

VakıfBank
Emergency Firm Support Project
(P174112)

Negotiated
ENVIRONMENTAL and SOCIAL
COMMITMENT PLAN (ESCP)

June 25, 2020

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. VakifBank (hereinafter the **Borrower**) shall implement the Emergency Firm Support Project (P174112) (the **Project**). The International Bank for Reconstruction and Development (hereinafter the **Bank**) has agreed to provide financing for the Project.
2. VakifBank shall implement material measures and actions so that the Project is implemented in accordance with the Environmental and Social Standards (**ESSs**). This Environmental and Social Commitment Plan (**ESCP**) sets out material measures and actions, any specific documents or plans, as well as the timing for each of these.
3. VakifBank shall also comply with the provisions of any other E&S documents required under the Environmental and Social Framework (ESF) and referred to in this ESCP, Environmental and Social Management System (ESMS), Stakeholder Engagement Plan (SEP), and the timelines specified in those E&S documents.
4. The Borrower is responsible for compliance with all requirements of the ESCP even when implementation of specific measures and actions is conducted by Project beneficiaries.
5. Implementation of the material measures and actions set out in this ESCP shall be monitored and reported to the Bank by VakifBank as required by the ESCP and the conditions of the legal agreement, and the Bank shall monitor and assess progress and completion of the material measures and actions throughout implementation of the Project.
6. VakifBank shall ensure that all financing for which the use of retroactive financing is proposed has been assessed to be in compliance with the environmental and social requirements of the Vakif's respective part of the Project under the ESF, as specified in the Loan Agreement and this ESCP, and that all such financing, and subprojects, are implemented in accordance with all said E&S requirements.
7. As agreed by the Bank and the Borrower, 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, VakifBank shall agree to the changes with the Bank and shall update the ESCP to reflect such changes. Agreement on changes to the ESCP shall be documented through the exchange of letters signed between the Borrower and the Bank. The Borrower shall promptly disclose the updated ESCP.
8. Where Project changes, unforeseen circumstances, or Project performance result in changes to the risks and impacts during Project implementation, the Borrower shall assess these risks and shall ensure that additional funds are provided, if needed, to implement actions and measures to address such risks and impacts, which may include risks and impacts on environment, livelihoods, community and occupational health and safety, and labor and working conditions.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING</p> <p>Prepare and submit to the Bank regular monitoring reports on the environmental and social performance of the Project, including but not limited to the implementation of the ESCP, status of preparation and implementation of E&S documents required under the ESCP, stakeholder engagement activities, performance of the grievance mechanism(s) and ESMS implementation.</p> <p>Submit the first five (5) Environmental and Social Due Diligence (ESDDs) conducted for the first 5 sub-borrowers to the World Bank.</p> <p>Submit ESDDs for the top 5 firm exposures to the World Bank.</p> <p>Submit separate ESDDs for 2 sub-borrowers (eligible SMEs) for which VakıfBank is proposing to extend financing through use of retroactive financing under the Loan.</p>	<p>Starting 180 days after the Effective Date and then semi-annually (every 6 months) throughout the Project implementation</p> <p>Submit to the World Bank the first 5 ESDDs for review no later than 60 days after the Effective Date.</p> <p>Semi-annually submit ESDDs for top 5 firm exposures to World Bank for review throughout the Project implementation.</p> <p>Separately submit to the World Bank the first 2 ESDDs, for subprojects eligible for retroactive financing no later than 60 days after the Effective Date.</p>	<p>VakıfBank Project Implementation Unit (PIU)</p> <p>VakıfBank PIU</p> <p>VakıfBank PIU</p> <p>VakıfBank PIU</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
B	<p>INCIDENTS AND ACCIDENTS</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 but not limited to incidents and accidents encountered during implementation of the FI’s ESMS.</p> <p>Require sub-borrowers to provide sufficient detail regarding the incident or accident, findings of the Root Cause Analysis (RCA), indicating immediate measures or corrective actions taken or that are planned to be taken to address it, compensation paid, and any information provided by any sub-borrower, as appropriate.</p> <p>Subsequently, as per the Bank’s request, prepare a report on the incident or accident and propose any measures to prevent its recurrence.</p>	<p>VakifBank shall report details of any significant environmental or social incidents (e.g. fatalities, lost time incidents, environmental spills etc.) within two business days from the occurrence of the incident. VakifBank shall submit an incident report, including RCA, precautions and compensation measures taken within 30 business days.</p>	<p>VakifBank PIU</p>
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Enhance and maintain the capacity of the Project Implementation Unit (PIU) with full-time qualified staff and resources to support management and monitoring of E&S risks by appointing: two technical staff - one environmental and one social expert. If needed, additional staff to be recruited. Ensure that above-mentioned staff remain on assigned duty until the end of Project implementation.</p>	<p>An organizational structure including one environmental and one social expert, shall be established within the PIU before the Effective Date. All designated staff will be retained for the duration of the Project.</p>	<p>VakifBank</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
1.2	<p>ENVIRONMENTAL AND SOCIAL ASSESSMENT</p> <p>VakifBank shall develop, disclose, maintain and implement a satisfactory Environmental and Social Management System (ESMS) in line with the requirements of ESS9, that is acceptable to the Bank. The ESMS shall include documents and procedures to ensure that its lending activities are compliant with the WBG Exclusion List, the applicable national laws and the Environmental and Social Standards.</p> <p>VakifBank shall conduct E&S due diligence assessments for each sub-borrower in line with the Exclusion List, national laws, ESSs and eligibility criteria for all potential investments and where applicable, E&S action plans (ESAP) shall be developed to address identified gaps following the assessments.</p> <p>The World Bank will conduct prior review for an initial set of sub-projects of VakifBank and thereafter conduct supervision spot checks for a number of sub-projects.</p> <p>The subprojects rated as High and Substantial social and environmental risks and activities relevant to ESS 5, ESS 6 and ESS 8 and any on the WBG Exclusion List will be excluded from financing.</p>	<p>ESMS, in form and substance satisfactory to the Bank, shall be prepared, disclosed and adopted before the Effective Date, and implemented throughout the Project.</p> <p>ESAP documents, in form and substance acceptable to the World Bank, addressing World Bank ESSs shall be prepared, disclosed and adopted prior to loan approval by VakifBank, where applicable.</p>	VakifBank PIU
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES</p> <p>Maintain and implement human resources (HR) policies and procedures consistent with requirements under national law and ESS2 and ensure that Project workers are informed of and have access to these policies.</p>	<p>Implement and monitor HR policies and procedures starting on the Effective Date and throughout the Project, and report through semi-annual progress reports.</p>	VakifBank PIU

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
2.2	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p> <p>Establish, maintain, and operate an accessible grievance mechanism (GM) for Project workers as described in the HR policies and procedures, consistent with requirements under the national law and ESS2. The GM will be adapted to receive sexual exploitation and abuse (SEA) and sexual harassment complaints (SH).</p>	<p>Grievance mechanism operational within 15 days following the Effective Date and maintained throughout Project implementation.</p> <p>Report semi-annually through Project Progress Reports.</p>	VakifBank PIU
2.3	<p>OCCUPATIONAL HEALTH AND SAFETY (OHS) MEASURES</p> <p>Maintain and implement occupational health and safety (OHS) procedures consistent with requirements under national law and ESS2, and ensure that Project workers are informed of and have access to these procedures.</p> <p>As part of the E&S due diligence (ESDD) to be conducted for each sub-borrower at VakifBank under action 1.2 above, ESS2 will be applied within the scope of VakifBank's ESMS as relevant.</p>	<p>Implement and monitor OHS procedures starting with the Effective Date and throughout the Project, and report through semi-annual progress reports.</p> <p>Where assessed as relevant, ESS2 will be assessed as part of the sub-project's ESDD, and ESAPs shall be developed to address identified gaps prior to loan approval.</p>	VakifBank PIU
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	<p>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</p> <p>As part of the E&S due diligence (ESDD) to be conducted for each sub-borrower at VakifBank under action 1.2 above, ESS3 will be applied within the scope of VakifBank's ESMS as relevant.</p>	<p>Where assessed as relevant, ESS 3 will be assessed as part of the sub-project's ESDD, and ESAPs shall be developed to address identified gaps prior to loan approval by VakifBank.</p>	VakifBank PIU

ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	<p>COMMUNITY HEALTH AND SAFETY</p> <p>As part of the E&S due diligence (ESDD) to be conducted for each sub-borrower at VakıfBank under action 1.2 above, ESS4 will be applied within the scope of VakıfBank's ESMS as relevant.</p>	<p>Where assessed as relevant, ESS4 will be assessed as part of the sub-project's ESDD, and ESAPs shall be developed to address identified gaps prior to loan approval by VakıfBank.</p>	VakıfBank PIU
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
5.1	Not Relevant to the Project		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	Not Relevant to the Project		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
7.1	Not Relevant to the Project		
ESS 8: CULTURAL HERITAGE			
8.1	Not Relevant to the Project		
ESS 9: FINANCIAL INTERMEDIARIES			

<p>9.1.</p>	<p>Develop and implement an E&S management system (ESMS) that is acceptable to the Bank including the following elements:</p> <ul style="list-style-type: none"> (a) An Environmental and Social Policy (b) Environmental and Social Procedures reflecting and implementing VakıfBank’s E&S Policy with respect to the principles below: <ul style="list-style-type: none"> a. Screening all subprojects under the Project against any exclusions in the legal agreement. b. Screen, review, and categorize the subprojects under the Project according to their potential environmental and social risks and impacts. c. Requiring that all subprojects under the Project are assessed, prepared, and implemented to meet national law and the relevant requirements of the ESSs are applied. d. Ensure that the measures needed to satisfy the requirements of (c) above are set out in the legal agreement between VakıfBank and the beneficiaries. e. Monitor, keep, and regularly update environmental and social information on the subprojects under the scope of the Project. f. Monitor the environmental and social risk of the Bank portfolio. (c) Organizational Capacity and Competency – VakıfBank will hire/assign two experienced technical experts - one environmental and one social - and train its staff responsible for ESMS implementation (d) Monitoring and Reporting - environmental and social performance of the subprojects under the Project in a manner proportionate to the risks and impacts of the subprojects, and provide regular progress reports to the senior management 	<p>ESMS prepared, disclosed and adopted before the Effective Date, satisfactory to the Bank and implemented throughout the project.</p>	<p>VakıfBank</p>
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	(e) After approval of the developed ESMS by the bank, VakıfBank shall notify the Bank for a No Objection prior to making subsequent changes to the VakıfBank ESMS throughout the Project's lifecycle		
9.2	FI ORGANIZATIONAL CAPACITY Establish and maintain an organizational capacity and competency for implementing the corporate ESMS with clearly defined roles and responsibilities described under action 1.1.	All defined experts to be assigned by VakıfBank before the Effective.	VakıfBank PIU
9.3	SENIOR MANAGEMENT REPRESENTATIVE Designate a senior management representative to have overall accountability for environmental and social performance of FI subprojects.	Before the Effective Date.	VakıfBank PIU
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION Prepare, disclose, maintain and implement SEP in a manner acceptable to the Bank.	Finalize and disclose SEP not later than 30 days after the Effective Date and implement throughout the Project.	VakıfBank PIU
10.2	PROJECT GRIEVANCE MECHANISM Develop, adopt, maintain and operate a grievance mechanism, as described in the SEP. Assign staff to manage, respond to and monitor Project grievances.	30 days after the Effective Date. Reporting – Semi annually in progress reports and report to the World Bank any significant grievances that may pose reputational risk to VakıfBank or the World Bank within 48 hours.	VakıfBank PIU
CAPACITY SUPPORT (TRAINING)			
CS1	VakıfBank PIU staff to be trained by the Bank on E&S requirements of the Bank.	No later than 90 days after the Effective Date.	WB