**The Republic of Serbia**

**Catalyzing Long Term Finance**

**through Capital Markets Project**

**(P176069)**

**ENVIRONMENTAL and SOCIAL**

**COMMITMENT PLAN (ESCP)**

**Draft**

**December 3, 2021**

**ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN**

1. The Republic of Serbia (hereinafter the **Borrower**) shall implement the Catalyzing Long Term Finance through Capital Markets Project (the Project), through the Ministry of Finance (MoF) The International Bank for Reconstruction and Development (hereinafter the **Bank**) has agreed to provide financing for the Project.
2. The Borrower shall carry out the Project in accordance with the Environmental and Social Standards (**ESSs**). To this end, this Environmental and Social Commitment Plan (**ESCP**) sets out material measures and actions to be carried out or caused to be carried out by the Borrower including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, grievance management and the environmental and social assessments and instruments to be prepared or updated, disclosed, consulted, adopted and implemented under the ESCP and the ESSs, all in a manner acceptable to the Bank.
3. Implementation of the material measures and actions set out in this ESCP shall be monitored and reported to the Bank by the Borrower as required by the ESCP and the conditions of the Loan Agreement. 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 shall update the ESCP to reflect the agreed-upon changes. Agreement on changes to the ESCP shall be documented through an exchange of letters signed between the Bank and the Borrower. The Borrower shall promptly disclose the updated ESCP.
4. 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.

| **MATERIAL MEASURES AND ACTIONS** | | **TIMEFRAME** | **RESPONSIBLE AUTHORITY** |
| --- | --- | --- | --- |
| **MONITORING AND REPORTING** | | | |
| A | **REGULAR REPORTING**:  Prepare and submit to the Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S documents required under the ESCP, stakeholder engagement activities, functioning of the grievance mechanism(s). | Starting 180 days after the Effective Date and then semi-annually (every 6 months) throughout the Project implementation | MoF Project Implementation Unit (PIU) |
| B | **INCIDENTS AND ACCIDENTS:**  PIU shall 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. Provide sufficient detail regarding the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, as appropriate. Subsequently, as per the Bank’s request, prepare a report on the incident or accident and propose any measures to prevent its recurrence. | Notify the Bank within 48 hours of learning of the incident or accident. MoF shall submit to the Bank an incident report, including RCA, precautions and compensation measures taken, within 30 calendar days. | MoF PIU |
| **ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS** | | | |
| 1.1 | **ORGANIZATIONAL STRUCTURE**:  The Project shall be implemented by the Ministry of Finance as the overall coordinator. Ministry of Finance shall establish and maintain a Project Implementation Unit (PIU) with qualified staff and resources including one environmental and social specialist, to support management of environmental, social, health and safety (ESHS) risks and impacts of the Project during project implementation. | The PIU in MoF shall appoint or engage one environmental and social specialist no later than 30 days after the Effective Date of the Project and shall thereafter retain respective specialist throughout Project implementation. | MoF |
| 1.2 | **ENVIRONMENTAL AND SOCIAL ASSESSMENT**  MoF has prepared a draft Environmental and Social Screening Procedure which has been included in the Project Operational Manual (POM). Ensure that the Environmental and Social Screening Procedure is fully operational and maintained throughout the life of the project. | Finalized Environmental and Social Screening Procedure in form and substance satisfactory to the Bank shall be approved by the Bank no later than 30 days after the Effective Date, and implemented throughout the project. | MoF PIU |
| **ESS 2: LABOR AND WORKING CONDITIONS** | | | |
| 2.1 | **LABOR MANAGEMENT**  The Project shall be carried out in accordance with the applicable requirements of ESS2, in a manner acceptable to the Bank, including through, inter alia, implementing adequate occupational health and safety measures (including emergency preparedness and response measures), setting out grievance arrangements for Project workers, including measures to address sexual harassment (SH and sexual exploitation and abuse (SEA).  Adopt and implement labor management procedures (LMP), which have been prepared prior to the project appraisal, consistent with requirements under national law and ESS2 and ensure that Project workers are informed of and have access to these policies.  MoF shall obligate contractors to implement labor management procedures, in line with Project LMP., | Implement and monitor labor management procedures starting on the Effective Date and thereafter throughout Project, and report through semi-annually (every 6 months) progress reports. | MoF PIU |
| 2.2 | **GRIEVANCE MECHANISM FOR PROJECT WORKERS**  Establish, maintain, and operate a grievance mechanism (GM) for Project workers, as described in the LMP and consistent with ESS2. The GM shall be adapted to receive sexual exploitation and abuse and sexual harassment (SEA/SH) complaints. The GM shall be easily accessible and promptly disclosed to Project workers, in line with ESS2 and national laws.  Contractors shall operate GMs for contracted workers as described in the LMP and consistent with ESS2 and national laws. | Grievance mechanism shall be operational within 30 days following Effective Date and maintained throughout Project implementation.  Contractors shall operationalize GM for contracted workers no later than 30 days after the Signature Date of the contract with MoF.  Report semiannually (every six months) on GM through project progress reports. | MoF PIU |
| 2.3 | **OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES**  Adopt, and implement occupational, health and safety (OHS) measures that are specified in the LMP.  Ensure that contractors implement and maintain OHS measures for contracted workers in line with project LMP.  Monitor that occupational health and safety standards are met at workplaces in line with national occupational health and safety legislation, ESS2 OHS requirements, and WHO and WB guidelines on COVID-19 prevention, all in a manner acceptable to the Bank. | No later than 30 days after the Effective Date and thereafter implement throughout the Project.  No later than 30 days after the Signature Date of the Project and implement throughout the Project.  Throughout Project implementation and report in semi-annual (six months) project progress reports. | MoF PIU |
| **ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT** | | | |
| Not relevant | | | |
| **ESS 4: COMMUNITY HEALTH AND SAFETY** | | | |
| 4.1 | **COMMUNITY HEALTH AND SAFETY:**  Implement community health and safety measures specified in POM, LMP and SEP. | Starting with the Effective Date andimplement throughout the Project implementation; and report in semi-annual (six months) project progress reports. | MoF PIU |
| **ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT** | | | |
|  | Not relevant. | | |
| **ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES** | | | |
|  | Not relevant. | | |
| **ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES** | | | |
|  | Not relevant. | | |
| **ESS 8: CULTURAL HERITAGE** | | | |
|  | Not considered currently relevant. | | |
| **ESS 9: FINANCIAL INTERMEDIARIES** | | | |
|  | Not relevant. | | |
| **ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE** | | | |
| 10.1 | **STAKEHOLDER ENGAGEMENT PLAN**  Adopt and implement the Project Stakeholder Engagement Plan (SEP) consistent with ESS10, which shall include measures to, *inter alia*, provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation - all in a manner acceptable to the Bank. | Finalize disclosed and consulted SEP before the Board approval of the Project, and thereafter implement throughout the Project implementation.  Report on SEP implementation semi- annually (every 6 months) in progress reports. | MoF PIU |
| 10.2 | **GRIEVANCE MECHANISM**  Establish, publicize, maintain, and operate accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in relation to the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10, as described in the SEP.  Assign staff to manage and monitor project grievances, in a manner acceptable to the Bank.  The grievance mechanism(s) shall be equipped to receive, register, and address concerns and grievances related to SEA/SH in a safe, and confidential and survivor-centric manner, including through the referral of survivors to gender-based violence service providers | .  Project GM shall be operational no later than 30 days after the Effective Date of the Project and thereafter implemented throughout the Project implementation.  Report on GM implementation semi- annually (every six months) in progress reports. | MoF PIU |
| **CAPACITY SUPPORT (TRAINING)** | | | |
| CS1 | Training for PIU staff on implementation of ESF and E&S Instruments prepared under the Project | No later than 180 days after the Effective Date of the Project | The World Bank |