

**Small And Medium Enterprise Development
Organization of Türkiye
TÜRKİYE GREEN INDUSTRY PROJECT**

(P179255)

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

Negotiated

April 28, 2023

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Small And Medium Enterprise Development Organization of Türkiye, also known as *Küçük Ve Orta Ölçekli İşletmeleri Geliştirme Ve Destekleme İdaresi Başkanlığı* or KOSGEB (hereinafter the **Borrower** or **KOSGEB**) will implement **Part 1 and Part 2** of the Türkiye Green Industry Project (**KOSGEB's Respective Parts of the Project**), as set out in the Loan Agreement. For the purposes of this ESCP, KOSGEB's Respective Parts of the Project apply only to Part 1 of the Project. The International Bank for Reconstruction and Development hereinafter the Bank has agreed to provide financing for the Project, as set out in the referred Loan Agreement.
2. KOSGEB shall ensure that KOSGEB's Respective Parts of 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 World Bank. The ESCP is a part of the Loan 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 KOSGEB 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 KOSGEB's Respective Parts of 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 World Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the World Bank.
4. As agreed by the World Bank and the KOSGEB, this ESCP will be revised from time to time if necessary, during the implementation of the KOSGEB's Respective Parts of the Project, to reflect adaptive management of Project changes and unforeseen circumstances or in response to the performance of KOSGEB's Respective Parts of the Project. In such circumstances, KOSGEB and the World Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and the KOSGEB Vice President authorized for the Project. KOSGEB shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
MONITORING AND REPORTING			
A	REGULAR REPORTING		
	(i) Prepare and submit to the World 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, and functioning of the grievance mechanism(s).	Submit six-monthly reports to the World Bank throughout Project implementation, commencing after the Effective Date of the Loan. Submit each report to the World Bank no later than 15 days after the end of each reporting period.	KOSGEB Project Implementation Unit (PIU)
	(ii) Submit to the Bank the first ten (10) Environmental and Social Due Diligence (ESDDs) conducted for the first ten (10) SMEs selected for reimbursable financing support.	(ii) Submit to the World Bank the first ten (10) ESDDs for review no later than ninety (90) days after the Effective Date.	KOSGEB PIU
	(iii) Submit to the Bank the first ten (10) Environmental and Social Due Diligence (ESDDs) conducted for the first ten (10) Solar Energy Investments by Industrial SMEs under component 1.1	(iii) Submit to the World Bank the first ten (10) ESDDs of solar energy investments by industrial SMEs for a No Objection approval prior to commencement of construction.	KOSGEB PIU
	(iv) Submit ESDDs for the largest 15 amounts by SMEs proposed to receive reimbursable grant support under the Project.	(iv) On a six-monthly basis, submit to the Bank for review the ESDDs for the largest 15 amounts by SMEs approved to receive reimbursable grant support under the Project throughout the Project implementation.	KOSGEB PIU
B	INCIDENTS AND ACCIDENTS		

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>Promptly notify the World Bank of any incident or accident related to KOSGEB's Respective Parts of 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.</p> <p>Subsequently, at the World Bank's request, prepare a report on the incident or accident, including Root Cause Analysis (RCA) report and propose any measures to address it and prevent its recurrence.</p>	<p>Notify the World Bank no later than 48 hours after learning of the incident or accident.</p> <p>Provide subsequent report to the World Bank, including RCA, precautions and measures to remediate the incident or accident, no later than thirty (30) calendar days following the occurrence of the incidence .</p>	KOSGEB PIU
C	<p>ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)</p> <p>Develop and implement an ESMS which includes a procedure for screening, monitoring and reporting of moderate and low risk activities of the KOSGEB Reimbursable Financing support beneficiary firms in line with World Bank's ESS 9.</p>	An ESMS, in form and substance acceptable to the Bank shall be developed, and adopted no later than thirty (30) days after the Effective Date.	KOSGEB PIU
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Establish and maintain a PIU with qualified staff and resources to support management of ESHS risks and impacts of KOSGEB's Respective Parts of the Project including one environmental, one social and one occupational health and safety specialist.</p>	Establish and maintain a PIU, as set out in the Loan Agreement. Hire or appoint one environmental, one social and one occupational health and safety specialist, under the Terms of Reference and qualifications acceptable to the World Bank, no later than thirty (30) days after the Effective Date, and thereafter maintain these positions throughout the implementation of KOSGEB's Respective Parts of the Project.	KOSGEB
1.2	ENVIRONMENTAL AND SOCIAL ASSESSMENT		KOSGEB PIU

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>KOSGEB shall develop, disclose, maintain and implement a satisfactory ESMS, in line with the requirements of ESS9, that is acceptable to the World Bank. The ESMS shall include documents and procedures to ensure that its KOSGEB Reimbursable Financing support activities are, in the opinion of the Bank, compliant with the WBG Exclusion List, relevant national laws as confirmed by the Bank, and the Environmental and Social Standards.</p> <p>As part of its KOSGEB Reimbursable Financing support approval process, KOSGEB shall conduct E&S due diligence review of each beneficiary SME in line with the Exclusion List, relevant national laws as confirmed by the Bank, ESSs and eligibility criteria for all potential investments and, where applicable, E&S action plans (ESAP) that shall be developed to address identified gaps following the due diligence review. These reviews shall be conducted by ESMS-trained, SME experts in provincial directorates based on the declarations provided by the SME beneficiaries of the KOSGEB Reimbursable Financing support.</p> <p>KOSGEB shall present to the Bank for prior review the initial set of ten (10) ESDDs of beneficiaries selected by KOSGEB for reimbursable grant support financing, and ten (10) for solar energy investments under component 1.1 and thereafter during project implementation conduct supervision spot checks of E&S documents of selected MSE beneficiaries of reimbursable support financing.</p>	<p>ESMS, in form and substance acceptable to the Bank, shall be prepared, disclosed and adopted no later than thirty (30) days after the Effective Date, and implemented throughout KOSGEB’s Respective Parts of the Project.</p> <p>Where applicable, ESAP documents addressing World Bank ESSs acceptable to World Bank shall be prepared prior to KOSGEB Reimbursable Financing support is approved by KOSGEB for an individual SME beneficiary.</p> <p>Throughout Project implementation.</p>	
<p>1.4 TECHNICAL ASSISTANCE</p> <p>Ensure that the consultancies, studies (including feasibility studies, if applicable), capacity building, training, and any other technical assistance activities under KOSGEB’s Respective Parts of the Project are carried out in accordance with terms of reference acceptable to the World Bank, that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.</p>	<p>Throughout Project implementation.</p>	<p>KOSGEB PIU</p>
<p>ESS 2: LABOR AND WORKING CONDITIONS</p>		

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>2.1 LABOR MANAGEMENT PROCEDURES</p> <p>Adopt and implement the Labor Management Procedures (LMP) for KOSGEB's Respective Parts of the Project, including, <i>inter alia</i>, 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 and subcontractors. Ensure that Project workers are informed of and have access to these procedures.</p>	<p>Adopt the LMP no later than thirty (30) days after the Effective Date; thereafter implement the LMP throughout the implementation of KOSGEB's Respective Parts of the Project and monitor and report its implementation status through progress reports semi-annually (every 6 months).</p>	<p>KOSGEB PIU</p>
<p>2.2 GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Establish and operate a grievance mechanism (GM) for Project workers, as described in the LMP in line with national laws 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.</p>	<p>Establish grievance mechanism prior engaging Project workers, and no later than thirty (30) days after the Effective Date; thereafter maintain and operate it throughout implementation of KOSGEB's Respective Parts of the Project and report its implementation status through progress reports semi-annually (every 6 months).</p>	<p>KOSGEB PIU</p>
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT		
<p>3.1 RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>As part of the E&S due diligence (ESDD) to be conducted for each beneficiary SME firm of KOSGEB Reimbursable Financing support by KOSGEB under action 1.2 above, ESS3 shall be applied within the scope of KOSGEB's ESMS as relevant.</p>	<p>Where assessed as relevant, ESS3 shall be assessed as part of the ESDD of each SME beneficiary of KOSGEB Reimbursable Financing support, and ESAPs shall be developed to address identified gaps prior to KOSGEB's approval to extend Reimbursable Financing to an SME. This shall be implemented throughout Project implementation.</p>	<p>KOSGEB PIU</p>
ESS 4: COMMUNITY HEALTH AND SAFETY [

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
4.1	<p>COMMUNITY HEALTH AND SAFETY</p> <p>As part of the E&S due diligence (ESDD) to be conducted by KOSGEB for each beneficiary SME firm of KOSGEB Reimbursable Financing support under action 1.2 above, ESS4 shall be applied within the scope of KOSGEB's ESMS, as relevant.</p>	Where assessed as relevant, ESS4 shall be assessed as part of the SME beneficiary's ESDD, and ESAPs shall be developed to address identified gaps prior to KOSGEB's approval of KOSGEB Reimbursable Financing support to the SME. This shall be implemented throughout Project implementation.	KOSGEB PIU
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT [
5.1	Not Relevant to KOSGEB's Respective Parts of the Project		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	<p>BIODIVERSITY RISKS AND IMPACTS</p> <p>Not Relevant to KOSGEB's Respective Parts of the Project</p>		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
7.1	Not Relevant to KOSGEB's Respective Parts of the Project		
ESS 8: CULTURAL HERITAGE			
8.1	<p>CULTURAL HERITAGE RISKS AND IMPACTS</p> <p>Not Relevant to KOSGEB's Respective Parts of the Project</p>		
ESS 9: FINANCIAL INTERMEDIARIES			
9.1.	<p>As part of its KOSGEB Reimbursable Financing support approval process and within its existing KOSGEB Reimbursable Financing support financing approval framework, KOSGEB shall develop and implement an E&S management system (ESMS) that is acceptable to the Bank. The ESMS, commensurate to the E&S risks of its KOSGEB Reimbursable Financing support activities, shall include a process with the following key elements:</p> <ul style="list-style-type: none"> (a) An overall strategy and policy commitment; (b) Environmental and Social Procedures with respect to the principles below: <ul style="list-style-type: none"> a. Screening all SMEs proposed for KOSGEB Reimbursable Financing support against any Excluded Activities list set forth in the Loan Agreement and as may be further detailed in the Project Operations Manual. b. Screen, review, and categorize all SMEs proposed for KOSGEB Reimbursable Financing according to their potential environmental 	<p>An ESMS, in form and substance acceptable to the Bank, shall be developed, and adopted no later than 30 days after the Effective Date.</p> <p>KOSGEB will disclose through its website, and permit, in writing, the Bank to disclose on the Bank's website, a summary of each of the elements of its ESMS</p>	KOSGEB PIU

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>and social risks and impacts including conducting Environmental and Social Assessment (ESIAs) of supported activities as required by national laws of Türkiye.</p> <p>c. Require that all SMEs proposed for KOSGEB Reimbursable Financing are checked, prepared, and ready to implement relevant national laws and the World Bank ESSs relating to environmental and social requirements.</p> <p>d. Ensure that the measures needed to satisfy the requirements of (c) above are set out in the KOSGEB Reimbursable Financing Agreement between KOSGEB and each SME beneficiary of KOSGEB Reimbursable Financing support under KOSGEB’s Respective Parts of the Project.</p> <p>e. Monitor, maintain, and regularly update environmental and social information on each SME beneficiary of KOSGEB Reimbursable Financing support under KOSGEB’s Respective Parts of the Project.</p> <p>f. Monitor the environmental and social risk of the World Bank supported portfolio.</p> <p>(c) Organizational Capacity and Competency – KOSGEB shall hire/assign experienced staff including one environmental, one social and one occupational health and safety expert.</p> <p>(d) Provide adequate training and capacity building support for its staff responsible for implementation of the ESMS.</p>		
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE		
<p>10.1 STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</p> <p>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>Adopt the SEP no later than thirty (30) days after the Effective Date; thereafter implement the SEP throughout Project implementation, and report its implementation status through progress reports semi-annually (every 6 months).</p>	<p>KOSGEB PIU</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>Establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in relation to KOSGEB's Respective Parts of the Project, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all respective Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10.</p> <p>The grievance mechanism 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-centered manner.</p>	Establish and publicize the grievance mechanism no later than thirty (30) days after the Effective Date; thereafter maintain and operate the mechanism throughout Project implementation, and report its implementation status through progress reports semi-annually (every 6 months).	KOSGEB PIU
CAPACITY SUPPORT			
CS1	KOSGEB PIU staff to be trained on the environmental and social risk management in the financial intermediary type of operation.	No later than ninety (90) days after the Effective Date.	KOSGEB PIU in collaboration with the World Bank.