

**Small and Medium Enterprises Development
Organization of Türkiye**



Environmental and Social Management System

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Final

Issue and Revision History

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1 Introduction

Financial Intermediaries (FIs) are required to develop and maintain an effective Environmental and Social Management System (ESMS) in accordance with the World Bank Environmental and Social Framework (ESF). KOSGEB as a financial intermediary sets out how it will assess and manage and monitor environmental and social risks and impacts associated with the Projects proposed by MSMEs (“Beneficiaries/Company”) for financing or with the activities of the MSMEs applied for financial support/grant/loan (“Activities”).

ESMS examines the overall risks and impacts and determines the comprehensive environmental and social management and monitoring approaches to be adopted to address the potential environmental and social impacts. ESMS complies with World Bank Environmental and Social Framework and appropriate national legislation. KOSGEB puts in place and maintains this ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of the Projects proposed for financing to micro, small and medium-scale enterprises (MSMEs) in Türkiye. This ESMS is commensurate with the nature and magnitude of environmental and social risks and impacts of MSME business activities.

1.1 Purpose of the ESMS

This ESMS is a joint management system that is applicable to all KOSGEB World Bank financed Projects. The ESMS aims to continuously identify, assess, manage and monitor the E&S risks and impacts of KOSGEB, taking into account national laws and World Bank requirements. As such the key objectives are:

- To integrate E&S considerations into the lifecycle of the Activities in order to ensure that E&S risks and impacts are consistently identified, screened, managed, and monitored;
- To provide an E&S management process and guidance for the design and implementation of the Activities;
- To provide a practical tool during project formulation, design, planning, implementation and monitoring to ensure that E&S aspects are duly considered in the process in accordance with the Environmental and Social Standards (ESSs) of World Bank Group and national laws;
- To adopt a mitigation hierarchy approach during the development of the Projects in order to: avoid risks and impacts when possible; minimize or reduce risks and impacts to acceptable levels where avoidance is not possible; mitigate; and compensate for remaining significant residual impacts or offset them;
- To outline a monitoring system for the implementation of mitigation measures;
- To set out the responsibilities for E&S risk and impact identification, assessment, decision making, as well as monitoring; and
- To work with senior management of the Activities to manage E&S risks and impacts and support ongoing capacity building in the implementation of the Activities.

1.2 Scope of the ESMS

This ESMS is intended to cover the E&S risks and impacts and their mitigation measures for all World Bank financed Projects of KOSGEB in Türkiye. The key feature of the ESMS is continual improvement, which is an ongoing process of reviewing, correcting and improving the management system. The suitability and effectiveness of the ESMS will be evaluated periodically as part of the internal management review process.

2 Regulatory and Institutional Framework

2.1 National Requirements

The Ministry of Environment and Urbanization (MoEU) is the responsible organization for the implementation of policies adopted for protection and conservation of the environment, and for sustainable development and management of natural resources in Türkiye. For the management of environmental and social issues, MoEU collaborates with other ministries (including their provincial organizations where relevant), government agencies and relevant stakeholders, such as; Ministry of Transport and Infrastructure, Ministry of Agriculture and Forestry, Ministry of Culture and Tourism, Ministry of Energy and Natural Resources, Ministry of Family, Labor and Social Services (General Directorate of Occupational Health and Safety, General Directorate of Labor) and Ministry of Health.

National requirements for management of environmental and social issues are set out in:

- Environmental Law (Law No: 2872)
- Labor Law (Law No: 4857)
- Occupational Health and Safety Law (Law No: 6331)
- Social Insurance and General Health Insurance Law (Law No: 5510)
- Conservation of Cultural and Natural Property Law (Law No: 2863)
- National Parks Law (Law No: 2873)
- Forestry Law (Law No: 6831)
- Soil Conservation and Land Use Law (Law No: 5403)

Under the relevant laws; regulations, communiques and by-laws which are applicable to the Activities are presented in Annex 1. The most up-to-date versions of these regulations, communiques and by-laws will be applied in the Projects. In addition, the Projects will also comply with the newly enacted regulations, communiques and regulations in the environmental and social field.

2.2 International Requirements

World Bank ESSs set the requirements to be met by Borrowers with respect to the identification, evaluation and mitigation of environmental and social risks and impacts associated with projects supported by the Bank through Investment Project Financing. These standards also set out the World Bank's commitment to sustainable development with the aim of ending poverty and promoting shared prosperity.

The standards of the Environmental and Social Framework will support KOSGEB in achieving good international practice relating to environmental and social sustainability; will assist KOSGEB in fulfilling their national and international environmental and social obligations; will enhance nondiscrimination, transparency, participation, accountability and governance; and will enhance the sustainable development outcomes of projects through ongoing stakeholder engagement. Environmental and Social Standards that the KOSGEB and the Activities will meet through the Projects' life cycle are presented in Annex 2.

3 Environmental and Social Policy

KOSGEB's overall vision is "stronger MSMEs and developing economy". Fundamental values underlying KOSGEB's overall strategy and policy are honesty, accessibility, reliability, target group orientation, accountability, open to collaboration, respectability, transparency, impartiality and innovativeness.

KOSGEB has its own environmental and social policy signed by vice president. This policy remarks that KOSGEB's overall mission is to increase the shares of MSMEs and entrepreneurs in economic and social development to reach an innovative, technological and competitive structure through effective supports and services. Therefore, KOSGEB adopts the following environmental and social policies by aiming to avoid or reduce the negative environmental and social impacts of its activities and to leave a sustainable world for the future generations with a growing environmental awareness. KOSGEB:

- Complies with applicable Turkish and international legal requirements in order to strive for continual improvement in Environmental and Social Management System;
- Aims at supporting enterprises which may have environmental awareness and fully satisfy the environmental and social needs;
- Acknowledges new standards and sets new goals with constant focus on development and continual improvement;
- Plans projects by considering energy efficiency and aims to reduce energy consumption;
- Monitors the environmental and social performance of enterprises with continual improvement approach by developing their capacity;
- Focuses on resource efficiency, avoids wastage and contributes to environmental protection;
- Considers to support sustainable use of resources while undertaking all its activities;
- Respects the values, views and rights of the affected communities and establishes strong, open and fair relationships with affected communities;
- Implements engagement activities and discloses project related information through appropriate and transparent means considering the needs and expectations of related parties;
- Strives for continuous improvement in upholding and respecting human rights through ongoing dialogue with internal and external stakeholders; and
- Respects cultural background of the affected communities and supports enterprises by avoiding impacts on tangible and intangible cultural heritage.

This policy will be examined annually and revised if needed to meet the national and international requirements of the organization. KOSGEB will consistently implement and monitor its Environmental and Social Management System in all activities and ensure that they are in line with this policy.

This policy was signed by KOSGEB Vice President in March 2023 and disclosed to the public (Please see Annex 3 Environmental and Social Policy).

4 KOSGEB ESMS Organizational Capacity and Competency

4.1 Roles and Responsibilities

To successfully implement an ESMS, KOSGEB will need the following key roles and tasks embedded in the organization.

1. **Senior Management** – (Their role will be to provide approval of necessary resources for ESMS Implementation). KOSGEB should further define this, the senior management executive to have this and where this responsibility will sit within the organization.
2. **E&S Officer (S)** – (Senior level professional expertise whose role is to ensure the integration of KOSGEB ESMS into its credit/grant/loan/financing risk management system). Include Social and OHS competencies/specialists. KOSGEB should further define this senior technical role to have this and where this responsibility will sit within the organization.

3. **E&S Coordinators** (e.g., oversight of day-to-day ESMS implementation and support to credit/loan/grant staff; preparation of checklists and guidelines). KOSGEB should further define these roles for different branches, directorates, offices.
4. **Grant/Loan/ Business Officers (MSME specialist) and Relationship Managers** (e.g., environmental and social appraisal and supervision). KOSGEB should further define in terms of their organizational structure and relevance.
5. **Legal Department** ((e.g., environmental and social conditions in loan agreements). KOSGEB should further define legal's role in the ESMS implementation.

4.2 KOSGEB ESMS Human Resources and Structure

Below are the detailed responsibilities defined for the Senior Management, E&S Officers (Environmental Specialist, Social Specialist and Occupational Health and Safety Specialist), E&S Coordinator (S), Project MSME Specialists, MSME Specialists in Provincial Directorates of KOSGEB and MSMEs' Directors as part of KOSGEB ESMS. Depending on the scope of World Bank Projects and the E&S impacts and risks of the Projects, E&S officers' fields of expertise and competencies may vary. Since each World Bank Project's E&S requirements will be unique, different numbers and qualifications of E&S Officers will be employed within the PIU.

Senior Management

- Be responsible for decision making, evaluation and implementation of the ESMS to be applied;
- Be responsible for overall coordination of the ESMS and high-level communication;
- Be responsible for allocation of resources for the implementation of the ESMS implementation.

Environmental Specialist

- Coordinate the implementation and monitoring of the ESMS, LMP and SEP within the scope of KOSGEB financing activities by other relevant units;
- Ensure that all financing activities are carried out and reported in accordance with the World Bank ESF and other relevant IFI requirements;
- Prepare E&S control criteria and commitments to be added to the application forms of beneficiaries and create guidelines for relevant units to control applications according to E&S criteria;
- Coordinate the screening of beneficiaries' applications for activities that cannot be financed within the framework of the ESMS and for eligibility for the project;
- Conduct and report stakeholder consultation activities with social specialist in accordance with the SEP;
- Update ESMS and SEP, when necessary, in the course of preparation, development and implementation of the Project, as well as in case the domestic legislation changes in any aspects meeting with World Bank representatives when necessary;
- Conduct regular field audits with OHS and Social Specialists and prepare a complete E&S monitoring and ESDD report and share it with the World Bank periodically;
- Carry out the updating, implementation and reporting activities of the grievance mechanism with social specialist according to the project needs within the scope of the project;
- Prepare E&S information and documents to be included in the project reports;
- Be in cooperation and coordination with the Project Manager and provide support when necessary;
- Be in cooperation and coordination with OHS and Social specialists, KOSGEB staff and other relevant units;
- Train project workers and MSME specialists in provincial directorates for execution of spot-checks and E&S risk categorization;

- Identify/anticipate the E&S risks of the beneficiaries' activities and define measures;
- Review all the project related documentation such as ESMS, SEP, LMP and E&S checklists, forms and commitments to ensure that E&S risks are adequately identified, and related mitigations are considered within the scope of national legislation;
- Provide recommendations to KOSGEB Senior Management on any issues that would require additional measures to be taken;
- Ensure that all project activities have been adequately implemented pursuant to the World Bank ESF;
- Conduct site visits with OHS and Social Specialists to evaluate the Project activities' compliance with the E&S requirements, report findings, suggest corrective measures in case of non-compliance, and monitor its implementation;
- Perform any other project tasks assigned by the Senior Management and contribute to the ongoing activities of KOSGEB E&S Team; and
- Prepare periodically E&S progress reports on the implementation of the Project.

Social Specialist

- Coordinate the implementation and monitoring of the ESMS, LMP and SEP within the scope of KOSGEB financing activities by other relevant units;
- Be responsible for the actions related to stakeholder engagement and grievance mechanism as described in project specific SEP;
- Assist Environmental Specialist in defining project' activities social risks through the screening and monitoring process and the project exclusion criteria;
- Update ESMS, LMP and SEP, when necessary, in the course of preparation, development and implementation of the Project, as well as in case the domestic legislation changes in any aspects meeting with World Bank representatives when necessary;
- Carry out public consultations regarding stakeholder engagement and grievance mechanism disclosure;
- Coordinate community interactions and activities with Project-affected persons;
- Support the implementation of the project ensuring wider participation of citizens with a particular focus on reaching out to vulnerable and disadvantaged people or group;
- Review all the project related documentation such as ESMS, LMP, SEP and E&S checklists, forms and commitments to ensure that E&S risks are adequately identified, and related mitigations are considered within the scope of national legislation;
- Carry out social screening and monitoring of the beneficiaries' activities regarding E&S risk categorization according to the World Bank's ESF requirements to ensure all potential social impacts are identified and addressed;
- Carry out overall supervision of the Grievance Mechanism including recording complaints, conveying them to relevant units for resolution, and following the timely provision and the quality of the resolutions;
- In coordination with environmental specialist and OHS specialist, perform E&S audits for beneficiaries' activities and, when required, prepare ESAP based on this audit;
- Organize and conduct trainings to the MSME specialists in provincial directorates, related to requirements of World Bank ESF, grievance mechanism and stakeholder engagement processes;
- Report to Senior Management regarding any disputes detected about beneficiaries' commitments;
- Provide recommendations to KOSGEB Senior Management on any issues that would require additional measures to be taken;

- Organize and conduct training for the Project workers and MSME specialists in provincial directorates related to the requirements of World Bank ESF, labor issues, code of conduct, measures on the Sexual Exploitation and Abuse/Sexual Harassment and Gender-Based Violence, community health and safety and E&S assessment methods;
- Perform any other project tasks assigned by the Project Manager and contribute to the ongoing activities of KOSGEB;
- Carry out beneficiary satisfaction surveys; and
- Ensure that all project activities have been adequately addressed pursuant to the World Bank ESF.

Occupational Health and Safety Specialist

- Assist Environmental Specialist and Social Specialist in defining project' activities OHS risk levels through the screening and monitoring process and the project exclusion criteria;
- Identify/anticipate OHS risks of the beneficiaries' activities and define measures;
- Review all OHS related documents/reports/plans and ensure that those are in line with the WB requirements;
- Prepare comments/recommendations to the senior management, and follow up on the implementation;
- Ensure that all project activities have been adequately addressed pursuant to the World Bank ESF, and the World Bank Group's General EHS Guidelines with regards to OHS;
- Ensure that relevant training is provided to project workers and MSME specialists in provincial directorates through a review of training records and relevant training documentation;
- Supervise the beneficiaries' compliance with Project requirements on-site;
- Conduct field visits to subproject's sites to monitor the activities to be implemented in the scope of ESMS and LMP;
- Ensure that any incident or accident is promptly notified to the World Bank, and a related report is prepared including proposed measures to address it and prevent its recurrence;
- Examine the accident/incident/near miss and ensure they are correctly recorded along with a corrective action plan that complies with the national requirement and WB standards;
- Produce periodic statistics on OHS incidents, analyze trends, and recommend focused strategies/measures to prevent worksite-related non-compliances and incidents from re-occurring. Develop accident procedures, forms, and guidelines;
- Be responsible for documentation of the reports related to OHS issues;
- Perform any other project tasks assigned by the Project Manager and contribute to the ongoing activities of the KOSGEB E&S Team; and
- Contribute to the preparation of the monitoring reports on the implementation of the Environment and Social Management System.

E&S Coordinator (S)

- Be responsible for the daily implementation of the ESMS at provincial level of KOSGEB, preparation of the documents deemed necessary by the World Bank and updating them when necessary;
- Be responsible for the communication with the directorates in provinces within the scope of the project;
- Be responsible for monitoring, evaluation and reporting of performance indicators, and the survey studies; and
- Be responsible for submitting periodically activity reports, information notes and promotional documents to the Environmental, Social and OHS Specialists.

Project MSME Specialist

- Assist Environmental, Social and OHS specialists in establishing environmental and social management system and in managing stakeholder engagement activities;
- Create E&S reports and statistics regarding the supports provided to beneficiaries within the scope of the project;
- Assist Environmental, Social and OHS specialists in identification, assessment, reporting and management of environmental and social risks and impacts; and
- Carry out the updating, implementation and reporting activities of the internal grievance mechanism for KOSGEB employees.

MSME Specialists in Provincial Directorates of KOSGEB

- Consolidate all project activities within their region on a firm-by-firm basis and share the list with KOSGEB;
- Introduce the project to the beneficiaries and receive their requests; and
- Perform on-site inspections, when necessary, in order to determine whether the environmental and social conditions in the letter of commitment are fulfilled, and assist in preparing due diligence report.

MSMEs' Directors

- Be responsible for ensuring compliance of E&S national legislation and international standards;
- 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;
- Provide all necessary documents and information during on-site monitoring conducted by Environmental, Social and OHS specialists and/or MSME specialists in Provincial Directorates of KOSGEB;
- Obtain necessary E&S and OHS licenses and permits;
- Fulfill obligations regarding national environmental legislation and will continue to do as long as they benefit from the support;
- Fulfill obligations regarding national occupational health and safety legislation and will continue to do as long as they benefit from the support;
- Comply with principles such as treating its employees honestly and fairly, providing a safe and healthy working environment, non-discrimination, creating appropriate working conditions for the disabled, and not employing child labor;
- Use resources efficiently and take the necessary measures to prevent environmental pollution;
- Do not take any actions that will adversely affect the health and safety of the community; and
- Engage with stakeholders and take their suggestions into account If there are environmental and social risks that affect the society.

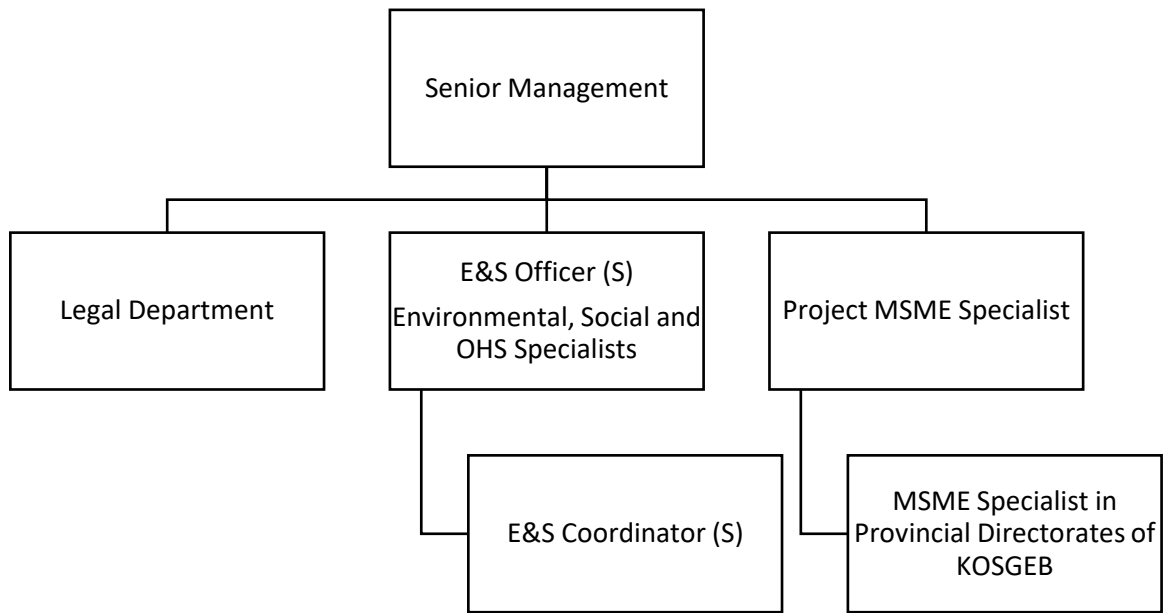


Figure 1 ESMS Organization

5 Training

One of the most important mechanisms for the development of the ESMS performance will be the continued implementation of a program of E&S training for all relevant personnel. Enhancement of the E&S performance will be achieved by implementation of an E&S training program for KOSGEB relevant personnel.

There are four training organizations planned for the Projects.

- Environmental Specialist, Social Specialist and OHS Specialist to be hired within PIU, E&S Coordinators and Project MSME Specialist will receive E&S Training Courses on Sustainability Training and E-Learning Program (STEP) within the 30 days after the ESMS becomes effective. (For the training modules, please visit https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/tools+for+clients#STEP)
- Environmental Specialist, Social Specialist and OHS Specialist to be hired will receive online course entitled “ESF Fundamentals” aimed at E&S practitioners within the 30 days after the ESMS becomes effective. The “ESF Fundamentals” course delves into each of the ESF Environmental and Social Standards (ESS). It includes videos and two case studies with stakeholders demonstrating and sharing helpful approaches, mindsets and behaviors that are key to successful implementations of the ESF. It comprises 8 modules and takes about 8 hours to complete. (For the training modules, please visit <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/esf-training>)
- Training will be organized in order to increase KOSGEB call center employees' knowledge about the ESMS. In this way, they are able to handle all grievances filed received from stakeholders.
- E&S and ESMS awareness training will be organized for Project workers and MSME Specialists in Provincial Directorates of KOSGEB since they will be working with E&S officers to monitor, review and report E&S issues. They will be partially responsible for ESMS implementation on-site. The training will be conducted by Environmental, Social and OHS Specialists periodically. Refresher

training will be provided to all staff on an annual basis. Additional training in the specific requirements that support the ESMS will be provided, as appropriate for individual work assignments.

6 Identification, Assessment and Management of E&S Risks and Impacts

This section outlines the process for Identification, Assessment and Management of Environmental and Social Risks and Impacts. This process will lead to review, approval or exclusion of activities to be financed under the Project. This process also intends to:

- Determine potential impacts of activities and their likelihood to cause negative E&S impacts;
- Determine appropriate mitigation measures for activities with adverse impacts;
- Incorporate mitigation measures into project design;
- Review and approve project proposals, and
- Monitor E&S parameters during project implementation.

The following steps of this process are integrated with the KOSGEB's existing risk management procedures for evaluating a Project's financial risks.

Completion of these steps requires the MSMEs applying for financial support to complete the E&S Assessment / ESDD Form in Annex 4. This form to be filled and submitted together with Application Documentation by MSMEs. This form in Annex 4 is a sample and it can be tailored for each particular Project or it can be used as it is. This form will enable KOSGEB:

- To screen the activities of the proposed Project and MSME and apply the financial support eligibility criteria
- To review the industry sector and technical aspects of Project and MSME
- Assign an environmental risk category to the proposed Project
- Conduct a due-diligence of the proposed Project to evaluate Environmental and Social risks

This E&S Assessment / ESDD Form may not be used depending on the potential E&S impacts and aspects of each project. Instead of this form, the Application Form or E&S Commitment Form, which the beneficiaries will fill out to apply for the project, can be used. This Application Form or E&S Commitment Form is tailored to include E&S issues. KOSGEB requires the MSMEs applying for financial support to fill out the Application Form or E&S Commitment Form which includes E&S aspects, types of applicable permits and licenses that the enterprise must have and sectoral E&S risks.

The process and main steps of each World Bank Project for ensuring beneficiary MSMEs' compliance with E&S requirements may vary. The process and main steps for compliance with E&S requirements will be prepared separately for each Project, and will be added as a new annex of this joint ESMS.

6.1 Screening Activities of the Projects

At an initial stage of inquiry, the activities of a project under consideration are assessed.

As per the requirements of World Bank Group the MSMEs in the following activities are not eligible for financing of the Project given the significant E&S adverse impacts:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products

regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora).

- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.

Exclusion List of the World Bank Projects is given in Annex 5. MSMEs whose main activity code is in this list cannot apply for the World Bank Projects. KOSGEB application software (KBS) will block the applications submitted by MSMEs that are in sectors in exclusion list.

In addition to the exclusion list in Annex 5, if a project has a history of environmental and social incidents, it will not be considered for financing.

Beneficiaries are expected to sign the Commitment Letter with regard to declarations and commitments regarding compliance with E&S application criteria. Beneficiaries will declare that their activities comply with national E&S legislation. These are:

- Complying with the applicable national legislation and any applicable environmental and social standards of the World Bank,
- Incident and accidents reporting that have, or may have, a significant negative impact on the environment, affected communities, public or employees.

KOSGEB KBS system will semi-automatically control eligibility criteria (scale, sector, foundation year, minimum income, annual sales loss etc.). Some of the controls will be made by MSME Specialist (social security-tax debt, being innovative young firm criterion etc.).

6.2 Reviewing Industry Sector and Technical Aspects of Projects

The technical aspects of the proposed Project, including the project site, environmental issues, community interactions, social issues and labor issues will be reviewed by the assigned E&S personnel of KOSGEB ESMS as per the information provided in the relevant sections of the E&S Assessment /ESDD Form or any other application documents (Commitment Letter, Application Form, E&S Commitment Form etc.).

6.3 Assigning an Environmental and Social Risk Category to the Projects

Projects are categorized by environmental and social risk level based on four factors:

- Industry sector
- Proximity to environmentally sensitive areas
- Potentially irreversible impacts
- Extent of environmental and social issues

In line with the findings of the review of the Project completed in above step an Environmental and Social (E&S) Risk category for the proposed Project is assigned.

E&S risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. This risk classification is as follows:

High Risk: is likely to generate a wide range of significant adverse risks and impacts on human populations or the environment, for example, as a result of its large scale, hazardous nature or the sensitivity of its location, and effective mitigation of some impacts may be not possible or likely.

Substantial Risk: may be less complex, and smaller in scale or in a less sensitive area than a High Risk. Alternatively, it may be complex but be prepared and implemented in an environment where the technical capacity is high, mitigating technology available, and legal frameworks strong so that avoidance or effective mitigation of significant adverse impacts is more likely.

Moderate Risk: is one in which the potential for adverse risks and impacts is not likely to be significant.

Low Risk: is one in which the potential for adverse risks and impacts is minimal or negligible. Following initial screening, these projects will likely require no additional assessment.

Proceeds from the Bank loan will not be used to finance beneficiaries' activities of substantial and/or high E&S risks. Where "High" or "Substantial" risk activities are identified, they are blocked automatically by KBS or by MSME Specialist.

Beneficiaries will not be implementing any subprojects which may have substantial and/or high E&S risks.

An additional categorization will be conducted in line with the assessment of the Beneficiaries workplace hazard class as per the Workplace Hazard Classes List in Annex-1 of the National Communique on Workplace Hazard Classes Associated with OHS.

The categorization will define the monitoring requirements for the Proposed project.

6.4 Conducting Due-Diligence of Projects to Evaluate Environmental and Social Risks

Still at the initial stage of inquiry, project compliance with applicable national laws on environment, health, and safety will be verified. The verification will be done through the relevant sections of the E&S Assessment / ESDD Form.

The verification may consist of a desk review through the relevant sections of the E&S Assessment / ESDD form, and/or review of additional documentation if required, and/or a site visit or may require a full-scale review conducted by a technically qualified consultant.

Any available EIA exemption document will be asked from beneficiaries at this stage.

7 Environmental and Social Monitoring, Reviewing and Reporting

The objective of the E&S monitoring is to help ensure that activities under the Project will:

- Protect human health and safety;
- Prevent environmental degradation as a result of either individual subprojects proposed by beneficiaries or their cumulative effects;
- Enhance positive E&S outcomes; and,
- Ensure compliance with World Bank ESF and Turkish Laws and Regulations.

The assigned category will determine the extent of monitoring of Beneficiaries and the Projects:

- Beneficiaries with “Moderate” E&S risk and “Hazardous” and “High Hazardous” workplaces will be monitored. (Workplace hazard class will be defined as per the Workplace Hazard Classes List in Annex-1 of the National Communique on Workplace Hazard Classes Associated with OHS.) An E&S monitoring form will be designed during due diligence. If nonconformities are detected during the field visits, the Environmental and Social Action Plan (ESAP) will be prepared and shared with the relevant Beneficiary along with mitigation deadlines.
- Beneficiaries with “Low” E&S risk do not require further monitoring.
- “Less Hazardous” workplaces do not require further monitoring.
- In addition to above, field audits will be conducted at the intervals specified in the specific ESCPs for different Projects.

Environmental and social monitoring system starts from the MSMEs’ application phase of the reimbursable support. KOSGEB will monitor the environmental and social impacts of the Project on a regular basis. When KOSGEB notices any problems in ESMS implementation during E&S monitoring, it will inform the relevant MSMEs and agree with them on steps to rectify these problems.

8 Grievance Redress Mechanism (GRM)

The main objective of a Grievance Redress Mechanism (GRM) is to assist to resolve complaints and grievances in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions. Specifically, the GRM:

- Provides affected people with avenues for making a complaint or resolving any dispute that may arise during the course of the implementation of projects;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants; and
- Avoids the need to resort to judicial proceedings.

The grievance mechanism will be regularly reviewed to ensure it is appropriately capturing and closing out the grievances and is fit for purpose. The grievance mechanism will allow community members and other stakeholders to address grievances related to a wide variety of topics such as community health, safety and security and labor related issues.

8.1 KOSGEB’s Grievance Redress Mechanism

The grievance mechanism enables any stakeholder to make a complaint or a suggestion about the way the Project is being implemented. Grievances may take the form of specific complaints for damages/injury, concerns about routine Project activities, or perceived incidents or impacts.

The purpose of the grievance mechanism procedure is to implement a formalized process (identification, tracking and redress) to manage complaints/grievances from beneficiaries and other stakeholders in a systematic and transparent manner that could potentially arise from the Project. The grievance mechanism should ensure adequate access to adequate remedy for affected parties, other interested parties and Vulnerable and Disadvantaged Groups.

KOSGEB is currently maintaining a Grievance Redress Mechanism (GRM) for project beneficiaries and other stakeholders including beneficiaries of the World Bank funded projects. The GRM is based on KOSGEB's existing communication channels and can be extended to cover the World Bank Projects as well. The processes of the GRM are operated through the means of the following grievance mechanisms:

- Application with petition
- Application to CİMER
- Application to KOSGEB Call Center
- Sending direct e-mail to the KOSGEB PIU (to be announced for each Project)

8.1.1 Application with petition

Beneficiaries will report their problems with a petition to the KOSGEB PIU. If the issues stated in the petition require any inspection process (bribery, favoritism, insults, personnel complaints, etc.), the application will be sent to the KOSGEB Guidance and Inspection Board. Applications that do not require the inspection process will be directed to the Directorate with respect to the complaint. The response will be evaluated within the Directorate, and then sent to complainant. The petition regarding the complaint will be kept in the KOSGEB Document Software. In accordance with the law on the use of the right of petition, "Petitioners who are Turkish citizens and foreigners residing in Türkiye are reasoned to respond within thirty days at the latest, as a result of their applications to the competent authorities regarding their wishes and complaints about the public, or the purity of the transaction being made."

8.1.2 Application to CİMER

Presidency's Communication Center (CİMER) is a public relations application that is implemented on receiving and responding to the problems, wishes, demands and complaints of citizens in the fastest way. There are three different ways to express their complaints, suggestions and requests through the CİMER:

- Firstly, an application can be made using the CİMER Application Form on the official website of the Presidency (<https://www.cimer.gov.tr>).
- Their suggestions and complaints can be sent to the Presidency via the CİMER link on the E-Government portal and on the KOSGEB homepage. (<https://www.kosgeb.gov.tr/site/tr/genel/IletisimMerkezi>)
- Phone application can be made with dialing 150.

According to Directorate of Communications of Presidency of the Republic of Türkiye, if the subject of the application to CİMER contains a specific request, complaint or notice, the related institutions have to give a definite positive or negative answer within 30 days. If the subject of the application to CİMER is an information and/or document request in accordance with the Law No. 4982 on the Right to Information, the response time is 15 working days.

The application received is firstly forwarded by the Presidency to the Ministry of Industry and Technology of the Republic of Türkiye. Ministry of Industry and Technology directs the applications related to KOSGEB to the KOSGEB Corporate Communication Directorate. If the issues stated in the application require any inspection process (bribery, favoritism, insults, personnel complaints, etc.), the application is forwarded to the Directorate of Guidance and Inspection by the Corporate Communications Directorate. Applications that do not require an inspection process are directed to the Directorate with respect to the complaint by the KOSGEB Corporate Communications Directorate and the application is answered by the Directorate. The application regarding the person's complaint is kept digitally in the CIMER system. An application may be made to the judicial and administrative judicial authorities regarding the response to the complaint.

8.1.3 Application to KOSGEB Call Center

Beneficiaries will submit their complaints regarding the Project directly to the KOSGEB via dialing KOSGEB Call Center. Applications will be stored digitally in the Help Desk software by the call center personnel.

KOSGEB Call Center (444 1 567), which is active 7/24, will be used to provide information about the Project regarding complaints received, as well as corrective actions.

After the Project becomes effective, a training will be organized for KOSGEB Call Center personnel regarding the complaints and suggestions that may be received upon the Project in order to increase their knowledge about the Project.

8.1.4 Sending Direct e-mail to the KOSGEB PIU

After the Project becomes effective, a project-specific e-mail address will be obtained. This e-mail of the KOSGEB PIU will be added on the KOSGEB website on the World Bank project special page. Anonymous complaints and E&S related grievances will be allowed to be sent to KOSGEB PIU via this e-mail. Complaints filed in this way will be recorded by the KOSGEB PIU.

All these channels will be actively used throughout the life cycle of the Project. KOSGEB PIU will keep a record of all grievances in a grievance log, and is required to work with the Project Management if necessary to resolve grievances. PIU will report grievances to the World Bank periodically throughout the Project. Timeframe for the closure of grievances is summarized in the below Table 1.

Table 1 Timeframe for the Respond and Resolve of Grievances

Methods	Closure Time
Application with petition	<ul style="list-style-type: none"> • Within 60 days according to Turkish Administrative Procedure Law No. 2577
Application to CIMER	<ul style="list-style-type: none"> • Within 30 days for the specific request, complaint or notice according to Directorate of Communications of Presidency of the Republic of Türkiye • Within 15 working days for an information and/or document request in accordance with the Law No. 4982 on the Right to Information
Application to KOSGEB Call Center	<ul style="list-style-type: none"> • Instantly • Within 15 working days for resolving the grievance (only if there is an extra process to address the grievance due to compelling reasons)

Methods	Closure Time
Sending direct e-mail to the PIU	<ul style="list-style-type: none"> • Within 2 working days for responding the grievance • Within 15 working days for resolving the grievance (only if there is an extra process to address the grievance due to compelling reasons)

8.2 Grievance Log

E&S officer(s) within KOSGEB PIU will maintain grievance log to ensure that each complaint has an individual reference number and is appropriately tracked and recorded actions are completed. The log will contain the following information:

- Date of submission
- Content and details of the grievance
- Details of corrective action proposed
- E-mail or phone number of persons submitting the grievance (or anonymous)
- Grievance method (by e-mail, CIMER, KOSGEB call center, petition)
- Date when the proposed corrective action is sent to the grievant (if appropriate)
- Deadline for closure
- Date of closure
- Date when the response is sent to the grievant
- Status (Closed / Open)
- CIMER grievance information (only for CIMER grievances)
 - CIMER No
 - CIMER Grievance Type ((i) Request, (ii) Opinion and Suggestion, (iii) Knowledge Acquisition, (iv) Complaint)

Closing out the grievance occurs after the implementation of the resolution has been verified. Even when an agreement is not reached, or the grievance is rejected, the results will be documented, actions and effort put into the resolution. If the grievance could not be resolved in amicable endeavor, the grievant can resort to the formal judicial procedures. Logging a grievance does not preclude or prevent seeking resolution from an official authority, judicial or other at any time (including during the grievance process) provided by legal framework.

8.3 Grievance Database Reporting

E&S officer(s) within KOSGEB PIU will be in charge of reporting grievance database which will be part of the Regular E&S Monitoring Report in order to assess the performance of the Project GRM. The reporting will contain the following information:

- Project related-grievances (divided by categories)
- Total number of received complaints/inquires (since the beginning of the Project)
- Number of complaints/inquires received during the reporting period
- Open grievances (number and percentage)
- Closed grievances (number and percentage)
- Waiting decision of appeals committee (number and percentage)
- Open grievances more than 30 days (number and percentage)

Annexes

- **Annex 1** National Legislation
- **Annex 2** WBG Requirements
- **Annex 3** Environmental and Social Policy
- **Annex 4** E&S Assessment / ESDD Form for the Projects
- **Annex 5** Exclusion List of the Projects

Annex 1 National Legislation

Key Aspects	Regulations, Standards, Communiques and By-laws
General	Regulation on Environmental Impact Assessment
General	Regulation on Strategic Environmental Assessment
General	Regulation for Starting Up and Opening a Workplace
Environmental License and Permit	Regulation on Environmental Permits and Licenses
Environmental License and Permit	Regulation on Environmental Audit
Air	Regulation on Assessment and Management of Air Quality
Air	Regulation on Control of Industrial Air Pollution
Air	Regulation on Control of Exhaust Gas Emission
Air	Regulation on Monitoring of Greenhouse Gas Emissions
Air	Regulation of Control of Air Pollution Originated from Heating
Air	Regulation on Odor Causing Emissions
Water Supply	Regulation on Water Intended for Human Consumption
Water Supply	Regulation on Water Conservation against Pollution Caused by Nitrates from Agricultural Sources
Water Supply	Regulation on the Quality and Treatment of Water Supplied to Drinking Water
Surface Water and Groundwater	Regulation on Surface Water Quality
Surface Water and Groundwater	Regulation on Monitoring of Surface Water and Groundwater
Surface Water and Groundwater	Regulation on Protection of Groundwater against Pollution and Deterioration
Wastewater	Water Pollution Control Regulation
Wastewater	Regulation on Urban Wastewater Treatment
Wastewater	Regulation on Wastewater Collection and Disposal Systems
Wastewater	Regulation on Pit Opening Where Sewer System Construction is not applicable

Key Aspects	Regulations, Standards, Communiques and By-laws
Storm water	Regulation on Rainwater Collection, Storage and Discharge Systems
Soil	Regulation on Control of Soil Pollution and Contaminated Lands by Point Sources
Soil	Regulation on Use of Domestic and Urban Treatment Sludge in Soil
Noise	Regulation on Assessment and Management of Environmental Noise
Noise	Regulation Related to Noise Emissions by Equipment for Outdoor Use
Noise	Regulation on Protection of Buildings Against Noise
F-gases and ODS	Regulation on Fluorinated Greenhouse Gases
F-gases and ODS	Regulation on Decreasing the Ozone Depleting Materials
F-gases and ODS	Regulation on Monitoring of Greenhouse Gas Emissions
Hazardous Materials Storage	TS EN 12285-1 and TS EN 12285-2
Hazardous Materials Storage	Regulation on Control of Pollution Caused by Hazardous Substances in the Aquatic Environment and Its Surroundings
Hazardous Materials Storage	Regulation on Material Safety Data Sheets on Hazardous Materials and Mixtures
Hazardous Materials Storage	Regulation on Chemicals Record, Evaluation, Perception and Restriction
Hazardous Materials Storage	Regulation on the Transportation of Dangerous Materials on Motorways
Hazardous Materials Storage	Regulation on Safe Transportation of Radioactive Materials
Sustainability, Climate Change and Energy	Regulation on the Environmentally Responsible Design of Energy Related Products
Sustainability, Climate Change and Energy	Regulation on Energy Efficiency Audit
Sustainability, Climate Change and Energy	Regulation on the Improvement of the Energy Sources and the Efficiency in the Energy Usage
Sustainability, Climate Change and Energy	Regulation on Reduction of Sulphur Rates in Certain Types of Fuels
Waste	Regulation on Incineration of Waste
Waste	Regulation on Permanent Organic Pollutants
Waste	Regulation on Control of Excavation Soil, Construction and Demolition Wastes

Key Aspects	Regulations, Standards, Communiques and By-laws
Waste	Regulation on Regular Storage of Waste
Waste	Regulation on Control of Polychlorinated Biphenyls (PCBs) and Polychlorinated Terphenyls (PCTs)
Waste	Regulation on Radioactive Waste Management
Waste	Regulation on Wastes Generated from Radioactive Material Use
Waste	Regulation on Waste Management
Waste	Regulation on the Landfill of Wastes
Waste	Regulation on Control of Packaging Wastes
Waste	Regulation on the Control of Medical Wastes
Waste	Regulation on the Control of Waste Oils
Waste	Regulation on the Control of Waste Batteries and Accumulators
Waste	Regulation on the Control of Waste Tires
Waste	Regulation on the Control of Waste Vegetable Oils
Waste	Regulation on Management of Waste Electrical and Electronic Equipment
Waste	Communique on Recovery of Some Non-Hazardous Wastes
Waste	Regulation on the Control of End-of-Life Vehicles
Waste	Communique on Transportation of Wastes by Highway
Waste	Zero Waste Regulation
OHS	Regulation on Occupational Health and Safety Services
OHS	Regulation on Risk Assessment for Occupational Health and Safety
OHS	Regulation on the Prevention of Major Industrial Accidents and Reducing Their Effects
OHS	Communiqué on Hazard Classes List related to Occupational Health and Safety
OHS	First Aid Regulation

Key Aspects	Regulations, Standards, Communiques and By-laws
OHS	Regulation Concerning the Classification, Packaging and Labelling of Dangerous Substances
OHS	Regulation Concerning the Protection of Workers from Risks Associated with Noise
OHS	Regulation Concerning the Protection of Workers from Risks Associated with Vibration
OHS	Regulation on Management of Dust
OHS	Regulation on Personal Protective Equipment
OHS	Regulation Concerning the Use of Personal Protection Equipment at Workplaces
OHS	Regulation on Emergency Situations in Workplaces
OHS	Regulation on Health and Safety at Construction Works
OHS	Regulation on Health and Safety Conditions Regarding Use of Work Equipment
OHS	Regulation on Health and Safety Regarding Temporary and Time Limited Works
OHS	Regulation on Health and Safety Precautions Regarding Working with Chemicals
OHS	Regulation on Health and Safety Signs
OHS	Regulation on Methods and Principals for Workers Health and Safety Trainings
OHS	Regulation on Protecting Workers from Hazards of Explosive Environments
OHS	Regulation on Prevention and Mitigation of Impacts of Large-Scale Industrial Accidents
OHS	Regulation on Subcontractors
OHS	Regulation on Suspension of Work in Workplaces
OHS	Regulation on Vocational Training of the Employees Working in Dangerous and Highly Dangerous Workplaces
OHS	Communique on Transportation of Wastes by Highway
OHS	Regulation on Classification, Labelling and Package of the Materials and Mixtures
OHS	Regulation on the Protection of Buildings from Fire

Annex 2 WBG Requirements

World Bank E&S Standards		Description and Scope
ESS1	Assessment and Management of Environmental and Social Risks and Impacts	<p>The World Bank requires assessment, management and monitoring of environmental and social risks and impacts of projects supported by the Bank to ensure that projects are environmentally and socially sound and sustainable. The objectives of ESS1 is; (i) to identify, evaluate and manage the environmental and social risks and impacts of the project in a manner consistent with ESSs; (ii) to adopt mitigation hierarchy approach to (a) anticipate and avoid risks and impacts, (b) where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels, (c) once risks and impacts have been minimized or reduced, mitigate, and (iv) where significant residual impacts remain, compensate for or offset them, where technically and financially feasible, (iii) to adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing development benefits and opportunities resulting from the project, (iv) to utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects whenever appropriate, and (v) to promote improved environmental and social performance in ways which recognize and enhance capacity.</p> <p>As per requirements of ESS1, KOSGEB will: (i) conduct an environmental and social assessment of the beneficiaries; (ii) undertake stakeholder engagement and disclose appropriate information in accordance with ESS10; (iii) update the Environmental and Social Commitment Plan (ESCP) if necessary, and implement all measures and actions set out in the legal arrangement including the ESCP; and (iv) conduct monitoring and reporting on the environmental and social performance of the beneficiaries against the ESSs.</p>
ESS2	Labor and Working Conditions	<p>The objectives of ESS2 is to: (i) promote safety and health at work; (ii) promote the fair treatment, nondiscrimination and equal opportunity of project workers; (iii) protect workers including vulnerable workers such as women, persons with disabilities, children (of working age, in accordance with ESS2) and migrant workers, contracted workers, community workers and primary supply workers, as appropriate; (iv) prevent the use of all forms of forced labor and child labor (v) support the principles of freedom of association and collective bargaining of project workers in a manner consistent with national law; and (vi) provide project workers with accessible means to raise workplace concerns. The applicability and scope of application of ESS2 depends on the environmental and social assessment described in ESS1 and the type of employment relationship between the Borrower and the project workers.</p>
ESS3	Resource Efficiency and Pollution Prevention and Management	<p>The objectives of ESS3 is to: (i) promote the sustainable use of resources, including energy, water and raw materials; (ii) avoid or minimize adverse impacts on human health and the environment by avoiding minimizing pollution from project activities; (iii) avoid or minimize project related emissions of short and long-lived climate pollutants; (iv) avoid or minimize generation of hazardous and non-hazardous waste; and (v) minimize and manage the risks and impacts associated with pesticide use. The applicability of ESS3 depends on the environmental and social assessment described in ESS1.</p> <p>ESS3 requirements cover: (i) resource efficiency including energy, water and raw material use; and (ii) pollution prevention and management including management of air pollution, hazardous and non-hazardous wastes, chemicals and hazardous materials, and pesticides.</p>
ESS4	Community Health and Safety	<p>ESS4 addresses potential health, safety, and security risks and impacts on project-affected communities and corresponding responsibility of KOSGEB to avoid or minimize these, with particular attention to vulnerable people. The objectives of ESS4 is to: (i) anticipate and avoid adverse impacts on the health and safety of project-affected communities during the project life cycle from both routine and nonroutine circumstances; (ii) promote quality and safety, and considerations relating to climate change, in the design and construction of infrastructure, including dams;</p>

World Bank E&S Standards		Description and Scope
		<p>(iii) avoid or minimize community exposure to project-related traffic and road safety risks, diseases and hazardous materials; (iv) have in place effective measures to address emergency events; and (v) ensure that the safeguarding of personnel and property is carried out in a manner that avoids or minimizes risks to the project-affected communities. The applicability of ESS4 depends on the environmental and social assessment described in ESS1.</p> <p>ESS4 requirements cover: (i) community health and safety including infrastructure and equipment design and safety (including safety of dams), safety of services, traffic and road safety, ecosystem services, community exposure to health issues, management and safety of hazardous materials, and emergency preparedness and response; and (ii) security personnel.</p>
ESS5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	<p>ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood), or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.</p>
ESS6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	<p>ESS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. Biodiversity is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services.</p>
ESS7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	<p>ESS7 recognizes that Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities have identities and aspirations that are distinct from mainstream groups in national societies and often are disadvantaged by traditional models of development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. Their economic, social, and legal status frequently limits their capacity to defend their rights to, and interests in, land, territories and natural and cultural resources, and may restrict their ability to participate in and benefit from development projects. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they may not always be adequately consulted about the design or implementation of projects that would profoundly affect their lives or communities. This ESS recognizes that the roles of men and women in indigenous cultures are often different from those in the mainstream groups, and that women and children have frequently been marginalized both within their own communities and as a result of external developments, and may have specific needs.</p>
ESS8	Cultural Heritage	<p>ESS8 recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an economic and social asset for development, and as an integral part of people’s cultural identity and practice. ESS8 sets out measures designed to protect cultural heritage throughout the project life cycle</p>
ESS9	Financial Intermediaries	<p>Financial Intermediaries (FIs) are required to monitor and manage environmental and social risks and impacts of the projects they finance. The objectives of ESS9 is to: (i) set out how the FI will assess and manage environmental and social risks and impacts associated with the subprojects it finances; (ii) promote good environmental and social management practices in the subprojects the FI finances; and (iii) promote good</p>

World Bank E&S Standards		Description and Scope
		<p>environmental and sound human resources management within the FI. ESS9 applies to FIs that receive financial support from the Bank including public and private financial services providers.</p> <p>ESS9 requirements cover: (i) environmental and social management system including environmental and social policy, environmental and social procedures, organizational capacity and competency, and monitoring and reporting; and (ii) stakeholder engagement.</p>
ESS10	Stakeholder Engagement and Information Disclosure	<p>Open and transparent engagement between the Borrower and project stakeholders is one of the essential elements of good international practice and effective stakeholder engagement improves the environmental and social sustainability of projects. The objectives of ESS10 is to: (i) establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship with them, in particular project-affected parties; (ii) assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance; (iii) promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle on issues that could potentially affect them; (iv) ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format; and (v) provide project-affected parties with accessible and inclusive means to raise issues and grievances, and allow Borrowers to respond to and manage such grievances. ESS10 applies to all projects supported by the Bank through Investment Project Financing.</p> <p>ESS10 requirements cover the development of a stakeholder engagement framework and/or plan that will define the following; (i) engagement during project preparation including stakeholder identification and analysis, stakeholder engagement plan, information disclosure, and meaningful consultation; (ii) engagement during project implementation and external reporting; (iii) grievance mechanism; and (iv) organizational capacity and commitment.</p>

Annex 3 Environmental and Social Policy



Small and Medium Enterprises Development Organization of Türkiye
Environmental and Social Policy

KOSGEB's overall mission is to increase the shares of SMEs and entrepreneurs in economic and social development to reach an innovative, technological and competitive structure through effective supports and services. Therefore, KOSGEB adopts the following environmental and social policies by aiming to avoid or reduce the negative environmental and social impacts of its activities and to leave a sustainable world for the future generations with a growing environmental awareness. KOSGEB:

- Complies with applicable Turkish and international legal requirements in order to strive for continual improvement in Environmental and Social Management System;
- Aims at supporting enterprises which may have environmental awareness and fully satisfy the environmental and social needs;
- Acknowledges new standards and sets new goals with constant focus on development and continual improvement;
- Plans projects by considering energy efficiency and aims to reduce energy consumption;
- Monitors the environmental and social performance of enterprises with continual improvement approach by developing their capacity;
- Focuses on resource efficiency, avoids wastage and contributes to environmental protection;
- Considers to support sustainable use of resources while undertaking all its activities;
- Respects the values, views and rights of the affected communities and establishes strong, open and fair relationships with affected communities;
- Implements engagement activities and discloses project related information through appropriate and transparent means considering the needs and expectations of related parties;
- Strives for continuous improvement in upholding and respecting human rights through ongoing dialogue with internal and external stakeholders; and
- Respects cultural background of the affected communities and supports enterprises by avoiding impacts on tangible and intangible cultural heritage.

This policy will be examined annually and revised if needed to meet the national and international requirements of the organization. KOSGEB will consistently implement and monitor its Environmental and Social Management System in all activities and ensure that they are in line with this policy.


Erol KENDİRCİ
Vice President

Project Manager of Türkiye Green
Industry Project

March 2023

Annex 4 E&S Assessment / ESDD Form for the Projects

KOSGEB MSME – ENVIRONMENTAL AND SOCIAL RISK ASSESSMENT FORM					Comments
Project Name:		Location:			
Address:			Contact Person and Telephone:		
Industry:	Activity:	Facility Amount and Type:			
Type of Financing (tick x):		New	Extension	Existing	
		E&S Category (High, Medium & Low):			
Date of Site Visit:	Prepared/Updated by:				
	Position:				
Brief Project Description:					
Sector Specific E&S Issues:					
Instructions:					
- Please provide as much information as possible in the 'additional information' section to support the responses provided					
- Please provide a summary of the key issues after completing the questionnaire and include a categorization for the project					
- Please include an action plan if required					
For sector-specific information on E&S risks, please refer to the Environmental and Social Framework and the WBG EHS Guidelines https://projects.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards :					
www.ifc.org/ehsguidelines					

Assessment of Applicable Requirements			Yes	No	N/A	ADDITIONAL INFORMATION (Please provide additional information to support all responses)	Comments
Application Criteria	Requirement						
Exclusion List:	Is the activity on the Exclusion List? Link in the Exclusion List https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/company-resources/ifcexclusionlist						Check against WBG' exclusion list provided in the contract to be signed: No business activities on the WBG Exclusion List are eligible for financing
National Laws: Does the activity comply with National regulatory requirements?	Does the company have proof of valid environmental permits and licenses?						Confirmation and commitment of compliance with National Legislation
Provide List of Licenses and Permits relevant to client business							
Applicable E&S Licenses & Permits	Status – <i>Have this been obtained or not</i>	License/Permit Expiration Date					Confirmation and commitment of compliance with National Legislation
e.g. Water use license							
Etc.							
Incident and accidents reporting that have a potential significant negative impact on the environment affected communities, public or employees							
Prosecutions: Has the Company been prosecuted for any environmental and							If a project has a history of environmental and social incidents, it will not be considered for financing.

social issues in the past 5 years?							
Fines: Has any fine issued to the company regarding any environmental and social issues in the past 5 years?							If a project has a history of environmental and social incidents, it will not be considered for financing.
Accidents/Incidents: Has there been any major accident/incident/spill in the Company in the last 5 years? If yes please described.							If a project has a history of environmental and social incidents, it will not be considered for financing.
Assessment of Environmental and Social Risks and Impacts of the client's business							Comments
1. Assessment and Management of Environmental and Social Risks and Impacts	a. Does the company have an E&S Policy/Management System ? Any system to manage the E&S risks of its business activities						Please refer to the Environmental and Social Framework and the WBG EHS Guidelines:
	b. Please describe the system/procedure in place to identify, assess and manage the potential risks and impacts related to the company's business activities/projects.						

	c. Has the company designated and E&S Officer to manage E&S issues? Please provide the name of the designated employee.					
	d. Does the company have an emergency response plan if applicable?					
2: Review of Labor and Working Conditions	a. How many employees does the company have?					
	b. Does the company have a Human Resource (HR) Policy that is consistent with the requirements of the national labor laws? Please highlight the major policies covered.					Please refer to the Environmental and Social Framework and the WBG EHS Guidelines:
	c. Does the company apply the principle of non-discrimination in the process of hiring, compensation, and terms of employment including to the vulnerable groups of employees?					
	d. Does the company provide its workers with a safe and healthy work environment ?					
	i. <i>Where applicable does the company provide workers with and mandating that workers use personal protective equipment (PPE)?</i>					
	ii. <i>Does the company have occupational health and safety procedures?</i>					
	iii. <i>Does the company track and report on rates of injury, occupational diseases, lost days, and number of work-related fatalities? Please provide recent data.</i>					

	iv. Does the company have training programs in place for workers on occupational health and safety?					
	e. Is the company is involved in harmful child labor or forced labor (including supply chain)?					
	f. Is the company is involved in forced labor (including supply chain)?					
3. Pollution Prevention at the Firm's site	a. Does the company implement measures for improving efficiency in its consumption of energy, water, raw materials and other resources and inputs ?					Please refer to the Environmental and Social Framework and the WBG EHS Guidelines:
	b. Does the company generate any air, liquid or solid waste emissions during construction and/or operational phases? If yes, please provide details .					
	c. Please describe the procedures in place for monitoring air and water emissions . Please provide a copy of any effluent discharge permit issued by the local authorities.					
	d. Does the company have procedures to guide the storage, handling, and disposal of solid wastes (including hazardous waste) emanating from its business? If yes, provide brief details.					
	e. Are the diesel storage tanks fitted with secondary containment bunds ?					
	f. Is there response procedure in place manage spills or accidental discharges?					

4. Community Health, Safety and Security	a. Are there local communities in close proximity to the company’s facilities? Does the company have procedures to address community health, safety and security issues in the context of its operations?					Please refer to the Environmental and Social Framework and the WBG EHS Guidelines:
	b. Does the company have safety procedures in place to deal with hazardous material release, transport and disposal in order to avoid or to minimize exposure of local communities to those materials? Please describe					
	c. Does the company engage armed security personnel to provide security services at their facilities? If so, do the contract provisions include guidelines on how security personnel shall interact with communities in close proximity to the facility?					
5. Land use of the business operations	a. Is there any land acquisition planned/happened for/in the proposed investment?					
	b. Has there been any physical and/or economic displacement as a result of land acquisition for this project?					
6. Biodiversity Conservation and Sustainable Natural Resource Management	a. Does the company’s activities impact on biodiversity ? Has the company minimized impacts and implemented mitigation measures ?					
	b. Does the business operate in a legally protected area ? If yes, confirm that the company has the requisite approvals to operate in such area					

<p>8. Cultural Heritage Issues</p>	<p>b. Is the project located in an area where cultural heritage objects, sites and structures (e.g. artefacts, archeological sites, graves, and sacred forests) can be found?</p>					
<p>10. Stakeholder Engagement and Information Disclosure</p>	<p>a. Please describe the procedures in place to engage with local communities and address community grievances where applicable. (e.g. grievance redress mechanism, stakeholder engagement plan).</p>					
<p>Summary of E&S Issues <i>(Please provide a summary addressing the management of the main E&S issues associated with the client's business)</i></p>						
<p>Corrective Action Plan -<u>This should be included in the facility agreement of the bank with respective MSMEs and monitored for compliance</u></p>						
<p>Issue Identified</p>	<p>Action Required</p>	<p>Completion Date</p>				<p>Actions specified in the Corrective Action Plan must be included in the facility agreement between the PFI and the beneficiary enterprises</p>

Annex 5 Exclusion List of the Projects

ENTERPRISES WHOSE MAIN ACTIVITY CODE IS BELOW CANNOT APPLY FOR THE PROGRAM		
SECTOR	NACE REV2 CODE	
C – Manufacturing Sector	• Production of pesticides and herbicides	20.20.11
	• Production of weapons and munitions	25.40
	• Production of alcoholic beverages	11.01
		11.02
		11.03
		11.04
11.05		
• Production of tobacco	12.00	
G – Wholesale and retail trade; repair of motor vehicles and motorcycles	• Tobacco and tobacco products to brokers that carry out wholesales on a fee or contract basis (including vehicle manufacturers associations)	46.17.03
	• Wholesales of unprocessed tobacco	46.21.04
	• Retail trade of tobacco products in specialized stores	47.26
	• Wholesales of alcoholic beverages	46.34.01
	• Wholesale trade of weapons and ammunition (including pistol, shotgun, etc.)	46.69.05
	• Retail trade of weapon and ammunition in shops assigned to a specific good (excluding sports and hunting purposed ones)	47.78.05
N - Administrative and support service activities	• Renting or leasing of coin-operated gambling machines without an operator	77.39.08