

**Republic of Panama**

**Ministry of Economy and Finance (MEF)**

**Consolidation of the Panama Public Financial  
Management Information System (P180872)**

**Appraisal Stage Draft  
ENVIRONMENTAL AND SOCIAL  
COMMITMENT PLAN (ESCP)**

**17 July, 2023**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Republic of Panama (the Borrower) will implement the Consolidation of the Panama Public Financial Management Information System (the Project), through the Ministry of Economy and Finance (MEF, *Ministerio de Economía y Finanzas*), 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 MEF and the Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the Minister of MEF. 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 and measures required under the ESCP, stakeholder engagement activities, and functioning of the grievance mechanism(s).</p>	Starting from the Effective Date, semiannually during Project implementation jointly with the Project Reports with the timeframe specified in Section II to Schedule 2 of the Loan Agreement.	Ministry of Economy and Finance (MEF) – Project Administration Unit (PAU)
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 (including consultants and suppliers) as appropriate.</p> <p>Subsequently, at the Bank’s request, prepare a report on the incident or accident and propose any 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.</p> <p>Provide subsequent report to the Bank within a timeframe acceptable to the Bank.</p>	MEF – PAU
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	<p><b>ORGANIZATIONAL STRUCTURE</b></p> <p>Establish and maintain qualified staff and resources to support management of ESHS risks and impacts of the Project, as well as to guide the E&amp;S activities and consultancies under the Project. Appoint personnel that will be responsible for the ESHS management within the Project Administration Unit (PAU).</p>	Appoint and Maintain a PAU as set out in the Loan Agreement. Hire or appoint the E&S personnel no later than sixty (60) days after the Effective Date, and thereafter maintain the personnel throughout Project implementation.	MEF – PAU
1.2	<p><b>TECHNICAL ASSISTANCE</b></p> <p>Ensure that the consultancies, studies, 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>	Throughout Project implementation.	MEF – PAU, with prior review and approval by beneficiary departments of MEF and/or other potential beneficiaries of corresponding activities.

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>		
<p>2.1 <b>LABOR MANAGEMENT</b></p> <p>a. Adopt and implement the following labor management measures:</p> <ol style="list-style-type: none"> <li>1. Ensure that Project Workers, as defined under ESS2, i.e. directly engaged by the Borrower or through third-parties to work specifically in relation to the Project (direct and contracted workers) are employed based on the principle of equal opportunity, fair treatment and non-discrimination, no-harassment, and freedom of association;</li> <li>2. Ensure that all Project Workers are provided with information and documentation that is clear and understandable regarding their terms and conditions of employment, their rights under national labor and employment laws (including payment of wages and deductions, working hours and periods of rest, written notice of termination and severance payments, among others) at the beginning of the working relationship and whenever a material change to the terms or conditions of employment occurs;</li> <li>3. Ensure the adoption of appropriate occupational health and safety measures, in line with ESS2, at the work place (no matter their locations and including without limitation on field assignments), which shall consider, inter alia, an assessment of the potential OHS risks associated with the tasks to be carried out and include mitigation measures, such as protocols and guidelines for the protection against communicable diseases and COVID-19 transmission as issued by the relevant authorities, the WHO, and the World Bank;</li> <li>4. Implement OHS mitigation measures related to minor civil works and retrofitting, as set forth in the POM.</li> <li>5. Adopt a code of conduct that sets out measures against practices related with sexual harassment, abuse and exploitation in the workplace, including the dissemination of the referral services available in the country to respond to such behaviors; and</li> </ol>	<p>a. Adopt actions 1, 2 and 5 prior to engaging Project workers. For actions 3 and 4 adopt and implement no later than sixty (60) days of the Effective Date. Thereafter, maintain throughout Project implementation.</p>	<p>a. MEF - PAU</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>6. Prohibit child labor as well as forced labor per ESS2 requirements and applicable national laws.</p> <p>7. Report on compliance with these labor management measures.</p> <p>b. Incorporate relevant aspects of this standard, as needed, under action 1.2 (a) above.</p>	<p>b. Same timeframe as for action 1.2 (a) above.</p>	<p>b. MEF-PAU and potential beneficiaries of corresponding activities.</p>
2.2	<p><b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> Establish and maintain a Grievance Redress Mechanism as part of the Project Operations Manual (POM) for all workers to be employed or contracted under the Project, which includes set provisions for the mitigation of SEA/SH or misconduct in the workplace.</p>	<p>Establish grievance mechanism prior to engaging Project workers and thereafter maintain and operate it throughout Project implementation.</p>	<p>MEF-PAU</p>
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<p><b>E-WASTE AND RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b></p> <p>a. All e-wastes generated under the Project shall be managed and disposed of pursuant to ESS 1, following specific waste management guidelines, national regulations and international best practices.</p> <p>b. Resource efficiency and pollution prevention and management requirements will be included in the POM to secure procurement of energy efficient IT equipment.</p>	<p>a. Upon generation of e-wastes</p> <p>b. Prior to the procurement of any IT equipment.</p>	<p>MEF-PAU and potential beneficiaries of corresponding activities.</p>
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
4.1	<p><b>COMMUNITY HEALTH AND SAFETY</b> Implement mitigation measures set forth in the POM to reduce and mitigate potential negative environmental impacts derived from minor retrofitting works needed for the installation of IT equipment.</p>	<p>Prior to the commencement of retrofitting activities.</p>	<p>MEF-PAU and potential beneficiaries of corresponding activities.</p>
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
	<p>Not currently relevant.</p>		
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
	<p>Not currently relevant.</p>		
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES - Not currently relevant. Although the Project is being implemented at the national level, it is not expected that Project activities will have a direct impact on Indigenous Peoples as defined by ESS7.</b>			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
7.1	<p><b>TECHNICAL ASSISTANCE</b></p> <p>For relevant Technical Assistance activities, ensure that Terms of Reference for said activity include evaluation criteria to determine whether these activities will directly affect Indigenous Peoples. If that is the case, ensure that the outputs for such technical assistance consider potential risks and impacts, and benefits for IPs, consistent with ESS7.</p>	Same timeframe as for action 1.2 (a).	MEF-PAU and potential beneficiaries of corresponding activities.
<b>ESS 8: CULTURAL HERITAGE</b>			
	Not currently relevant.		
<b>ESS 9: FINANCIAL INTERMEDIARIES</b>			
	Not currently relevant.		
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <p>Update, 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 manner which is free of manipulation, interference, coercion, discrimination and intimidation. The updated SEP shall be implemented in manner consistent with ESS10, as applicable, to ensure that relevant stakeholders are included in consultation processes to inform the development of activities. The updated SEP shall also include guidance for the consideration and inclusion of comments received during consultations to ensure engagement is built into project processes in a manner consistent with ESS10, national laws and regulations</p>	A draft SEP has been prepared, consulted and disclosed (prior to Appraisal). Update the SEP no later than sixty (60) days after the Effective Date of the Loan Agreement. Once accepted by the Bank, adopt, publish, and implement the updated SEP throughout Project implementation.	MEF-PAU
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>Establish, publicize, maintain, and operate an accessible grievance mechanism, 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>	Establish the grievance mechanism no later than sixty (60) days after the Effective Date of the Loan Agreement, and thereafter maintain and operate the mechanism throughout Project implementation.	MEF-PAU

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	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.		
CAPACITY SUPPORT			
CS1	<p>Sufficient training on how to comply with the ESSs will be provided to the PAU staff before the start of Project execution, specifically on: stakeholder mapping and engagement, grievances mechanisms and labor management procedures.</p> <p>In addition, Project workers will be provided with training and documentation on labor management procedures including grievance mechanisms required by ESS2.</p>	<p>Training to PAU staff will be provided once the PAU has been established, and thereafter throughout Project implementation, as needed.</p> <p>Trainings to Project workers will be provided once contracts are signed and before execution of the service.</p>	MEF-PAU