

CONFIDENTIAL DRAFT SUBJECT TO FURTHER REVIEW AND APPROVALS

# Ukraine

## Ukraine Agriculture Recovery Emergency Project (P180732)

Draft for Appraisal

### ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

X July 2023

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. Ukraine (Borrower) will implement the Ukraine Agriculture Recovery Inclusive Support Emergency (ARISE) Project (the Project), with the involvement of the Ministry of Agrarian Policy and Food of Ukraine (MAPF) and the Business Development Fund (BDF) as set out in the Loan Agreement and Grant Agreement, respectively. The International Bank for Reconstruction and Development (hereinafter the Bank) and the International Development Association (acting together with the Bank as an administrator of the Ukraine Relief, Recovery, Reconstruction and Reform Multi-Donor Trust Fund) have agreed to provide the financing for the Project, as set out in the referred agreements.
2. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards (ESSs) and this Environmental and Social Commitment Plan (ESCP), in a manner acceptable to the Bank. The ESCP is a part of the Loan Agreement and the Grant Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Borrower shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the Bank.
4. As agreed by the Bank and the Borrower, this ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the Borrower, through MAPF, and the Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the MAPF, represented by the [Minister of Agrarian Policy and Food]. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>MONITORING AND REPORTING</b>			
A	<p><b>REGULAR REPORTING</b></p> <p>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&amp;S instruments required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism(s).</p>	<p>Quarterly reports to the Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the Bank no later than 15 days after the end of each reporting period.</p>	<p>MAPF/BDF</p>
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the Bank of any incident or accident related to the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), and accidents that result in death, serious or multiple injury. Provide sufficient detail regarding the scope, severity, and possible causes of the incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by any contractor and/or supervising firm, as appropriate. Subsequently, at the Bank’s request, prepare a Root Cause Analysis on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Notify the Bank no later than 48 hours after learning of the incident or accident.</p> <p>Provide subsequent report to the Bank within a timeframe acceptable to the Bank throughout Project implementation.</p>	<p>MAPF/BDF</p>
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL STRUCTURE</b></p> <p>a. <b>MAPF shall establish the Project Implementation Unit (PIU)</b> with qualified staff including one environmental and one social specialist and resources to support the management of ESHS risks and impacts of the Project.</p> <p>b. <b>BDF shall establish the Project Implementation Unit (PIU)</b> with qualified staff including one environmental and one social specialist who shall be responsible for the day-to-day implementation of the BDF Environmental and Social Management System (ESMS).</p>	<p>Prior to the Effective Date</p>	<p>a. MAPF</p> <p>b. BDF</p>
1.2	<p><b>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</b></p> <p>a. <b>BDF shall prepare, adopt and implement its own ESMS and shall cause each participating financial institution (PFI) to apply this ESMS through preparing, adopting and implementing its own ESMS</b> ensuring that they identify, assess manage and monitor the environmental and social risks and impacts of the activities that are financed by Agricultural Loans under Credit Program 5-7-9.</p>	<p>a. The BDF shall prepare, disclose, consult upon and adopt its ESMS no later than ninety (90) days after the Effective Date and implement throughout the Project. The BDF shall cause each PFI to apply the ESMS by preparing, adopting and</p>	<p>a. BDF</p> <p>b. MAPF</p> <p>c. MAPF</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>b. <b>MAPF shall prepare, disclose, consult upon, adopt and implement an Environmental and Social Management Framework (ESMF) for the provision of grants under Component 2 consistent with relevant ESSs.</b> The ESMF shall describe potential E&amp;S impacts and mitigation measures for common groups of activities, including preparation of additional site-specific E&amp;S plans (an Environmental and Social Management Plan (ESMP), and/or a simplified ESMP Checklist, a Traffic Management Plan, a Waste Management Plan, etc.), as relevant. The ESMF shall provide a monitoring plan format that includes monitoring indicators, timing, methods, and institutional responsibilities. The ESMF shall include labor management procedures as well as a Code of Conduct addressing the risk of SEA/SH incidents and a grievance process for workers with contact details for service providers. These measures shall also be further included in the Project Operations Manuals (POMs). The ESMF shall provide guidance on the preparation of site-specific Emergency Preparedness and Response Plans which shall cover measures to protect the safety and security of project personnel and nearby communities from war-related hazards and other relevant emergencies, including ERW management procedures, consistent with ESSs.</p> <p>c. <b>MAPF, through the State Fund for Farmers Support, shall cause grant recipients to prepare, disclose, consult upon, adopt, and implement any environmental and social assessments and related management plans</b> or other tools required for the respective Project activities as per the screening process, in accordance with the ESMF and ESSs, in a manner acceptable to the Bank.</p>	<p>implementing an ESMS prior to providing an Agricultural Loan under Credit Program 5-7-9.</p> <p>b. Prepare, disclose, consult upon and adopt the ESMF not later than ninety (90) days after the Effective Date of the Loan Agreement and Grant Agreement and thereafter implement it throughout Project implementation.</p> <p>c. MAPF shall require beneficiaries to submit appropriate assessments and plans in line with the EMSF prior to grant approval.</p>	
1.3	<p><b>ACTIVITIES SUBJECT TO RETROACTIVE FINANCING</b></p> <p>An audit will be undertaken based on representative sample of issued loans to confirm systems for screening and management of corrective actions to address environmental and social risks and inform the development of BDF ESMS.</p>	Before disbursement of retroactive financing	BDF
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b>	a. Same timeframe as Section 1.2.a above	BDF

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<b>The BDF shall review their respective HR policies for consistency with ESS2 and apply measures to strengthen its Labor Management Procedures (LMP) and Worker Grievance Mechanism (GM) where necessary and include these in its ESMS and shall cause each PFI to review their HR policies for consistency with ESS2 and apply measures to strengthen their LMP and Worker GM where necessary and include these in their ESMS. This shall include codes of conduct to prevent and manage incidents of SEA/SH and OHS and emergency preparedness measures relevant to risks associated with the current national emergency.</b>		
2.2	<b>The MAPF shall adopt and implement the LMP for the Project as part of the ESMF</b> including, inter alia, provisions on working conditions, management of workers relationships, occupational health and safety (including personal protective equipment, and emergency preparedness and response), code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers, and applicable requirements for contractors, subcontractors, and supervising firms, all in accordance with the applicable requirements of ESS2 and the ESSs. These measures shall be further included in the MAPF OM.	Same timeframe as under Section 1.2.b. above.	MAPF
2.3	<b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> The MAPF and BDF to each establish, maintain, and operate an accessible GM for Project workers described in the LMP and consistent with ESS2.	Establish GM and include in LMP and thereafter maintain and operate throughout Project implementation.	MAPF/BDF
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.2	<b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b> <b>The MAPF ESMF and BDF ESMS, and the corresponding PFI ESMS will screen</b> activities and include relevant measures in assessment and management plans, where necessary. Report on implementation of the measures as part of periodic monitoring reports.	Throughout Project implementation.	MAPF/BDF
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	<b>COMMUNITY HEALTH AND SAFETY</b> <b>a. The MAPF ESMF and BDF ESMS, and the corresponding PFI ESMS will screen</b> activities and include relevant measures in assessment and management plans, where necessary. <b>b. The MAPF ESMF and BDF ESMS and corresponding PFI ESMS shall include war-hazard emergency preparedness and response guidelines (EPRG)</b> for Selected Beneficiaries describing relevant hazards, available mitigation measures and framework for developing an emergency preparedness and response plan for times of war.	<b>a.</b> Throughout Project implementation. <b>b.</b> The MAPF/BDF shall prepare and include in its ESMF/ESMS no later than ninety (90) days after Effective Date and implement throughout the Project. The BDF shall cause each PFI to prepare and include EPRG in its ESMS prior to providing an Agricultural Loan under Credit	MAPF/BDF

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
		Program 5-7-9	
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
	Not relevant	Not relevant	Not relevant
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
6.1	<p><b>BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b></p> <p>The MAPF ESMF and BDF ESMS and corresponding PFI ESMS will include provisions for screening for potential adverse impacts on biodiversity and those having such impacts on critical habitats or ecosystems will be excluded from consideration under this Project</p>	Throughout Project implementation.	MAPF/BDF
6.2	<p>The MAPF ESMF and BDF ESMS and corresponding PFI ESMS will also provide guidance on appropriate agricultural practices consistent with requirements of ESS6 on effective use of natural resources, pollution prevention and vegetation clearance timing, and relevant measures will be included in management plans as needed.</p>	Throughout Project implementation.	MAPF/BDF
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
	Not relevant	Not relevant	Not relevant
<b>ESS 8: CULTURAL HERITAGE</b>			
	Not relevant	Not relevant	Not relevant
<b>ESS 9: FINANCIAL INTERMEDIARIES</b>			
9.1	<p><b>ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)</b></p> <p>The BDF shall and shall cause each PFI to develop, maintain, and implement an ESMS to identify, assess, manage, and monitor the environmental and social risks and impacts of Interest Rate Compensation and activities associated with Agricultural Loans. Each ESMS shall include, inter alia, the following elements:</p> <ul style="list-style-type: none"> <li>• Identification of the Interest Rate Compensation and activities associated with Agricultural Loans as well as Selected Beneficiaries that may receive support from the Project.</li> <li>• An environmental and social policy endorsed by BDF/PFI senior management.</li> <li>• An exclusion list with the activities and types of Sub-projects that are not eligible for financing.</li> <li>• Clearly defined procedures for identification, assessment and management of the E&amp;S risks and impacts of Agricultural Loans activities including for (i) screening against the WBG Exclusion List and the national E&amp;S laws of Ukraine; (ii) screening, reviewing, and categorizing the activities according to their potential environmental and social risks and impacts within the defined eligibility criteria for the Agricultural Loan financing; (iii) applying any relevant requirement of the ESSs</li> </ul>	<p>The BDF ESMS prepared and adopted in ninety (90) days after the project Effective Date and adopted prior to providing an Agricultural Loans under Credit Program 5-7-9. Once established, maintain and implement the ESMS throughout Project implementation.</p> <p>BDF shall cause each PFI to apply the ESMS through preparing, adopting and implementing individual ESMS prior to providing an Agricultural Loans under Credit Program 5-7-9 . Once established, maintain and implement the ESMS throughout Project implementation.</p>	BDF

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>through the use of environmental and social assessments and plans where necessary; and (iv) monitoring any corrective actions proposed for the activity. Any necessary assessments and plans shall be prepared and implemented by Agricultural Loans recipients after review and approval by PFIs and BDF.</p> <ul style="list-style-type: none"> <li>• An organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities</li> <li>• Monitoring and reporting of environmental and social performance of Agricultural Loans activities and the effectiveness of the ESMS.</li> <li>• Incidents and accidents notification and subsequent reporting requirements.</li> <li>• An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner.</li> </ul> <p><b>The BDF shall review each PFI ESMS for consistency with the BDF ESMS and with ESS9 requirements.</b> If a PFI already has a corporate ESMS, it shall be reviewed and strengthened by the PFI in collaboration with the BDF as needed to ensure consistency with ESS9 and the BDF Bank-approved ESMS.</p> <p><b>The BDF and each PFI shall disclose a summary of each of the elements of their ESMS</b> through their relevant websites.</p> <p><b>The BDF shall report to the Bank</b> quarterly on the performance of Selected Beneficiaries. The BDF shall conduct prior review for an initial set of Agricultural Loan activities and thereafter conduct supervision spot checks for a number of Agricultural Loans activities as described in the BDF Operations Manual.</p>	<p>BDF shall provide quarterly reports on beneficiary performance.</p>	
<p>9.2 <b>EXCLUSIONS</b></p> <p>Eligibility criteria and an exclusion list will be determined in consistency with the ESS9 requirements and will apply to all forms of Project financial support. An exclusion list will be included in the ESMS detailing the range of activities ineligible for financing.</p> <p>The following type of activities shall not be eligible for finance under the Project:</p> <ol style="list-style-type: none"> <li>a. Any activities located in protected areas, critical and non-critical habitats or culturally or socially sensitive areas recognized under national regulations (i.e., on natural areas protected by the state, core areas of ecological network, national register of monuments, Emerald sites etc.)</li> <li>b. Any activities that use or risk polluting waters of international waterways, including the Rivers Danube, Dnieper, Dniester and others. Large scale irrigation systems and activities involving discharging waste waters directly in the</li> </ol>	<p>Apply an exclusion list included in the ESMS as part of the screening processes conducted under action 1.2.a above. Screen Agricultural Loan applicant activities before determining whether they are eligible to receive Agricultural Loans.</p>	<p>BDF</p>

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>international waterways, abstraction or diversion of international waters, Sub-Projects related to discharging waste materials in a location that could impact on international waters, construction of any dams that might affect international waters hydrological regime, etc. (Ref.: OP/BP 7.50 Projects on International Waterways).</p> <ul style="list-style-type: none"> <li>c. Any investments related to wood harvesting and/or those that might have impacts on forest health.</li> <li>d. Purchasing restricted pesticides listed as [1], “Ia, Ib or II of WHO Toxicity Class” [2] and/or “EU Banned or Severally Restricted”</li> <li>e. Production and processing of Genetically Modified Organisms (GMOs);</li> <li>f. Any activities that may cause permanent or temporary physical or economic displacement of owners or users of any plot of land resulting in loss of or damage to assets including standing crops, structures or other improvements to the land. Any purchase of land using Agricultural Loans will occur on a willing buyer-willing seller basis as demonstrated by legal transaction records on fully registered and notarized private land where the absence of dispute over ownership or use has been confirmed through screening of Agricultural Loan applications by PFIs in accordance with their ESMS.</li> <li>g. Any activities screened as involving significant risks to labor rights, health and safety of employees, and harmful child or forced labor, reported or significant concern for sexual exploitation and abuse or sexual harassment</li> <li>h. The BDF shall also not support any other types of Sub-projects that are specified in the IFC Exclusion List.</li> </ul>		
<p>9.3 <b>FI ORGANIZATIONAL CAPACITY</b> The BDF shall establish and shall cause each PFI to establish and maintain an organizational capacity and competency for implementing each ESMS with clearly defined roles and responsibilities including a trained E&amp;S focal point.</p>	<p>The BDF to confirm capacity in place at PFI for each ESMS prepared and adopted prior to providing an Agricultural Loans under Credit Program 5-7-9. and monitor maintenance of capacity.</p> <p>BDF to maintain its own organizational capacity throughout Project implementation</p>	<p>BDF</p>
<p>9.4 <b>SENIOR MANAGEMENT REPRESENTATIVE</b> The BDF shall designate and shall cause each PFI to designate a senior management representative to have overall accountability for environmental and social performance of 5-7-9 credit program and associated loans that receive support from the Project.</p>	<p>Confirm representative designated at PFI for each ESMS prepared and adopted prior to providing an Agricultural Loans under Credit Program 5-7-9.</p>	<p>BDF</p>
<p><b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b></p>		



MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <p><b>a. MAPF</b> shall adopt and implement a Stakeholder Engagement Plan (SEP) for the Project, 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.</p> <p><b>b. The BDF and each PFIs ESMS will include guidelines for developing and implementing their own external communications mechanisms</b> where necessary to enable beneficiaries and those who believe that are adversely impacted by the Project or Credit Program 5-7-9 activities to submit complaints, feedback, inquiries, and suggestions. These may involve a range of issues including those related to child and forced labor, health and safety of workers, workplace harassment. The mechanisms should allow submission of anonymous grievances.</p>	<p>a. Adopt SEP no later than thirty (30) days after the Effective Date and thereafter implement the SEP throughout Project implementation</p> <p>b. Guidelines for external communications mechanisms included in the BDF ESMS no later than ninety (90) days after effectiveness and BDF shall cause PFIs to include guidelines in each ESMS prior to providing an Agricultural Loan under Credit Program 5-7-9</p>	<p>a. MAPF</p> <p>b. BDF</p>
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p><b>MAPF and BDF</b> to each establish, publicize, maintain, and operate an accessible 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.</p> <p>The GM shall be equipped to receive, register, and facilitate the resolution of SEA/SH complaints, including through the referral of survivors to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centred manner.</p>	<p>Establish the GM no later than thirty (30) days after Effective Date and thereafter operate and maintain throughout Project implementation.</p>	<p>MAPF/BDF</p>
<b>CAPACITY SUPPORT</b>			
CS1	<p><b>BDF shall develop a training plan for PFIs</b>, with adequate budget, providers and timeframe. Training will be required for PFI staff on:</p> <ul style="list-style-type: none"> <li>• Screening and risk classification for Agricultural Loans and associated activities</li> <li>• Monitoring and reporting on environmental and social performance of Credit Program 5-7-9 activities and ESMS effectiveness</li> <li>• Stakeholder mapping and engagement</li> <li>• Occupational health and safety</li> <li>• Labor working conditions and associated inspections</li> </ul>	<p>MAPF/BDF shall deploy E&amp;S specialists to develop and implement the training plan for PFIs prior to providing an Agricultural Loan under Credit Program 5-7-9.</p>	<p>MAPF/BDF</p>

