

Islamic Republic of Pakistan

**Pakistan: Resilient and Accessible
Microfinance (RAM) Project: P181037**

And

Additional Financing: P181037

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

Updated September 2026

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Government of Pakistan is implementing the Pakistan: Resilient and Accessible Microfinance (RAM) Project (the Project), with the involvement of the Ministry of Finance and the State Bank of Pakistan (SBP) as set out in the Original and Additional Financing Agreement (the Agreement[s]). The International Development Association (the World Bank) has agreed to provide the original financing and additional financing for the Project, as set out in Agreement[s]. This ESCP supersedes previous versions of the ESCP for the Project and shall apply both to the original and the additional financing for the Project referred to above.
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 World Bank. The ESCP is a part of the Agreement[s]. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred Agreement[s].
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, 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 World Bank. Said E&S documents may be revised from time to time with prior written agreement by the World Bank. As provided for under the referred Agreement[s], the Borrower shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.
4. As agreed by the World Bank and the Borrower, 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 World Bank and the Borrower agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and the Borrower's Representative specified in the Agreement[s]. The Borrower 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	ORGANIZATIONAL STRUCTURE a. Maintain the Environmental and Social Management team within the SBP with qualified staff and resources to support management of environmental and social (E&S) risks and impacts of the Project including one Environment Specialist and one Social Specialist. b. Participating Microfinance Providers (MFPs) to appoint/ depute E&S management staff to manage E&S risks and impacts of the Project.	a. Appointed/ deputed environment specialist and social specialist to be maintained throughout project implementation. b. MFPs to appoint/ depute E&S management staff prior to their access to the line of credit, .	SBP/MFP
B	CAPACITY BUILDING PLAN/ MEASURES Prepare and implement the following capacity building measures: a. Training for relevant SBP, MFPs and ATCs on: • ESF, SBP ESMS Policy and Procedures and MFPs ESMS policies, procedures and risk screening • Stakeholder engagement and Grievance Redress Mechanism (GRM), including GRM for SEA/SH • GBV/SEA/SH • Labor Management Procedures • Community and occupational health and safety aspects especially related to musculoskeletal risks (ergonomics), exposure levels to pesticides and other risks related to microfinance loans • Resource Efficiency and Pollution Prevention and Management, with a focus on use of pesticides and fertilizers in agriculture	At the start of project implementation and annual refreshers.	SBP
MONITORING AND REPORTING			
C	REGULAR REPORTING Prepare and submit to the World Bank regular monitoring reports on the environmental, social, health and safety (E&S) performance of the Project. The reports shall include: • Status of preparation and implementation of E&S documents required under the ESCP. • Summary of stakeholder engagement activities carried out as per the Stakeholder Engagement Plan. • Complaints submitted under the grievance mechanism(s), the grievance log, and progress made in resolving them.	Submit annual reports to the World Bank throughout Project implementation. Submit each report to the World Bank no later than 90 days after the end of each reporting period.	SBP

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	- E&S performance of MFPs as reported through MFPs' annual reports. - Number and status of resolution of incidents and accidents reported under action E below.		
D	MFPs ANNUAL REPORTS Require MFPs to provide annual monitoring reports on E&S performance in accordance with the metrics specified in the SBP ESRM.	Annual reports of MFPs shall be provided to the World Bank upon request.	MFPs and SBP
E	INCIDENTS AND ACCIDENTS Notify the World 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. , including those resulting in death or significant injury to staff or the public; acts of violence, discrimination or protest; unforeseen impacts to cultural heritage or biodiversity resources; pollution of the environment; 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 World Bank upon request. Arrange for an appropriate review of the incident or accident to establish its immediate, underlying and root causes. Prepare, agree with the World 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.	Notify the World Bank no later than 48 hours after learning of the incident or accident and within 24 hours in case of fatality. Provide available details upon request. Complete Root Cause Analysis within 30 days of the incident, accident or fatality. Provide Corrective Action Plan to the World Bank no later than 10 working days following the submission of the Root Cause Analysis, unless a different timeframe is agreed to in writing by the World Bank.	SBP
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	ENVIRONMENTAL AND SOCIAL SYSTEMS Require MFPs to prepare to update their ESMSs as per the requirements set out in the RAM's Environmental and Social Management System - Policy and Procedures and recommendations of ESS9 SBP E&S System Assessment.	MFPs to update their ESMSs prior to their access to the line of credit and thereafter implement the ESMSs throughout Project implementation.	SBP, MFPs
1.2	TECHNICAL ASSISTANCE 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 World Bank, that are consistent with the ESSs.	Throughout Project implementation.	SBP
1.3	USE OF BORROWER ENVIRONMENTAL AND SOCIAL FRAMEWORK a. Ensure that the E&S risks and impacts of the Project, are managed in accordance with this ESCP and the Borrower's E&S Framework and ESMS, which includes, inter alia, the country's relevant policy, legal and institutional framework, including its national, departmental, or local	a. Throughout Project implementation. b. Notify the World Bank after taking notice of the change to the Borrower's E&S	SBP

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	implementing institutions and applicable laws, regulations, procedures, and implementation capacity. b. Notify the World Bank of any changes to the Borrower's E&S Framework that may materially adversely affect the Borrower's ability to manage the E&S risks and impacts of the Project in line with the ESSs and the immediate measures taken or that are planned to be taken to address said changes and ensuing potential risks and impacts of the Project. If, in the opinion of the World Bank, such changes adversely affect relevant ESHS risk management aspects of the Project, the Borrower shall agree to implement measures and actions to address them in a manner acceptable to the World Bank. The ESCP shall be updated to reflect such agreed actions.	Framework. Subsequent actions, if requested by the World Bank, shall be reflected in an updated ESCP as indicated in paragraph 4 of the Initial Section of this ESCP.	
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	LABOR MANAGEMENT PROCEDURES Prepare and implement the Labor Management Procedures (LMP) for the Project.	Implement LMPs prepared by SBP throughout the project implementation. MFPs to prepare LMPs prior to their access to the line of credit for MFPs, and thereafter implement the LMP throughout project implementation.	SBP and MFPs
2.2	GRIEVANCE MECHANISM FOR PROJECT WORKERS Establish and operate a grievance mechanism for Project workers, as described in the LMP and consistent with ESS2.	SBP to maintain and operate the grievance mechanism throughout Project implementation. If already not available, MFPs to establish grievance mechanism prior to their access to the line of credit, and thereafter maintain and operate it throughout Project implementation.	SBP and MFPs
2.3	OCCUPATIONAL HEALTH AND SAFETY MFPs to take appropriate measures for the protection of workers against hazardous substances especially pesticides and chemicals. Such measures must include (i) identification of potential hazards (ii) preventive and protective measures (iii) training of workers and maintenance of training record (iv) emergency preparedness and response arrangements (v) remedies for adverse impacts such as occupational injuries and diseases.	Prepare a basic OHS MP prior to their access to the line of credit, and thereafter enforce it throughout project implementation period	MFPs
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT (a) MFPs to monitor clustering of loans in a geographical area to avoid cumulative E&S impacts linked to overuse of pesticides, fertilizers, and other chemicals, in an already contaminated and polluted area.	(a) Monitor and report to SBP on quarterly basis within 30 days of end of a quarter.	MFPs

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	(b) Implement guidelines for safe use of fertilizer, pesticides and chemicals.	(b) Implement throughout project implementation	SBP to prepare and MFPs to disseminate
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	COMMUNITY HEALTH AND SAFETY Assess and manage specific risks and impacts to the community arising from Project activities, consistent with this ESCP and with the Borrower's framework which includes, inter alia, the Borrower's ESMS including the Exclusion List, implementation capacity and stakeholder engagement.	Throughout project implementation	SBP and MFPs
4.2	SEA AND SH RISKS a. Implement provisions for management of SEA/SH risks added to the SBP ESRM b. MFPs to prepare and implement a SEA/SH Action Plan to assess and manage the risks of SEA and SH as per the SBP ESMS.	a. Implement SEA/SH provisions added to ESRM throughout project implementation. b. For MFPs, prior to their access to the line of credit.	SBP and MFPs
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT – CURRENTLY NOT RELEVANT			
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES – CURRENTLY NOT RELEVANT			
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES – CURRENTLY NOT RELEVANT			
ESS 8: CULTURAL HERITAGE – CURRENTLY NOT RELEVANT			
ESS 9: FINANCIAL INTERMEDIARIES			
9.1	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) ESMS requirement as described in the original project along with the subsequent changes made in this ESCP will also be applicable to AF. Requirements listed in original project ESCP are listed below: a. Make compliance of SBP ESMS Policy and Procedure mandatory for MFPs. b. Update, maintain, and implement the existing MFPs ESMSs in alignment with SBP ESRP to identify, assess, manage, and monitor the environmental and social risks and impacts of FI subprojects that receive support from the Project. The ESMS shall include, inter alia, the following elements: • Identification of the subprojects that may receive support from the Project. • An environmental and social policy in alignment with SBP ESRM and endorsed by SBP senior management. • Clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects, including, inter alia, stakeholder engagement and disclosure requirements applicable to subprojects. • E&S Risk Screening of MFPs • Exclusion list with the activities that are not eligible for financing.	a&b. Update the ESMS prior to their access to the line of credit and thereafter implement the ESMS throughout Project implementation.	SBP and MFPs

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	- An organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities as set out in this ESCP. - Monitoring and reporting of environmental and performance of subprojects and the effectiveness of the ESMS. - 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. c. Disclose the ESMS through the MFPs website, including the exclusion list. d. Screen all proposed MFPs against the E&S risk screening criteria and ESRM requirements. The risk screening process and procedures should take into consideration (i) nature and magnitude of E&S risks of subprojects (ii) sectoral and geographical context, (iii) type of financing e. MFPs to screen all subprojects against the exclusion list set out in the ESMS. f. Maintain an organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities as set out in Section A of this ESCP. g. Designate a senior management representative to have overall accountability for environmental and social performance of subprojects that receive support from the Project.	c. Not later than 90 days after the Effective Date or prior to their access to the line of credit, whatever comes later d. Prior to their access to the line of credit, and thereafter annually throughout Project implementation. e. Prior to provision of microfinance loan under RAM. f. Established and to be maintained throughout project implementation. g. Completed.	
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	STAKEHOLDER ENGAGEMENT PLAN 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 culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.	Implement the SEP throughout Project implementation.	SBP
10.2	PROJECT GRIEVANCE MECHANISM 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.	Maintain and operate the established Grievance Mechanism for SBP throughout Project implementation.	SBP and MFPs

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.	MFPs to establish the grievance mechanism prior to MFP's access to the line of credit, and thereafter maintain and operate the mechanism throughout Project implementation.	
INDICATORS FOR IMPLEMENTATION READINESS			
The following actions are indicators for implementation readiness: 1. Make compliance of SBP ESMS Policy and Procedures mandatory for MFPs under RAM project. 2. Update MFPs ESMSs not later than 90 days after the Effective Date or prior to their access to the line of credit, whatever comes later 3. MFPs prepare SEP in line with SBP SEP within 90 days after the Effective Date or prior to their access to the line of credit, whatever comes later. 4. Organize awareness and training sessions for MFPs on E&S aspects throughout project duration. 5. MFPs disclose ESMS on their websites within 90 days after the Effective Date or prior to their access to the line of credit, whatever comes later.			