

**Republic of Turkey
Rapid Support for Micro and Small Enterprises
Project
(P174144)**

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

December 4, 2020

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. Small and Medium Enterprises Development Organization (also known as *Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı* or KOSGEB) (hereinafter the **Borrower**) shall implement the Rapid Support for Micro and Small Enterprises Project (P174144) (the **Project**). The International Bank for Reconstruction and Development (hereinafter the **Bank**) has agreed to provide financing for the Project.
2. KOSGEB shall implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.
3. KOSGEB shall also comply with the provisions of any other Environmental and Social (E&S) documents required under the Environmental and Social Framework (ESF) and referred to in this ESCP, Environmental and Social Management System (ESMS), Stakeholder Engagement Plan (SEP), and the timelines specified in those E&S documents.
4. KOSGEB is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by unit referenced in 1. above.
5. Implementation of the material measures and actions set out in this ESCP shall be monitored and reported to the Bank by KOSGEB as required by the ESCP and the conditions of the legal agreement, and the Bank shall monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. By agreement between the Bank and KOSGEB, 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, KOSGEB shall agree to the changes with the Bank and shall update the ESCP to reflect such changes. Agreement on changes to the ESCP shall be documented through the exchange of letters signed between KOSGEB and the Bank. The Borrower shall 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, KOSGEB shall assess these risks and shall ensure that additional funds are provided, if needed, to implement actions and measures to address such risks and impacts, which may include risks and impacts on labor and working conditions, occupational and community health and safety, and environment.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING</p> <p>Prepare and submit to the Bank regular monitoring reports on the environmental and social performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S documents required under the ESCP, stakeholder engagement activities, performance of the grievance mechanism(s) and ESMS implementation.</p> <p>Submit to the Bank the first five (5) Environmental and Social Due Diligence (ESDDs) conducted for the first (5) MSEs selected for reimbursable support financing.</p> <p>Submit ESDDs for the largest five (5) amounts by MSEs proposed to receive reimbursable support financing under the Project.</p>	<p>Starting ninety (90) days after the Effective Date of the Loan and then quarterly (every three (3) months) throughout the Project implementation.</p> <p>Submit to the World Bank the first five (5) ESDDs for review no later than sixty (60) days after the Effective Date.</p> <p>On a quarterly-basis, submit to the Bank for review the ESDDs for the largest five (5) amounts by MSEs approved to receive reimbursable support financing under the Project throughout the Project implementation.</p>	<p>KOSGEB Project Implementation Unit (PIU)</p> <p>KOSGEB PIU</p> <p>KOSGEB PIU</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
B	<p>INCIDENTS AND ACCIDENTS</p> <p>Promptly notify the 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 but not limited to; incidents and accidents encountered during implementation of the KOSGEB's ESMS.</p> <p>Require MSEs that receive reimbursable support subfinancing to provide sufficient detail regarding the incident or accident, findings of the Root Cause Analysis (RCA), indicating immediate measures or corrective actions taken or that are planned to be taken to address it, compensation paid, and any information provided by the involved MSE, as appropriate.</p> <p>Subsequently, as per the Bank's request, prepare a report on the incident or accident and propose any measures to prevent its recurrence.</p>	<p>KOSGEB shall report details of any significant environmental or social incidents (e.g., fatalities, lost time incidents, environmental spills, etc.) within 48 hours from the occurrence of the incident. KOSGEB shall submit an incident report, including RCA, precautions and compensation measures taken within 30 business days.</p>	<p>KOSGEB PIU</p>
C	<p>ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)</p> <p>Develop and implement an ESMS which includes a procedure for screening, monitoring and reporting of moderate and low risk activities of the reimbursable support beneficiary firms in line with World Bank's ESS 9.</p>	<p>An ESMS, in form and substance acceptable to the Bank shall be developed, disclosed and adopted before the Effective Date of the Loan.</p>	<p>KOSGEB PIU</p>
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Enhance and maintain the capacity of the Project Implementation Unit with full-time qualified staff and resources for the management of the reimbursable support financing activities and the monitoring of E&S risks, by appointing: one environmental and social expert with technical environmental management expertise.</p> <p>Ensure that above-mentioned staff remains on assigned duty for the Project until the end of Project implementation.</p>	<p>A PIU, including one environmental and social expert, shall be assigned to the Project by KOSGEB before the Effective Date of the Loan. All designated KOSGEB staff for the Project shall be retained for the duration of the Project. The environmental and social expert shall be instituted within the reimbursable support financing approval process in KOSGEB.</p>	<p>KOSGEB</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
1.2	<p>ENVIRONMENTAL AND SOCIAL ASSESSMENT</p> <p>KOSGEB shall develop, maintain and implement a satisfactory ESMS, in line with the requirements of ESS9, that is acceptable to the Bank. The ESMS shall include documents and procedures to ensure that its reimbursable support financing activities are, in the opinion of the Bank, compliant with the WBG Exclusion List, relevant national laws as confirmed by the Bank, and the Environmental and Social Standards.</p> <p>As part of its reimbursable support financing approval process, KOSGEB shall conduct E&S due diligence review of each beneficiary MSE in line with the Exclusion List, relevant national laws as confirmed by the Bank, ESSs and eligibility criteria for all potential investments and, where applicable, E&S action plans (ESAP) that shall be developed to address identified gaps following the due diligence review. These reviews shall be done by MSE experts in provincial directorates based on the declarations provided by the MSE beneficiaries of the reimbursable support financing.</p> <p>KOSGEB shall present to the Bank for prior review the initial set of five (5) beneficiaries selected by KOSGEB for reimbursable support financing and thereafter during project implementation conduct supervision spot checks of selected MSE beneficiaries of reimbursable support financing.</p>	<p>ESMS, in form and substance acceptable to the Bank, shall be prepared, disclosed and adopted before the Effective Date of the Loan, and implemented throughout the Project.</p> <p>Where applicable, ESAP documents addressing World Bank ESSs acceptable to World Bank shall be prepared prior to reimbursable support financing is approved by KOSGEB for an individual MSE beneficiary.</p>	KOSGEB PIU
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES</p> <p>Maintain and implement human resources (HR) policies and procedures consistent with requirements under relevant national law as confirmed by the Bank and ESS2 and ensure that Project workers are informed of and have access to these policies.</p>	<p>Implement and monitor HR policies and procedures starting on the Effective Date of the Loan and throughout Project, and report through quarterly progress reports.</p>	KOSGEB PIU

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Maintain, and operate an accessible grievance mechanism (GM) for Project workers as described in the HR policies and procedures, consistent with requirements under relevant national law as confirmed by the Bank and ESS2. The GM will be adapted to receive sexual exploitation and abuse (SEA) and sexual harassment complaints (SH).</p>	<p>Grievance mechanism operational not later than 30 days after the Effective Date of the Loan and maintained throughout Project implementation.</p> <p>Report quarterly through Project Progress Reports.</p>	KOSGEB PIU
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>As part of the E&S due diligence (ESDD) to be conducted for each MSE beneficiary of reimbursable support financing by KOSGEB under action 1.2 above, ESS3 shall be applied within the scope of KOSGEB's ESMS as relevant.</p>	<p>Where assessed as relevant, ESS 3 shall be assessed as part of the ESDD of each MSE beneficiary of reimbursable support financing, and ESAPs shall be developed to address identified gaps prior to KOSGEB's approval to extend reimbursable support financing to an MSE.</p>	KOSGEB PIU
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	<p>COMMUNITY HEALTH AND SAFETY</p> <p>As part of the E&S due diligence (ESDD) to be conducted by KOSGEB for each MSE beneficiary of reimbursable support financing under action 1.2 above, ESS4 shall be applied within the scope of KOSGEB's ESMS, as relevant.</p>	<p>Where assessed as relevant, ESS4 shall be assessed as part of the MSE beneficiary's ESDD, and ESAPs shall be developed to address identified gaps prior to KOSGEB's approval of reimbursable support financing to the MSE.</p>	KOSGEB PIU
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
5.1	Not Relevant to the Project		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	Not Relevant to the Project		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
7.1	Not Relevant to the Project		
ESS 8: CULTURAL HERITAGE			
8.1	Not Relevant to the Project		

ESS 9: FINANCIAL INTERMEDIARIES		
9.1.	<p>As part of its reimbursable support financing approval process and within its existing reimbursable support financing approval framework, KOSGEB shall develop and implement an E&S management system (ESMS) that is acceptable to the Bank. The ESMS, commensurate to the E&S risks of its reimbursable support financing activities, shall include a simplified process with the following key elements:</p> <ul style="list-style-type: none"> (a) An overall strategy and policy commitment; (b) Environmental and Social Procedures with respect to the principles below: <ul style="list-style-type: none"> a. Screening all MSEs proposed for reimbursable support financing under the Project against any Exclusion Lists under the Project. b. Screen, review, and categorize all MSEs proposed for reimbursable support financing under the Project according to their potential environmental and social risks and impacts. c. Require that all MSEs proposed for reimbursable support financing under the Project are checked, prepared, and are ready to implement relevant national laws and the relevant requirements of the ESSs. d. Ensure that the measures needed to satisfy the requirements of (c) above are set out in the legal agreement between KOSGEB and each MSE beneficiary of the reimbursable support financing under the Project. e. Monitor, maintain, and regularly update environmental and social information on each MSE beneficiary of reimbursable support financing under the Project. f. Monitor the environmental and social risk of the World Bank supported portfolio. (c) Organizational Capacity and Competency – KOSGEB shall hire/assign one experienced technical environmental and social expert and train its staff responsible for ESMS implementation. 	<p>An ESMS, in form and substance acceptable to the Bank, shall be developed, disclosed and adopted before the Effective Date of the Loan.</p> <p style="text-align: right;">KOSGEB PIU</p>

ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION Finalize, disclose, maintain and implement SEP in a manner acceptable to the Bank.	Finalize and disclose SEP not later than 30 days after the Effective Date of the Loan and implement throughout the Project.	KOSGEB PIU
10.2	PROJECT GRIEVANCE MECHANISM Establish, maintain and operate a grievance mechanism (GM), as described in the SEP. GM will be adapted to receive SEA/SH complaints. Assign staff to manage, respond to and monitor project grievances.	Establish GM not later than 30 days after the Effective Date of the Loan. Reporting on received grievavnces – Quarterly in progress reports throughout the project.	KOSGEB PIU
CAPACITY SUPPORT (TRAINING)			
CS1	KOSGEB PIU staff to be trained by the Bank on E&S requirements of the Bank.	Not later than 90 days after the Effective Date of the Project	