**The Republic of Serbia**

**Catalyzing Long Term Finance**

**through Capital Markets Project**

**(P176069)**

**Draft for Negotiations**

**ENVIRONMENTAL and SOCIAL**

**COMMITMENT PLAN (ESCP)**

January 20, 2023

**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.
4. 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.
5. 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 instruments 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 | Ministry of Finance, Financial System Project Implementation Unit (hereinafter “MoFFS”) |
| B | **INCIDENTS AND ACCIDENTS:**  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, *inter alia*, any sexual exploitation and abuse and sexual harassment. 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, including Root Cause Analysis (RCA) report and propose any measures to prevent its recurrence. | Notify the Bank within 48 hours of learning of the incident or accident and submit to the Bank an detailed incident report, including RCA, precautions and measures to remediate it, within 30 calendar days. | MoFFS |
| **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. The Ministry of Finance shall maintain the existing Ministry of Finance, Financial System (MoFFS) Project Implementation Unit (PIU with qualified staff and resources, with experience and qualifications acceptable to the Bank, including one environmental and social specialist to be recruited to support the management of ESHS risks and impacts of the Project during Project implementation. | Appoint or recruit/engage one environmental and social specialist, under the Terms of Reference and experience and qualification acceptable to the Bank, not later than 30 days after the Effective Date of the Project, and thereafter retain the respective specialist throughout Project implementation. | Ministry of Finance |
| 1.2 | **ENVIRONMENTAL AND SOCIAL ASSESSMENT**  MoF has prepared a draft Environmental and Social Procedure (ESP), acceptable to the Bank, which has been disclosed and included in the draft Project Operational Manual (POM). Implement the ESP throughout Project implementation in accordance with ESSs and in a manner acceptable to the Bank.  Prepare, adopt, and implement an Environmental and Social Management Plan (ESMP) checklist, consistent with the relevel ESS1, namely ESS1m ESS2, ESS3 and ESS10. | Submit the ESP to the Bank for its prior review and approval, as part of the final POM, not later than 30 days after the Effective Date. Thereafter implement the ESP throughout Project implementation.  Prior to commencement of retrofitting works. | MoFFS |
| 1.3 | **MANAGEMENT OF CONTRACTORS**  Incorporate the relevant aspects of the ESCP, including, inter alia, the relevant E&S instruments, the Labor Management Procedures, and codes of conduct into the ESHS specifications of the procurement documents and contracts with contractors. Thereafter ensure that the contractors comply with the ESHS specifications of their respective contracts. | Prior to the preparation of procurement documents.  Supervise contractors throughout Project implementation | MoFFS |
| 1.4 | **TECHNICAL ASSISTANCE**  Ensure that the consultancies, studies, capacity building, training, and any other technical assistance carried out under the Project are carried out in accordance with terms of reference that are acceptable to the Bank and incorporate the relevant requirements of the ESSs.  Ensure that any outputs from the technical assistance activities are consistent with the ESSs. | Throughout Project implementation | MoFFS |
| **ESS 2: LABOR AND WORKING CONDITIONS** | | | |
| 2.1 | **LABOR MANAGEMENT**  Carry out the Project 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 and disclosed prior to the Project’s appraisal, consistent with requirements under applicable national law and ESS2 and in a manner acceptable to the Bank, and ensure that Project workers are informed of and have access to these procedures.  Enforce contractors’ compliance with LMP in accordance with ESS2 and in a manner acceptable to the Bank. | Adopt the LMP not later than 30 days after the Effective Date and thereafter, implement and cause contractors to implement the LMP throughout Project implementation, and monitor and report its implementation status through progress reports semi-annually (every 6 months). | MoFFS |
| 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 and respond to 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. | GM shall be operational within 30 days following the Effective Date and maintained throughout Project implementation.  Contractors shall operationalize their respective GMs for contracted workers not later than 30 days after the Signature Date of their respective contracts with the MoF, and report to the MoFSS on its implementation.  MoFFS to report the Bank semi-annually (every six months) on GM status through project progress reports. | MoFFS and contractors |
| 2.3 | **OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES**  Adopt and implement occupational, health and safety (OHS) measures that are specified in the LMP in accordance with ESS2 requirements.  Ensure that contractors adopt, implement and maintain OHS measures for contracted workers in line with the Project LMP.  Monitor to ensure that adequate OHS standards are met at workplaces in line with national OHS legislation, ESS2 OHS requirements, and WHO and WB guidelines on COVID-19 prevention, all in a manner acceptable to the Bank. | Not later than 30 days after the Effective Date and thereafter implement throughout the Project.  Not later than 30 days after the Signature Date of the respective contracts with contractors and implement throughout the Project implementation.  Throughout Project implementation and report to the Bank in semi-annual (six months) project progress reports. | MoFFS and contractors |
| **ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT** | | | |
| 3.1 | The ESP, as part of the POM, to include measures and actions to ensure compliance with energy efficiency (EE) requirements for hardware components, and provisions on e-waste management to ensure compliance with applicable regulations, including the World Bank Groups EHS Guidelines and the EU EE and national requirements and WEEE directive. Implement the ESP throughout the project implementation in accordance with ESSs and in a manner acceptable to the Bank. | Submit the ESP to the Bank for its prior review and approval, as part of the final POM, not later than 30 days after the Effective Date. Thereafter implement the ESP throughout Project implementation. | MoFFS |
| **ESS 4: COMMUNITY HEALTH AND SAFETY** | | | |
| 4.1 | **COMMUNITY HEALTH AND SAFETY:**  Adopt and implement community health and safety measures specified in POM, LMP and SEP, consistent with ESS4 requirements and in a manner acceptable to the Bank. | Not later than 30 days after the Effective Date and throughout the Project’s implementation; and report to the Bank in semi-annual (six months) project progress reports. | MoFFS |
| **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 was disclosed before Project appraisal and consulted upon, and which 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. | Adopt the final SEP no later than 30 days after the Effective Date. Thereafter, implement the SEP throughout the Project’s implementation.  Report to the Bank on SEP implementation semi- annually (every 6 months) in progress reports. | MoFFS |
| 10.2 | **GRIEVANCE MECHANISM**  Establish, publicize, maintain, and operate accessible grievance mechanism (GM), 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-related grievances, in a manner acceptable to the Bank.  The grievance mechanism shall be equipped to receive, register, and address concerns and grievances related to SEA/SH in a safe, confidential, and survivor-centric manner, including through the referral of survivors to gender-based violence service providers. | Operationalize the Project GM not later than 30 days after the Project’s Effective Date and thereafter implement it throughout the Project’s implementation.  Report to the Bank on GM implementation semi-annually (every six months) in progress reports. | MoFFS |
| **CAPACITY SUPPORT (TRAINING)** | | | |
| CS1 | Train MoFFS staff on implementation of ESF and E&S Instruments prepared under the Project. | Not later than 90 days after the Effective Date of the Project, and regularly throughout the Project implementation as new staff join. | In coordination with the Bank |