

**Palestine Liberation Organization (for the
benefit of the Palestinian Authority)/
through the Stichting European Palestinian
Credit Guarantee Foundation
Financial Sector Strengthening and
Modernization (P513308)**

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

Negotiated Version

April 23, 2026

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Palestine Liberation Organization (the Recipient) will implement the Financial Sector Strengthening and Modernization Project (the Project), with the involvement of the Stichting European Palestinian Credit Guarantee Foundation (EPCGF), as set out in the Grant Agreement. The International Bank for Reconstruction and Development/the International Development Association (the Bank), acting as administrator of the West Bank and Gaza Trust Fund, has agreed to provide financing for the Project, as set out in the Agreement.
2. The Recipient 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 Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the Agreement.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Recipient shall carry out or cause to be carried out, including, as applicable, their respective timeframes; institutional, staffing, training, monitoring and reporting arrangements; and grievance management. The ESCP also sets out the environmental and social (E&S) documents that shall be prepared or updated, consulted, disclosed and implemented under the Project, consistent with the ESSs, in form and substance acceptable to the Bank. Said E&S documents may be revised from time to time with prior written agreement by the Bank. As provided for under the referred Agreement[s], the Recipient shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.
4. As agreed by the Bank and the Recipient, this ESCP will be revised from time to time, if necessary, to reflect adaptive management of Project changes or unforeseen circumstances or in response to Project performance. In such circumstances, the Bank and the Recipient agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the Recipient's Representative specified in the Agreement or the Minister of the Ministry of Finance and Planning. The Recipient shall promptly disclose the updated ESCP.
5. The subsection on "Indicators for Implementation Readiness" below identifies the actions and measures to be monitored to assess Project readiness to begin implementation in accordance with this ESCP. Nevertheless, all actions and measures in this ESCP shall be implemented as set out in the "Timeframe" column below irrespective of whether they are listed in the referred subsection.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
IMPLEMENTATION ARRANGEMENTS AND CAPACITY SUPPORT			
A	<p>ORGANIZATIONAL STRUCTURE</p> <p>Establish and maintain a PIU under EPCGF, appoint and maintain one Environmental and Social (E&S) Focal Point in EPCGF PIU, and each microfinance institution (MFIs) and commercial bank participating in the credit guarantee program, to support E&S risk management</p>	a. Appoint the E&S Focal Point prior to effective date, and thereafter maintain the positions throughout Project implementation.	EPCGF PIU
B	<p>CAPACITY BUILDING PLAN/MEASURES</p> <p>Prepare and implement the following capacity building measures:</p> <ul style="list-style-type: none"> For Component 1, training for staff in PIU, commercial banks, MFIs and participating MSMEs on ESMS including E&S screening, incorporation of E&S requirements in the contracts, monitoring, reporting, stakeholder consultation, labor management. 	Training plan should be ready within 60 days from effective date, and implemented throughout Project implementation.	EPCGF PIU
MONITORING AND REPORTING			
C	<p>REGULAR REPORTING</p> <p>Prepare and submit to the Bank regular monitoring reports on the environmental, social, health and safety (E&S) performance of the Project for Component 1 and Component 2. The reports shall include:</p> <ul style="list-style-type: none"> Status of preparation and implementation of E&S documents required under the ESCP. Summary of stakeholder engagement activities carried out as per ESMS. Complaints submitted to the grievance mechanism(s), the grievance log, and progress made in resolving them. E&S performance of beneficiary institutions as reported through participating commercial banks, MFIs and MSMEs. Number and status of resolution of incidents and accidents reported under action E below. 	Submit semestral 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.	EPCGF PIU
D	<p>INCIDENTS AND ACCIDENTS</p> <p>Notify the Bank of any incident or accident relating to the project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers,</p>	Notify the Bank no later than 48 hours after learning of the incident or accident. Provide available details upon request.	EPCGF PIU

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>including those resulting in death or significant injury to workers or the public; acts of violence, discrimination or protest; unforeseen impacts to cultural heritage or biodiversity resources; pollution of the environment; dam failure; forced or child labor; displacement without due process (forced eviction); allegations of sexual exploitation or abuse (SEA), or sexual harassment (SH); or disease outbreaks. Provide available details of the incident or accident to the Bank upon request.</p> <p>Arrange for an appropriate review of the incident or accident to establish its immediate, underlying and root causes. Prepare, agree with the Bank, and implement a Corrective Action Plan that sets out the measures and actions to be taken to address the incident or accident and prevent its recurrence.</p>	Provide review report and Corrective Action Plan to the Bank no later than 10 days following the submission of the initial notice, unless a different timeframe is agreed to in writing by the Bank.	
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>TECHNICAL ASSISTANCE</p> <p>Carry out the consultancies, studies (including feasibility studies, if applicable), capacity building, training, and any other technical assistance activities under the Project, in accordance with terms of reference acceptable to the Bank, that are consistent with the ESSs. Thereafter prepare and finalize the outputs of such activities in compliance with the terms of reference.</p>	Throughout Project implementation.	EPCGF PIU
1.2	<p>CONTINGENT EMERGENCY RESPONSE FINANCING</p> <p>1. Ensure that the CERC Manual as specified the legal agreement includes a description of the E&S assessment and management arrangements for the implementation of CERC component, in accordance with the ESSs.</p> <p>2. Implement the E&S provisions of the CERC Manual.</p>	<p>The preparation of the CERC manual in form and substance acceptable to the Bank is a withdrawal condition under Section I of Schedule 2 of the grant agreement.</p> <p>2. In accordance with the timeframes specified in the CERC Manual.</p>	EPCGF PIU
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES</p> <p>Assessment and management of specific risks and impacts to workers arising from Component 1 and Component 2 will be managed with the ESMSs to be prepared/maintained under Action 9.1.</p>	Same timeframe as for the preparation of ESMS, and thereafter implemented throughout Project implementation.	EPCGF PIU
2.2	<p>OCCUPATIONAL HEALTH AND SAFETY</p> <p>The measures on OHS including life and fire safety will be incorporated in ESMS and implemented.</p>	Same timeframe as for the preparation of ESMS.	EPCGF PIU

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
2.3	GRIEVANCE MECHANISM FOR PROJECT WORKERS Workers' GM will be included in the ESMSs to be prepared/maintained under Action 9.1.	Same timeframe as for the preparation of ESMSs, and thereafter throughout the Project implementation.	EPCGF PIU
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	Resource Efficiency and Pollution Prevention and Management Assessment and management of specific risks and impacts related to this ESS arising from Component 1 will be managed through the ESMS to be prepared/maintained under Action 9.1.	Same timeframe as for the preparation of ESMSs, and thereafter throughout the Project implementation.	EPCGF PIU
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	COMMUNITY HEALTH AND SAFETY Assessment and management of specific risks and impacts to the community arising from Component 1 and Component 2 will be managed with the ESMS to be prepared/maintained under Action 9.1.	Same timeframe as for the preparation of POM and ESMS, and thereafter implement throughout Project implementation.	EPCGF PIU
4.2	SEA AND SH RISKS SEA/SH Risks arising from Component 1 and Component 2 to be assessed and managed as part of ESMSs to be prepared/maintained under Action 9.1.	Same timeframe as for the preparation of POM and ESMS, and thereafter implement throughout Project implementation.	EPCGF PIU
4.3	SECURITY MANAGEMENT Necessary security management measures will be prepared and implemented through ESMS	Same timeframe as for the preparation of POM and ESMS, and thereafter implement throughout Project implementation.	EPCGF PIU
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
5.1	This standard is not relevant. ESS5 related land acquisition, resettlement, and restrictions on land use will be excluded from the project.		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	This standard is not relevant. The activities with significant impacts on biodiversity and habitats will be excluded from the project.		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
7.1	This standard is not relevant.		
ESS 8: CULTURAL HERITAGE			
8.1	CHANCE FINDS The chance finds procedures will be incorporated into ESMS for Component 1	Same timeframe as for the preparation of ESMS, and thereafter implement throughout Project implementation.	EPCGF PIU
ESS 9: FINANCIAL INTERMEDIARIES [This standard is only relevant for Projects involving Financial Intermediaries (FIs).]			

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>9.1 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)</p> <p>For Component 1 and Component 2 :</p> <p>1. Update existing an Environmental and Social Management System (ESMS) to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects that receive support from the Project. Thereafter, maintain and implement ESMS. The ESMS shall include, inter alia, the following elements:</p> <ul style="list-style-type: none"> • Identification of the FI subprojects that may receive support from the Project. • An environmental and social policy updated and endorsed by senior management and communicated across organization. • Clearly defined procedures for the identification, assessment and management of the environmental, social, labor and working conditions (see 6 below), community health and safety, and occupational health and safety risks and impacts of FI subprojects, including, inter alia, stakeholder engagement and disclosure requirements (see 9 below) applicable to FI subprojects. • Exclusion list with the activities that are not eligible for financing. • An organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities • Monitoring and reporting of environmental and performance of FI subprojects and the effectiveness of the ESMS on regular basis. • Incidents and accidents notification and subsequent reporting requirements. • An external communications mechanism, including measures to respond to public enquiries and concerns in a timely manner. • A GM to receive and facilitate resolution of concerns and grievances in relation to FI subprojects, promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all subproject parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with ESS10. The grievance mechanism shall also 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>2. Disclose a summary of each of the elements of the ESMS through the PIU website, including the exclusion list.</p> <p>3. Screen all proposed FI subprojects against the exclusion list set out in the ESMS.</p> <p>4. Establish and maintain an organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities.</p> <p>5. Designate a senior management representative to have overall accountability for environmental and social performance of FI subprojects that receive support from the Project</p> <p>6. Follow national labor law requirements for labor management with additional ESS2 compliant provisions for workforce protection i.e. prohibition of child labor and forced labor and enforcement of minimum age (definitions to be provided in the POM).</p>	<p>1, 2, 4, 5, 7, 10: PIU shall update Environmental and Social Management System (ESMS), consistent with the relevant ESSs prior to commencement of any activities and thereafter maintain throughout Project implementation.</p> <p>3, 6, 8, 9: Throughout project implementation</p> <p>11. Annually after updating ESMS</p>	<p>EPCGF PIU</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<p>7. Upgrade existing GM for FI workers (as required) including provisions for SEA/SH related complaints and maintain in a manner consistent with ESS2</p> <p>8. Follow local regulatory requirements regarding workplace and fire safety including necessary permits, Inspection, preparing and implementing plans/measures</p> <p>9. Ensure stakeholder engagement and information disclosure procedures cover the following: a) identification of relevant stakeholders; b) providing stakeholders with information about the environmental and social risks and impacts of the Project in a timely, understandable, accessible and appropriate manner and format, including, specifying where such information shall be available e.g., Project sites, government offices, websites, etc.; c) consulting stakeholders in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation; d) documenting and reporting the stakeholder engagement activities under the regular reports, as relevant, including: (i) stakeholder identification and/or mapping; (ii) information disclosed; (iii) description of consultations and participation mechanisms utilized, and records of meetings held; (iv) feedback received and responses to said feedback; and (v) measures to engage stakeholders who, because of their particular circumstances, may be disadvantaged or vulnerable.</p> <p>10. Upgrade existing GM for FI subproject beneficiaries (as required), publicize, maintain, and operate an accessible grievance mechanism in a manner consistent with ESS10.</p> <p>11. Prepare and roll out capacity building programs for beneficiary Banks, MSMEs and SOEs on the ESMS</p>		
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT PLAN</p> <p>Stakeholder engagement and information disclosure for Component 1 and Component 2 shall be implemented as part of the ESMS as described in Action 9.1 above.</p> <p>Consultation with stakeholders will be initiated at the start of project implementation.</p>	<p>Same timeframe as for the preparation of ESMS, and thereafter throughout the Project implementation</p> <p>Within two months of Project Effectiveness</p>	EPCGF PIU
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>Grievance Mechanism for Component 1 and Component 2 shall be implemented as part of the ESMS as described in Action 9.1 above.</p>	<p>Same timeframe as for the preparation of ESMS, and thereafter throughout the Project implementation</p>	EPCGF PIU
INDICATORS FOR IMPLEMENTATION READINESS			
<p>The following actions are indicators for implementation readiness:</p> <p>Section A and B, and 9.1 and 10.1 and 10.2 are identified as relevant to monitor project readiness from an E&S standpoint.</p>			