

**Republic of Uganda
Investment for Industrial Transformation and
Employment (INVITE) – P171607**

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

26/10/2020

1. The Republic of Uganda is planning to implement the Investment for Industrial Transformation and Employment (the *Project*), with the involvement of the following Ministries/agencies/units: Ministry of Finance and Economic Development, the Bank of Uganda, Uganda Development Bank and Private Sector Foundation Uganda. The *International Bank for Reconstruction and Development/International Development Association hereinafter the Bank/the Association* has agreed to provide financing for the Project.
2. *Ministry of Finance Planning and Economic Development* shall ensure that the Private Sector Foundation Uganda and Uganda Development Bank, implements material measures and actions so that the Project is implemented in accordance with the World Bank Environmental and Social Standards (*ESSs*). This Environmental and Social Commitment Plan (*ESCP*) sets out a summary of the material measures and actions.
3. Where the *ESCP* refers to specific plans or other documents, whether they have already been prepared or are to be developed, the *ESCP* requires compliance with all provisions of such plans or other documents. In particular, the *ESCP* requires compliance with the provisions set out in Environmental and Social Management Framework, UDB's Environment and Social Management System (*ESMS*), Stakeholder Engagement Plan (*SEP*), Labor Management Procedures, and where applicable Resettlement Action Plans, will be developed as part of the project concept.
4. The table below summarizes the material measures and actions that are required as well as the timing of the material measures and actions. *Ministry of Finance Planning and Economic Development* is responsible for compliance with all requirements of the *ESCP* even when implementation of specific measures and actions is conducted by the Project Implementation Units in 1. above.
5. Implementation of the material measures and actions set out in this *ESCP* will be monitored and reported to the World Bank by *Ministry of Finance Planning and Economic Development* as required by the *ESCP* and the conditions of the legal agreement, and the Bank will monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. As agreed by the Bank and *Ministry of Finance Planning and Economic Development*, 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, *Ministry of Finance Planning and Economic Development* will agree to the changes with the Bank and will update the *ESCP* to reflect such changes. Agreement on changes to the *ESCP* will be documented through the exchange of letters signed between the Bank and the *Ministry of Finance Planning and Economic Development*. The *Ministry of Finance Planning and Economic Development* will promptly disclose the updated *ESCP*. Depending on the project, the *ESCP* may also specify the funding necessary for completion of a measure or action.
7. Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the *Ministry of Finance Planning and Economic Development* shall provide additional funds, if needed, to implement actions and measures to address such risks and impacts, which may include risks and impacts that are relevant to the Project, such as environmental, health, and safety impacts, labor influx, gender-based violence.

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| <i>Summary of the Material Measures and Actions to Mitigate the Project’s Potential Environmental and Social Risks and Impacts</i> | <i>Timeframe</i> | <i>Responsibility / Authority and Resources/Funding Committed</i> | <i>Date of Completion</i> |
| ESCP Monitoring and Reporting | | | |
| REGULAR REPORTING: The Project Implementation Units (PIUs) shall prepare and submit regular monitoring reports on the implementation of the ESCP. | Quarterly reports throughout project implementation. | MFPED, PSFU and UDB | |
| INCIDENTS AND ACCIDENTS NOTIFICATION: In case of occurrence of an accident, the PIUs shall inform the bank within 24 hours of the occurrence of the incident /accident providing sufficient detail and indicating immediate measures taken to address it. | Within 24 hours of occurrence of the incident of accident | MFPED, PSFU and UDB | |
| SUMMARY ASSESSMENT | | | |
| ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS | | | |
| 1.1 ORGANIZATIONAL STRUCTURE: The Ministry of Finance Planning and Economic Development shall constitute a project team that shall be comprised of the Project Coordinator/ Senior Management representative that shall be accountable for E&S performance. The representative shall be supported by E&S Specialists. In addition, the Project Coordination Unit at the Private Sector Foundation Uganda shall be maintained to provide the overall coordination of | Prior to and maintained throughout project implementation. | MFPED, PSFU and UDB | |

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| | <p>the project. Additionally, PSFU will also designate at least two E&S specialists that shall be responsible for the day to day E&S performance during project implementation.</p> <p>The Environment and Social Coordinator at Uganda Development Bank (UDB) shall be accountable for E&S performance. UDB will also designate at least two E&S specialists that shall be responsible for the day to day E&S performance during project implementation. This is further addressed under ESS9 section of the ESCP.</p> | | | |
| 1.2 | <p>ENVIRONMENTAL AND SOCIAL ASSESSMENT:</p> <p>UDB: Ensure that project sponsors prepare and disclose all risk assessment and management instruments (ESIA/ESMPs, RAPs, ESA etc.) for factories/ structures/ facilities and other infrastructure financed under component 2 in line with relevant national laws, ESMS and WB ESSs</p> <p>PSFU: (i) Prepare and disclose an Environmental and Social Management Framework (ESMF) for project activities under components 3 and 4 that</p> | <p>Ongoing, during implementation</p> <p>Before disbursement</p> | <p>MoFPED and UDB</p> <p>MoFPED and PSFU</p> | |

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| | includes all aspects in Project ESRS including the following: (ii) Prepare an E&S screening tool for grant proposals for component 3 under PSFU (iii) ESMF must adopt UDB’s exclusion list as well as incorporate the following list of additional exclusions under the project: -Activities involving adverse impacts on critical habitats (in line with definitions provided in ESS6) -Activities that would require Free, Prior, and Informed Consent (in line with definitions provided in ESS) -Activities in legally protected cultural heritage areas (in line with definitions provided in ESS8) | | | |
| 1.3 | PERMIT, CONSENTS AND AUTHORIZATIONS: The PIUs shall obtain or assist subproject owners/entities, as appropriate, in obtaining, as appropriate, the permits, consents and authorizations that are applicable to the Project from relevant national authorities. The PIUs shall comply or cause to comply, as appropriate, with the conditions established in | Prior to project implementation | MFPED, PSFU and UDB | |

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| | these permits, consents and authorizations throughout Project implementation. | | | |
| 1.4 | THIRD PARTY MONITORING: An independent individual or firm shall be identified to undertake annual Environmental and Social Audits, intended to complement and verify the monitoring of environmental and social risks and impacts of the Project. | Annually after commencement of project implementation | MFPED, PSFU and UDB | |
| 1.5 | PSFU: Incorporate appropriate environment and social clauses in all legal agreements with between UDB and PFIs to ensure that grant recipients adopt and implement the E&S tools, as appropriate, and develop and/ or strengthen their ESMF, as appropriate. | Ongoing, during implementation | PSFU | |
| 1.6 | PSFU: Conduct quarterly monitoring and reporting on compliance of grant recipients with environmental and social requirements and provide annual E&S reports to the World Bank. | Ongoing, during implementation | PSFU | |

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| ESS 2: LABOR AND WORKING CONDITIONS | | | | |
| 2.1 | LABOR MANAGEMENT PROCEDURES: UDB: Update the existing Human Resources Policy to address identified gaps with ESS2 PSFU: Prepare the Labor Management Plan (LMP) consistent with national legislation and ESS2 that will cover relevant provisions associated with the project components managed by PSFU, as well as refer to UDB’s existing / updated policies and procedures, as appropriate. PSFU: Develop and maintain a grievance redress mechanism (GRM) for direct project workers, including contracted workers as part of the LMP. | Before disbursement Before disbursement | MoFPED and PSFU | |
| 2.2 | GRIEVANCE MECHANISM FOR PROJECT WORKERS: The project GRM shall be developed as part of the ESMF (PSFU) and ESMS (UDB). | Before disbursement | MFPEd, PSFU and UDB | |

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| 2.3 | OHS MEASURES: The PIUs shall develop and implement Occupational, Health and Safety (OHS) mitigation measures for their staff | Prior to project implementation | MFPED, PSFU and UDB | |
| 2.4 | EMERGENCY PREPAREDNESS AND RESPONSE: The PIUs shall prepare an Emergency Preparedness and Response Plan (EPRP) for their staff, to address potential applicable natural and man-made risks | Prior to project implementation and implemented for all project components | MFPED, PSFU and UDB | |
| 2.5 | PROJECT WORKERS TRAINING: Capacity building component shall be included in the ESMS to provide awareness to the PIUs (Project staff) on ESMS. PIUs will also commit to providing training to their clients (further addressed under ESS9 for UDB) | Prior to and during project implementation | MFPED, PSFU and UDB | |
| ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT | | | | |
| 3.1 | UDB: Strengthen resource efficiency and pollution prevention and management measures in the ESMS as well as the instruments and tools to be required from the PFIs as per the E&S Integration Plan. | Prior to sub-project implementation and implemented throughout project life | MoFPED, PSFU and UDB | |

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| | PSFU: Ensure adequate resource efficiency and pollution prevention and management measures in the ESMF. | | | |
| ESS 4: COMMUNITY HEALTH AND SAFETY | | | | |
| 4.1 | COMMUNITY HEALTH AND SAFETY: The PIUs will include in the adequate labor force management, HIV/AIDS, and stakeholder engagement measures (as appropriate) to ensure that specific community health and safety risks and impacts arising from project activities are effectively managed, <i>as follows</i> : <ul style="list-style-type: none"> - UDB will make such measure part of the tools prepared under the E&S Integration Plan - PSFU will include such considerations in the ESMF | Prior to sub-project commencement and maintained throughout project implementation | MFPED, PSFU and UDB | |
| 4.2 | GBV AND SEA RISKS: Where necessary, the PIUs shall conduct GBV risk assessment and develop a GBV/ SEA Action Plan to manage the risks of gender-based violence (GBV) and sexual exploitation and abuse (SEA). | Prior to sub-project commencement | MFPED, PSFU and UDB | |

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| 4.3 | <p>GBV AND SEA RISKS DURING PROJECT IMPLEMENTATION: The PIUs shall commit funds to implement measures to address GBV and SEA risks, and impacts that may arise during Project implementation.</p> <p>UDB: Strengthen the ESMS provisions to mitigate GBV/SEA risks as appropriate as well as the instruments and tools to be required from the PFIs as per the E&S Integration Plan.</p> | <p>Throughout project implementation</p> <p>Before disbursement</p> | MFPED, PSFU and UDB | |
| ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT | | | | |
| 5.1 | <p>LAND ACQUISITION AND RESETTLEMENT:</p> | <p>Before disbursement</p> <p>Before disbursement</p> | <p><i>Private Sector Foundation Uganda and UDB</i></p> | |

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| | <p>The PIUs shall prepare, where feasible, a Resettlement Policy Framework that shall guide the assessment of the expected land acquisition and involuntary resettlement.</p> <p>UDB: Ensure that project finance sponsors prepare and disclose all relevant instruments (RAPs, ARAPs, etc.) for factories/ structures/ facilities and other infrastructure financed under component 2 in line with relevant national laws and WB ESSs</p> | | | |
| 5.2 | <p>RESETTLEMENT PLANS: If the need for the development of a RAP arises, the PIUs will ensure that RAPs consistent with the requirements of RPF and ESS5 and, relevant to national laws, are prepared and implemented by those entities responsible for undertaking involuntary resettlement activities.</p> <p>UDB: Ensure that project finance sponsors prepare and disclose all relevant instruments (RAPs, ARAPs, etc.) for factories/ structures/ facilities and other infrastructure financed under component 2 in line with relevant national laws and WB ESSs</p> | <p>Prior to initiating activities that involve involuntary resettlement</p> <p>Ongoing during implementation</p> <p>Ongoing during implementation</p> | Private Sector Foundation Uganda and UDB | |

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| 5.3 | MONITORING AND REPORTING: The PIUs will develop and implement a monitoring and reporting framework. | Throughout project implementation | Private Sector Foundation Uganda and UDB | |
| 5.4 | GRIEVANCE MECHANISM: The PIUs will develop the Grievance Redress Mechanism. | Prior to commencement of Compensation and Resettlement of PAPs. | Private Sector Foundation Uganda and UDB | |
| ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES | | | | |

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| 6.1 | <p>BIODIVERSITY RISKS AND IMPACTS: Develop and implement measures and actions to assess and manage risks and impacts on biodiversity, including identification of different types of habitat and circumstances in which offsets will be used.</p> <p>UDB: Strengthen measures to protect and conserve biodiversity in the ESMS as well as the instruments and tools to be required from the PFIs as per the E&S Integration Plan</p> <p>PSFU: Ensure adequate measures to protect and conserve biodiversity in the ESMF.</p> | <p><i>Before disbursement</i></p> | | |
| ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES | | | | |

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| 7.1 | <p>VULNERABLE AND MARGINALIZED GROUPS PRESENT OR COLLECTIVELY ATTACHED TO PROJECT AREA:</p> <p>UDB: Prepare and disclose Vulnerable and Marginalized Groups for factories/ structures/ facilities and other infrastructure that might impact Batwas and Iks and financed under component 2 in line with relevant national laws and WB ESSs.</p> <p>The project will exclude activities that would require FPIC – i.e. that would (i) have adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (ii) cause relocation (or have caused relocation) of IP; or (iii) have significant impacts on IP cultural heritage that is material to their identity</p> | <p><i>Before disbursement</i></p> | <p>UDB</p> | |
| 7.2 | <p>VULNERABLE AND MARGINALIZED GROUPS: UDB shall develop a VMGP where vulnerable people are to be affected consistent with ESS7</p> | <p>Prior to sub-project implementation</p> | <p>UDB</p> | |

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| 7.3 | GRIEVANCE MECHANISM: UDB will ensure that the established grievance management committees are accessible to members of the vulnerable and marginalized groups. | Prior to sub-project implementation | UDB | |
| ESS 8: CULTURAL HERITAGE | | | | |

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| 8.1 | <p>CHANCE FINDS:</p> <p>UDB: Incorporate requirements for chance finds procedures in the ESMS and include these considerations in the PFI’s instruments and tools as appropriate with the support of Ministry of Tourism, Wildlife and Antiquities and the Department of Culture and Family Affairs at the Ministry of Gender Labor and Social Development</p> <p>PSFU: Incorporate requirements for chance finds procedures in the ESMF and include these considerations in the PFI’s instruments and tools as appropriate with the support of Ministry of Tourism, Wildlife and Antiquities and the Department of Culture and Family Affairs at the Ministry of Gender Labor and Social Development</p> | Before disbursement | UDB, PSFU | |
| ESS 9: FINANCIAL INTERMEDIARIES | | | | |

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| 9.1 | UDB: ESMS Review and update UDB’s ESMS to reflect all aspects as stated in the Project ESRS including: <ul style="list-style-type: none"> i. changes in the National Environment Act, 2019; ii. integrate specific policies and procedures for financing extended via financial intermediaries; iii. improved stakeholder engagement provisions in line with WB ESS10; iv. E&S Integration Plan (as described below) v. Other thematic areas as specified in this ESCP under other ESSs. | Before disbursement | UDB | |
| 9.2 | UDB: Disclose the full updated ESMS, as well as it’s summary on UDB’s website UDB: Recruit one environmental and one social specialist to UDB’s E&S team | Before disbursement | UDB | |

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| 9.3 | <p>UDB: UDB will ensure that, in addition to its corporate exclusion list already contained in its ESMS, the following activities will be excluded from INVITE financing, both direct from UDB (as relevant) and the PFIs via adequate clauses in UDB's financing agreements with PFIs:</p> <ul style="list-style-type: none"> - Activities involving adverse impacts on critical habitats (in line with definitions provided in ESS6) - Activities that would require Free, Prior, and Informed Consent (in line with definitions provided in ESS) - Activities in legally protected cultural heritage areas (in line with definitions provided in ESS8) | Ongoing, during implementation | UDB | |

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| 9.4 | <p>UDB: Prepare an E&S Integration Plan containing specific provisions for incorporating E&S due diligence, monitoring, and reporting under each INVITE project component (such as E&S provisions for the MSME application web-based platform under component 1, ESMS at the PFI level under component 2).</p> <p>The E&S Integration Plan will contain specific time-bound actions and practical steps for integrating E&S risk management into the activities supported by INVITE, including the specific tools to be integrated into the deal flow for each financial transaction type supported under INVITE (e.g. receivables financing).</p> | Before disbursement | UDB | |
| 9.5 | <p>UDB: Based on the E&S Integration Plan approved by the World Bank, prepare specific tools for implementation by PFIs to screen and mitigate E&S risks in transactions supported by the World Bank and require application of such tools by PFI in the legal agreements between UDB and PFIs related to WB-supported financing under the project.</p> | Before disbursement | UDB | |

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| 9.5 | UDB: Prepare, consult upon, disclose and implement an E&S Capacity Building Plan to include, at a minimum: <ul style="list-style-type: none"> i. assessment of capacity and resources for E&S management by PFIs (once identified) ii. awareness training on E&S requirements and tools under the project for PFIs) and iii. one-on-one support to PFIs on implementation of the required tools. | Before disbursement | UDB | |
| 9.6 | UDB: Incorporate appropriate environment and social clauses in all legal agreements with between UDB and PFIs to ensure that PFIs adopt and implement the E&S tools (including environmental and social clauses in legal agreements) and specific assessment instruments, as appropriate, as per the E&S Integration Plan and develop and/ or strengthen their ESMS, as appropriate. | Ongoing, during implementation | UDB | |

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| 9.7 | UDB: Conduct quarterly monitoring and reporting on compliance of PFIs with environmental and social requirements and provide annual E&S reports to the World Bank. Such reporting will be made possible by mandating that PFIs do routine monitoring of their subprojects, and subsequent reporting to UDB and PSFU to allow for adequate data/information on subprojects. | Ongoing, during implementation | UDB | |
| 9.8 | UDB/PSFU: Commission an annual audit of the implementation of E&S requirements under the project | 12 months from the date of first disbursement | UDB, PSFU | |
| ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE | | | | |

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| 10.1 | SEP PREPARATION: PSFU: Prepare and disclose a Stakeholder Engagement Plan (SEP) cover relevant provisions associated with the project components managed by PSFU, as well as refer to UDB's existing / updated policies and procedures, as appropriate | Before disbursement | MFPED, PSFU and UDB | |
| 10.2 | SEP IMPLEMENTATION: The PIUs shall update and disclose the Stakeholder Engagement Plan to confirm roles and responsibilities of responsible Financial Intermediaries. The PIUs shall subsequently implement the SEP. | Prior to and implemented throughout Project life | MFPED, PSFU and UDB | |
| 10.3 | PROJECT GRIEVANCE MECHANISM: The project GRM will be developed as part of the relevant safeguards instruments to be prepared prior to implementation of the project e.g. the ESIA, VMGP, RAP, etc. | Prior to sub-project implementation and maintained throughout project life. | MFPED, PSFU and UDB | |
| Capacity Support | | | | |
| Specify Training to be provided | | Specify Targeted Groups and Timeframe for Delivery | Specify Training Completed | |
| <ul style="list-style-type: none"> Training to be provided, as well as targeted groups and timeframes, will be specified as part of the E&S Capacity Building Plan as required by this ESRS | | | | |

