

**Democratic Socialist Republic of Sri Lanka**

**Resolution Enforcement Department (RED),  
Central Bank of Sri Lanka**

**Sri Lanka Financial Sector Safety Net  
Strengthening Project (P180861)**

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

**May 25, 2023**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Democratic Socialist Republic of Sri Lanka (the Recipient) will implement the Sri Lanka Financial Sector Safety Net Strengthening Project (**the Project**) with the involvement of Resolution and Enforcement Department (RED) of the Central Bank of Sri Lanka (CBSL), as set out in the Financing Agreement. The International Development Association of the World Bank (the Association) has agreed to provide the financing for the Project, as set out in the referred 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 Association. The ESCP is a part of the Financing 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 Recipient 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 Association. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the Association.
4. As agreed by the Association and the Recipient, 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 Recipient through RED of CBSL and the Association agree to update the ESCP to reflect these changes through an exchange of letters signed between the Association and the Recipient Director RED of CBSL. 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 Association 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 required under the ESCP, stakeholder engagement activities, functioning of the grievance mechanism and management of e-waste.</p>	Submit to the Association every six months, in conjunction with the Project's progress reports, throughout Project implementation, commencing after six months from Project Effective Date. Submit each report to the Association no later than 45 days after the end of each reporting period.	PIU at CBSL
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>The RED will promptly notify the World 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 and/or supervising firm, as appropriate.</p> <p>CBSL has implemented Incident handling and Management framework via a reporting system under the Risk Management Policy statement of CBSL. Therefore, it will be used as a preventive measure for recurrence of incidents and accidents.</p>	<p><i>Notify World Bank within 48 hours after learning of the incident or accident.</i></p> <p><i>Submit incident report to World Bank within 10 days</i></p>	PIU at CBSL
<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 a PIU within RED CBSL with qualified staff and resources to support management of ESHS risks and impacts of the Project including project coordinator, M&amp;E specialist.</p>	Establish a PIU within 2 months of the Effective Date, and thereafter maintain it throughout the Project implementation..	PIU at CBSL

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
1.2	<b>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</b>  Adopt and implement the Environmental and Social Guidelines included in the Project Operations Manual (POM).	Adopt the POM, which will include E&S Guidelines, by effectiveness and thereafter implement the POM throughout Project implementation.	PIU at CBSL
1.3	<b>TECHNICAL ASSISTANCE</b>  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 Association, that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.	Throughout Project implementation.	PIU at CBSL
1.7	<b>ACTIVITIES SUBJECT TO RETROACTIVE FINANCING</b>  If any retroactive financing occurs, due diligence will be conducted to determine if any further actions are needed to meet the requirements of relevant ESSs	Throughout Project implementation.	PIU at CBSL
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b>  Project will follow labor regulations of the country and ensure that workers are engaged in the implementation of the project consistent with ESS2. To this end, ensure that the following measures are carried out:  a) Provide workers with information and documentation that is clear and understandable regarding their terms and conditions of employment through written contracts setting out their rights, including, inter alia, rights related to hours of work, wages, overtime, compensation and benefits, as well as written notice of termination of employment, and details of severance payments, as applicable;	Before the engagement of Project workers and implemented throughout the duration of the Project.	PIU at CBSL

	<p>b) Implement occupational health and safety (including personal protective equipment, and emergency preparedness and response) measures, taking into account the General Environmental, Health and Safety Guidelines (EHSs), and other relevant Good International Industry Practice (GIIP) and, as appropriate, the industry-specific EHSs and other Good International Industry Practice (GIIP);</p> <p>c) Implement measures, as applicable, to, inter alia: (i) prevent the use of all forms of forced labor and child labor; (ii) enable workers to benefit from, inter alia, access to grievance and redress mechanisms without fear of retaliation; and effective freedom to form and join workers organizations or alternative mechanisms for expressing their concerns and protect their rights related to labor and working conditions;</p> <p>d) Implement a code of conduct for workers, which shall include measures to prevent and respond to SEA and SH cases; and</p> <p>e) Incorporate the relevant requirements above in the ESHS specifications of the procurement documents and contracts with third parties that engage workers in the implementation of the - Project.</p>		
2.2	<p><b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b></p> <p>The RED will establish, communicate, maintain, and operate a worker grievance mechanism for all Project workers consistent with ESS2.</p>	<p><i>Worker Grievance mechanism developed before engagement of Project workers and operationalized throughout Project implementation.</i></p>	<p><i>PIU at CBSL</i></p>
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<p><b>WASTE MANAGEMENT PROCEDURE</b></p> <p>The RED will adopt and implement E-waste management as per national E-waste Guidelines published by the Central Environmental Authority (as part of the POM) and dispose expired/damaged IT equipment through certified e-waste collectors, consistent with ESS3 and as described in the POM.</p>	<p>By effectiveness of the project and thereafter implemented throughout the project implementation</p>	<p><i>PIU at CBSL</i></p>
<b>ESS 4: COMMUNITY HEALTH AND SAFETY</b>			
	<b>NOT CURRENTLY RELEVANT</b>		

<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
	<b>NOT CURRENTLY RELEVANT</b>		
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
	<b>NOT CURRENTLY RELEVANT</b>		
<b>ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
7.1	<b>ENGAGEMENT WITH INDIGENOUS PEOPLE</b> The surveys to be carried out and the Public Awareness Strategy to be prepared under the Project will aim to ensure that the Veddha community will not be excluded and that there would be meaningful participation and consultation in a culturally appropriate manner by which they can raise concerns or seek redress for project-related grievances as part of the Project GRM.	<i>Public Awareness Strategy prepared and disclosed as a function of Performance Based Conditions by the estimated due date of June 2024. Implemented throughout Project implementation.</i>	<i>PIU at CBSL</i>
<b>ESS 8: CULTURAL HERITAGE</b>			
	<b>NOT CURRENTLY RELEVANT</b>		
<b>ESS 9: FINANCIAL INTERMEDIARIES [This standard is only relevant for Projects involving Financial Intermediaries (FIs).]</b>			
	<b>NOT CURRENTLY RELEVANT</b>		
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b> As a part of the public awareness strategy a Stakeholder Engagement Plan will also be prepared (based on the surveys) to ensure that no relevant stakeholder would be excluded from the Project.  A Stakeholder Engagement Plan (SEP) has been prepared, will be updated as necessary (based on the surveys and the public awareness strategy), and will be implemented throughout the Project implementation	<i>Prepared by the estimated due date of June 2024</i>  <i>Implemented throughout the project implementation.</i>	<i>PIU at CBSL</i>
10.2	<b>PROJECT GRIEVANCE MECHANISM</b> Publicize, maintain, and operate the CBSL existing 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.	Throughout project the Central Bank will utilize its existing GRM procedures which includes: <ul style="list-style-type: none"> <li>- Financial Consumer Relations Department and Regional Development Department which has 6</li> </ul>	<i>PIU at CBSL</i>

	The grievance mechanism shall be equipped to refer the SEA/SH related grievances to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centred manner and description of relevant GRMs will also be included in the Public Awareness Strategy.	<p>regional offices by which the public can access.</p> <ul style="list-style-type: none"> <li>- Financial Ombudsman</li> <li>- As final appeal/redress the Sri Lanka Court System</li> </ul>	
<b>CAPACITY SUPPORT</b>			
CS1	<p>Following training will be carried out</p> <ul style="list-style-type: none"> <li>- Introduction to ESF, ESCP, and SEP .</li> <li>- Awareness on handling inquiries, complaints and grievances related to the project and the GRMs.</li> <li>- Awareness and detection of cases of gender-based violence and SEA/SH.</li> <li>- Training of Trainers (ToT) Programs will be conducted to the Regional Trainers to roll out the Public Awareness strategy in all 25 districts in all three languages.</li> </ul>	Throughout the project implementation.	<i>PIU at CBSL</i>