

The Argentine Republic/Banco de Inversión y Comercio Exterior (BICE)

Access to Sustainable Finance for Micro, Small and Medium Enterprises Project (P180456)

Draft Version

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

May 16, 2023.

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Argentine Republic (the Borrower) will implement the Access to Sustainable Finance for Micro, Small and Medium Enterprises Project (the Project), with the involvement of the Bank of Investment and Foreign Commerce of Argentina (BICE, *Banco de Inversión y Comercio Exterior*), as set out in the Loan Agreement. The International Bank for Reconstruction and Development (the Bank) has agreed to provide financing for the Project, as set out in the referred agreement.
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. 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 the Project Implementing Entity, and the Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and BICE's International Relations and Sustainability Chief. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING</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&S instruments required under the ESCP, the functioning of BICE’s Environmental and Social Management System (BICE’s ESMS), stakeholder engagement activities, functioning of the grievance mechanism(s) and the Project’s Operational Manual (POM).</p>	<p>Submit six-monthly reports to the Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the Bank no later than forty-five (45) days after the end of each reporting period.</p>	BICE
B	<p>PARTICIPATING FINANCIAL INTERMEDIARIES (PFIs) REPORTS</p> <p>BICE shall request Eligible Participating Financial Intermediaries (PFI) to prepare and submit reports on ESHS performance of activities supported under Part 2 of the Project, including the operation of the respective Eligible PFI ESMS (PFI ESMS), according to the format set forth in the POM.</p>	<p>BICE shall require Eligible PFIs to furnish six-monthly progress reports not later than thirty (30) days after the end of each calendar semester. These reports shall be provided to the Bank, at the request of the Bank. This requirement shall be included in the respective PFI Financing Agreement.</p>	BICE
C	<p>INCIDENTS AND ACCIDENTS</p> <p>Promptly notify the Bank 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, <i>inter alia</i>, 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 incident or accident, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by the Eligible PFIs, as appropriate.</p> <p>Subsequently, at the Bank's request, prepare a report on the incident or accident and propose measures to address it and prevent its recurrence.</p>	<p>Notify the Bank no later than forty-eight (48) hours after learning of the incident or accident. A subsequent report shall be provided within a period acceptable to the Bank, as requested.</p> <p>The requirement for Eligible PFIs to report incidents and accidents shall be included in the respective PFI Financing Agreement.</p>	BICE

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>BICE shall request Eligible PFIs to report any incident or accident that occur in their portfolio of activities that receive financing under the Project. The report will be prepared with the minimum requirements set forth in the POM.</p>		
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS		
<p>1.1 ORGANIZATIONAL CAPACITY FOR BICE AND ELIGIBLE PFIS</p> <p>a) Establish and maintain a Project Coordination Team (PCT) responsible, <i>inter alia</i>, for preparing and implementing BICE’s ESMS and for coordinating the management of the environmental and social aspects of the Project in accordance with the provisions of the Loan Agreement and this ESCP. The PCT shall be comprised, among others, by:</p> <ul style="list-style-type: none"> • A senior representative who will assume the overall responsibility for coordinating the management of the environmental and social aspects of the Project. • An environmental and social specialist responsible for the day-to-day implementation of the ESMS during Project implementation. <p>b) Require that each Eligible PFI designate a representative to assume overall responsibility for coordinating the management of the environmental and social aspects of the activities supported under the Project, and an environmental and social specialist responsible for the day-to-day implementation of the ESMS.</p>	<p>a) The PCT (including the senior representative and an environmental and social specialist), shall be established no later than thirty (30) days after the Effective Date, and thereafter maintained throughout Project implementation.</p> <p>b) BICE shall require Eligible PFIs to designate a representative and an environmental and social specialist before the selection of any activities to be supported under Part 2 of the Project. This requirement shall be included in the PFI Financing Agreement, as applicable.</p>	<p>BICE</p> <p>a)</p>
<p>1.2 TECHNICAL ASSISTANCE</p> <p>Ensure that the consultancies, studies (including feasibility studies, if applicable), capacity building, training, and any other technical assistance activities under the Project are carried out in accordance with terms of reference acceptable to the 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>BICE</p>

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>1.3 CONTINGENCY EMERGENCY RESPONSE FINANCING</p> <p>a) Ensure that the CERC Manual includes a description of the ESHS assessment and management arrangements, including the CERC-ESMF, for the implementation of the CERC Component, in accordance with the ESS.</p> <p>b) Adopt any environmental and social (E&S) instruments which may be required for the activities under the CERC Component of the Project, in accordance with the CERC Manual and the CERC-ESMF, and the ESSs, and thereafter implement the measures and actions required under said E&S instruments, within the timeframes specified in said E&s instruments</p>	<p>a) The adoption of the CERC Manual, including the CERC-ESMF, in form and substance acceptable to the Bank, is a withdrawal condition under Section III.B(1)(b) of Schedule 2 to the Loan Agreement.</p> <p>b) Adopt and disclose any required E&S instrument and include it as part of the respective bidding process, if applicable, and in any case, before the carrying out of the relevant Project activities for which the E&S instrument is required. Implement the E&S instruments in accordance with their terms, throughout Project implementation.</p>	<p>Ministry of Economy</p>
ESS 2: LABOR AND WORKING CONDITIONS		
<p>2.1 LABOR MANAGEMENT PROCEDURES</p> <p>a) prepare a Labor Management Procedure (LMP), aligned with ESS2, 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. Relevant labor and OHS measures shall also be part of the ESMS.</p> <p>b) BICE shall require Eligible PFIs to have in place procedures and measures aligned with the LMP.</p>	<p>a) The LMP shall be established by Project appraisal and thereafter implemented throughout Project implementation.</p> <p>b) This requirement shall be included in the PFI Financing Agreement and/or the Participation Agreement, as applicable.</p>	<p>a) BICE</p> <p>b) Eligible PFIs</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Establish and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2.</p>	Establish grievance mechanism prior to engaging Project workers and thereafter maintain and operate it throughout Project implementation.	BICE Eligible PFIs
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
Relevant aspects of this standard shall be considered as part of BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
ESS 4: COMMUNITY HEALTH AND SAFETY			
Relevant aspects of this standard shall be considered as part of BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9. BICE will ensure that specific measures consistent with the requirements of ESS4 and WB guidance on Use of Security Forces are adopted, for project activities that may require the use of security personnel or security forces. Furthermore, BICE, through the ESMS will ensure that security personnel follow a strict code of conduct and avoid any likely adverse impacts throughout project implementation.			
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
This standard is not relevant.			
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective Eligible PFI, in accordance with ESS9.			
ESS 8: CULTURAL HERITAGE			
Relevant aspects of this standard will be considered as part of the BICE’s ESMS and the respective PFI ESMS, in accordance with ESS9.			
ESS 9: FINANCIAL INTERMEDIARIES			
9.1	<p>ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM</p> <p>a) Develop, maintain, and implement an Environmental and Social Management System (ESMS), to identify, assess, manage, and monitor the environmental and social risks and impacts for activities that may receive financing under Part 2 of the Project. The ESMS shall include, <i>inter alia</i>, the following elements:</p> <ul style="list-style-type: none"> • Screening and identification of the activities that may receive support from the Project Environmental and Social Policy endorsed by BICE’s senior management. • Clearly defined procedures for the identification, assessment, and management of the environmental and social risks and impacts of activities supported under the Project, including, <i>inter alia</i>, relevant stakeholder engagement and disclosure requirements. 	<p>a) The ESMS shall be established by Project appraisal and in any event prior to carrying out any activity under Part 2 of the Project. Once established, the ESMS is applied throughout Project implementation.</p> <p>b) Eligible PFIs shall establish, adopt and implement the respective PFI ESMS before the selection of any activity to be supported under Part 2 of the Project. This</p>	<p>a) BICE</p> <p>b) Eligible PFIs</p>

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<ul style="list-style-type: none"> • Excluded activities that are not eligible for financing, as set out in the Loan Agreement • Emergency preparedness and response measures • Organizational capacity and structure, with clearly defined roles and responsibilities, as set out in action 1.1 above • Monitoring and reporting of environmental and performance of PFIs and activities and the effectiveness of BICE’s ESMS Incidents and accidents notification and subsequent reporting requirements as set out under action B above. • An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner Grievance Mechanism <p>b) BICE shall request Eligible PFIs to develop or update, maintain and implement an ESMS in order to receive financing or to provide partial credit guarantees for activities through Part 2 of the Project, which will include, inter alia, the following elements:</p> <ul style="list-style-type: none"> • Project description • Regulatory framework • Environmental and Social Policy • Clearly defined procedures for the identification, assessment, and management of the environmental and social risks and impacts of activities supported under the Project • Excluded activities that are not eligible for financing • Emergency preparedness and response measures • Organizational capacity and structure, with clearly defined roles and responsibilities • Monitoring and reporting • External communications mechanism, including measures to respond to public enquiries and concerns in a timely manner • Grievance Mechanism 	<p>requirement shall be included in the PFI Financing Agreement, as applicable.</p>	
<p>9.2 EXCLUSIONS</p>	<p>Screen activities before determining whether they are eligible to receive</p>	<p>BICE</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>Screen, and require Eligible PFIs to screen, all proposed activities to be supported under Part 2 of the Project, against the exclusion list set out in the ESMS and the POM.</p> <p>The mechanism for conducting the analysis of exclusions shall be part of the BICE’s ESMS and the PFI ESMSs.</p>	<p>support from the Project. This requirement shall be included in the PFI Financing Agreement, as applicable.</p>	
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</p> <p>a) Adopt, implement, and disclose a draft Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, <i>inter alia</i>, provide stakeholders with timely, relevant, understandable and accessible information, and consult them in a culturally appropriate manner, which is free of manipulation, interference coercion, discrimination and intimidation.</p> <p>b) Update, adopt, and implement the SEP, which should consider, <i>inter alia</i>, the disclosure of a summary of the ESMS on BICE’s website. The SEP may be amended and updated (and redisclosed) as needed during Project implementation.</p>	<p>a) Draft SEP disclosed before Project Appraisal.</p> <p>b) Revised SEP disclosed to inform stakeholder engagement and implemented throughout Project implementation.</p>	BICE
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>Update, adopt, maintain and operate a Grievance Mechanism, as described in the SEP, 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 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>	<p>The mechanism will be part of the final SEP and must be operational before the of the carrying out of any activities of the Project, and thereafter maintain and operate the mechanism throughout Project implementation.</p>	BICE
CAPACITY SUPPORT			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
CS1	<p>CAPACITY BUILDING PLAN</p> <p>Prepare a plan for the development of ESHS capacities that includes a timeline and an estimated budget for training and activities aimed at improving BICE’s ESMS and the PFI ESMSs.</p>	<p>Plan to be submitted no later than sixty (60) days after the Effective Date, and thereafter implemented throughout Project implementation. Changes shall be made as needed throughout Project implementation.</p>	BICE