Bank within 60 days after end of the calendar year</p>	<p>Annually</p> <p>Annually</p>	<p>Smart Capital</p> <p>CDC</p>	
ESS 2: LABOR AND WORKING CONDITIONS			
<p>Labor Management Procedures: CDC will implement its institutional Labor Management Procedures including Occupational Health and Safety (OHS) measures and related measures on emergency preparedness and response and grievance mechanisms for its own workforce</p>	<p>Recurrent obligation throughout Project implementation</p>	<p>CDC</p>	
<p>Smart Capital (fund management company of the Anava Fund of Funds and Innovatech Co-Investment Fund) will prepare and implement Labor Management Procedures for its own workforce in accordance with ESS2 including Occupational Health and Safety (OHS) measures and related measures on emergency preparedness and response) and grievance mechanisms for their own workforce.</p>	<p>Preparation of LMP is a condition of investment by the CDC into Anava Fund of Funds and Innovatech Co-Investment Fund. Once prepared, implementation is a recurrent obligation</p>	<p>Smart Capital</p>	

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	during project implementation.		
All Child Funds that will receive funds for investments from Anava Fund of Funds will prepare and implement Labor Management Procedures for their own workforce in accordance with ESS2 including Occupational Health and Safety (OHS) measures (and related measures on emergency preparedness and response) and grievance mechanisms for their own workforce.	Preparation of LMP is a condition of Investment of Anava Fund of Funds into the Child Funds. Once prepared, implementation is a recurrent obligation during project implementation	All Child Funds receiving financing for investments from Anava Fund of Funds	
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
Measures and Actions to be included if related risks materialize during implementation			
ESS 4: COMMUNITY HEALTH AND SAFETY			
Measures and Actions to be included if related risks materialize during implementation			
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
Measures and Actions to be included if related risks materialize during implementation			

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ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
Measures and Actions to be included if related risks materialize during implementation			
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
Measures and Actions to be included if related risks materialize during implementation			
ESS 8: CULTURAL HERITAGE			
Measures and Actions to be included if related risks materialize during implementation			
ESS 9: FINANCIAL INTERMEDIARIES			
ESMSs			
<p>1.2.2 Smart Capital will develop for the Anava Fund of Funds an institutional ESMS appropriate to its function as a wholesale financial intermediary and, as needed, link it in the Project Operations Manual. It will provide a clear process and structure for E&S due diligence and supervision of the child funds it will invest in, which will include at a minimum the following elements:</p> <ul style="list-style-type: none"> a. Applicable E&S requirements (including the Exclusion List as specified in the Bank Financing Agreement b. E&S due diligence process to ensure that Child Funds develop and implement their ESMS 	Condition of Investment of the CDC into Anava Fund of Fund	Smart Capital	

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<ul style="list-style-type: none">c. Clear parameters for assessing adequacy of the Child Funds' ESMS (e.g. adequacy of the E&S policies and procedures, completeness applicable E&S requirements, staffing, technical capacity, reporting arrangements, adequacy of investment documentation maintained)d. Procedures for supervision of the E&S performance of the Child Fundse. Procedures for periodic monitoring of E&S risks and impacts at the level of start-ups and SMEs to ensure the Child Funds' ESMS are operational and effectivef. Provisions for incorporating E&S requirements into investments in Child Fundsg. Requirements and templates for E&S reporting for the Child Fundsh. Fund of Fund manager staffing arrangements, capacity and responsibilitiesi. Provisions for revision of policies and procedures under the ESMS in case E&S requirements of new investors need to be integratedj. Arrangements for Fund of Funds' E&S reporting to the CDC			

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All Child Funds receiving financing for investments from Anava Fund of Funds will develop and implement an ESMS acceptable to the World Bank and approved by its senior management or Board of Directors, as appropriate, and will disclose relevant parts of their ESMS on their website	Condition of investment by Anava Fund of Fund into the Child Funds	All Child Funds receiving investments from Anava Fund of Funds	
Smart Capital will develop and implement an ESMS for the Innovatech Co-Investment Fund that is acceptable to the World Bank and approved by its senior management or Board of Directors, as appropriate, and will disclose relevant parts of the ESMS on its website	Condition of investment by the CDC into the Innovatech Co-Investment Fund	Smart Capital	
Smart Capital will formally endorse and adopt at its senior management level the E&S Capacity Building Plan prepared by CDC for building capacity and enhancing ESRM systems of Anava Fund of Funds, Child Funds and Innovatech Co-Investment Fund.	Condition of investment by the CDC into Anava Fund of Funds and the Innovatech Co-Investment Fund	Smart Capital	
FI ORGANIZATIONAL CAPACITY AND SENIOR MANAGEMENT REPRESENTATIVE			
Smart Capital (fund manager of the Anava Fund of Fund and Innovatech Co-Investment Fund) will designate a senior management representative to have overall accountability for environmental and social performance. The representatives of senior management will designate an E&S focal point to be responsible of day to day implementation of the ESMS	Condition of investment by the CDC into Anava Fund of Funds and	Smart Capital	

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<p>The Child Funds that will receive investments from Anava Fund of Funds will each designate a senior management representative to have overall accountability for environmental and social performance. The representative of senior management will designate an E&S focal point to be responsible of day to day implementation of the ESMS.</p> <p>Anava Fund of Fund and Innovatech Co-Investment Fund (Smart Capital) and Child Funds will each maintain their respective organizational structure as necessary throughout Project implementation.</p>	<p>Innovatech Co-Investment Fund</p> <p>Condition of investment by the Anava Fund of Fund into the Child Funds</p> <p>Recurrent obligation throughout Project implementation</p>	<p>Child Funds that receive investments from Anava Fund of Fund</p> <p>Smart Capital and Child Funds</p>	
ESS 10: Stakeholder Engagement and Information Disclosure			
<p>CDC will implement the Stakeholder Engagement Plan for the Project, including arrangements for grievance mechanism.</p>	<p>Recurrent</p>	<p>CDC</p>	
<p>Once Anava Fund of Funds and Innovatech Co-Investment Fund are established, the CDC will update and disclose the Stakeholder Engagement Plan to confirm roles and responsibilities of responsible financial intermediaries in the Stakeholder Engagement Plan for the Project.</p>	<p>Condition of investment by the CDC into Anava Fund of Funds and</p>	<p>CDC</p>	

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The CDC will thereafter implement updated Stakeholder Engagement Plan throughout project implementation.	Innovatech Co-Investment Fund Recurrent obligation throughout Project implementation		