



Government of Montenegro

Ministry of Energy (MoE)

Montenegro Energy Sector Decarbonization Project (P505964)

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

Negotiated Version

October 18, 2024

1. The Government of Montenegro (the Borrower) will implement the Montenegro Energy Sector Decarbonization Project (the Project), with the involvement of the Ministry of Energy and Montenegro National Electricity Distribution Company (CEDIS), as set out in the Loan and Project Agreements. The International Bank for Reconstruction and Development (the Bank), has agreed to provide the financing for the Project, as set out in Agreements.
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 Agreements.
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 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, the Borrower shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.
4. As agreed by the 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 Bank and the Borrower agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the Borrower Representative specified in the Agreements. 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 SUPPORT¹			
A	<p>ORGANIZATIONAL STRUCTURE</p> <p>a. For Component 1, maintain the existing PIU with qualified personnel and adequate resources to effectively manage the environmental, social, health, and safety (E&S) risks and impacts associated with the Project, which includes a Project coordinator, who also supervises environmental aspects and a Technical specialist who is also responsible for social aspects of MEEP2 and subsequently MESDP.</p> <p>b. For Component 2, establish and thereafter maintain a PIU with qualified personnel and adequate resources to effectively manage the environmental, social, health, and safety (E&S) risks and impacts associated with the Project, and appoint, one full-time Project ES coordinator, along with any additional specialists as the need arises, to oversee the Environmental and Social (E&S) aspects of Component 2.</p> <p>c. Throughout the Project implementation periodically assess the adequacy and sufficiency of allocated capacity and engage necessary experts (such as OHS specialist, stakeholder engagement specialist etc.) on part-time or full-time basis, as needed.</p>	<p>a. For the Component 1, maintain the existing PIU from the Montenegro Energy Efficiency Project 2 (MEEP2), which includes a Project coordinator, who also supervises environmental aspects and a Technical specialist who is also responsible for social aspects of MEEP2 and subsequently MESDP as set out in the Loan Agreement</p> <p>b. For the Component 2, appoint one full-time Project Environmental and Social specialist who will act also as Component 2 Coordinator prior to disbursement under Category (2) of Eligible Expenditures.</p> <p>Thereafter maintain both PIUs positions throughout Project implementation.</p>	MoE/CEDIS
B	<p>CAPACITY BUILDING PLAN/MEASURES</p> <p>Prepare and implement the following capacity building measures:</p> <ul style="list-style-type: none"> • Training for PIU staff on specific aspects of environmental and social assessment, and other areas where training is needed. • Training for Project workers on OHS and community health and safety, emergency preparedness and response. • Training for contractors/workers on sexual exploration and harassment and sexual abuse before and during construction works (SEA/SH) risk prevention 	Throughout Project Implementation.	MoE/CEDIS/PIUs

¹ For all actions, consult with the country lawyer to ensure consistency with the legal agreement in cases where some actions need to be completed before the project becomes effective (effectiveness condition) or before certain disbursements can occur (disbursement condition).

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
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. 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 the Stakeholder Engagement Plan. • Complaints submitted to the grievance mechanism(s), the grievance log, and progress made in resolving them. • E&S performance of supervising firms as reported through 30-days contractors' and supervision firms' reports. • Number and status of resolution of incidents and accidents reported under action E below. 	Submit annual (progress) reports to the Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the Bank no later than 45 days after the end of each reporting period	MoE/CEDIS /PIUs
D	<p>SUPERVISING FIRM REPORTS</p> <p>Require supervising firms to provide 30-day monitoring reports on E&S performance in accordance with the metrics specified in the respective bidding documents and contracts and submit such reports to the Bank.</p>	Submit the 30-day reports to the Bank as annexes to the reports to be submitted under action C above.	MoE/CEDIS/PIUs
E	<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, 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. Ensure the incident report is in line with the World Bank's Environment and Social Incidence Response Toolkit (ESIRT). Prepare, agree with the Bank, and implement a Corrective Action</p>	<p>Notify the Bank no later than 48 hours after learning of the incident or accident. Provide available details upon request.</p> <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.</p>	MoE/CEDIS/ PIUs

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	Plan that sets out the measures and actions to be taken to address the incident or accident and prevent its recurrence.		
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	<p>ENVIRONMENTAL AND SOCIAL ASSESSMENTS AND/OR PLANS</p> <p>1. Implement an Environmental and Social Management Framework (ESMF) for the Project, consistent with the relevant ESSs.</p> <p>2. Screen all sub-projects per ESMF and prepare, adopt and implement the works-specific appropriate Environmental and Social Instruments, as set out in the ESMF for the Project, including, <i>inter alia</i>, Environmental and Social Management Plan (ESMP), ESMP checklists (ESMP-CL), a Cultural Heritage Management Plan, when required according to the ESMF.</p> <p>3. Require contractors to prepare the Contractor's ESMPs (C-ESMPs), if applicable, to implement the site-specific Environmental and Social Management Plan (ESMP) or ESMP-CL, as set out in the ESMF. The proposed activities described in the exclusion list set out in the ESMF shall be ineligible to receive financing under the Project.</p>	<p>1. Implement the ESMF throughout Project implementation.</p> <p>2. The draft ESMP/ESMP Checklists shall be finalized before launching the bidding process. ESMP/ESMP-CL will be then incorporated as part of the respective bidding documents for the respective subproject activity prior to the carrying out of subproject activity that requires the preparation of such ESMP. Once finalized, implement the respective ESMP/ESMP-CL throughout Project implementation.</p> <p>3. C-ESMP shall be developed prior to start of civil works and implemented throughout Project implementation</p>	MoE/CEDIS/PIUs
1.2	<p>MANAGEMENT OF CONTRACTORS</p> <p>Incorporate the relevant aspects of the ESCP, including, <i>inter alia</i>, the Labor Management Procedures, and code of conduct, into the E&S specifications of the procurement documents and contracts with contractors and supervising firms. Thereafter ensure that the contractors and supervising firms comply and that they require their subcontractors to comply with the E&S specifications of their respective contracts. Provide copies of the relevant contracts with contractors/subcontractors and supervision firms to the Bank.</p>	<p>As part of the preparation of procurement documents and respective contracts. Supervise contractors throughout Project implementation. Copies of relevant contracts provided to the Bank upon request.</p>	MoE/CEDIS/ PIUs
1.3	TECHNICAL ASSISTANCE		

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	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.	Throughout Project implementation.	MoE/CEDIS/PIUs
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	LABOR MANAGEMENT PROCEDURES Implement the Labor Management Procedures (LMP) for the Project as part of the ESMF.	Implement the LMP throughout Project implementation.	MoE/CEDIS/PIUs
2.2	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT PLAN Prepare an OHS Management Plan (including emergency preparedness and response measures) as a part of site-specific ESMP/ESMP-CL to assess and manage the OHS risks and impacts of the Project. OHS Management Plan should be based on Project ESMF defined principles and procedures commensurate with the risks and impacts of the work and cover the following: <ul style="list-style-type: none"> i. Ensure that Project workers are trained to heighten awareness of possible risks (PPE, first aid, firefighting equipment, etc.), injuries. ii. Ensure that OHS standards are met at workplaces in line with national occupational health and safety legislation, ESS2 OHS requirements, and Bank EHS guidelines. iii. Include detailed safety procedures on E&S instruments for works with high voltage. 	Same timeframe as for the preparation and implementation of the ESMP under 1.1 above	MoE/CEDIS/ PIUs
2.3	GRIEVANCE MECHANISM FOR PROJECT WORKERS Establish and operate 2 separate grievance mechanisms for Project workers (one to cover component 1 and one for component 2), as described in the LMP and consistent with ESS2.	Establish grievance mechanisms prior engaging Project workers and thereafter maintain and operate them throughout Project implementation.	MoE/CEDIS/ PIUs
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT Incorporate resource efficiency and pollution prevention and management measures in the ESMP to be prepared under action 1.1 above.	Same timeframe as for the preparation and implementation of the ESMP under 1.1 above	MoE/CEDIS /PIUs
ESS 4: COMMUNITY HEALTH AND SAFETY			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
4.1	<p>TRAFFIC AND ROAD SAFETY</p> <p>Incorporate measures to manage traffic and road safety risks as required in the ESMP to be prepared under action 1 above.</p>	Same timeframe as for the preparation and implementation of the ESMP under 1.1 above	MoE/ CEDIS/ PIUs
4.2	<p>COMMUNITY HEALTH AND SAFETY</p> <p>Assess and manage specific risks and impacts to the community arising from Project activities, including, inter alia, public access and security, behavior of Project workers, response to emergency situations, and include mitigation measures in the ESMPs to be prepared in accordance with the ESMF.</p>	Same timeframe as for the preparation and implementation of the ESMP under 1.1 above	MoE/ CEDIS /PIUs
ESS 8: CULTURAL HERITAGE			
8.1	<p>CULTURAL HERITAGE RISKS AND IMPACTS</p> <p>Prepare and implement a Cultural Heritage Management Plan (CHMP) as a part of site-specific ESM/ESM-CL in accordance with the guidelines of the ESMF prepared for the Project, and consistent with ESS8.</p>	Prepare the CHMP prior to beginning of civil works at cultural heritage site, and thereafter implement the CHMP throughout Project implementation.	MoE/ CEDIS/ PIUs
8.2	<p>CHANCE FINDS</p> <p>Describe and implement the chance finds procedures in site-specific ESMP/ESMP-CL, in line with requirements of the project ESMF and ESS8</p>	Same timeframe as for the preparation and implementation of the ESMP under 1.1 above	MoE/ CEDIS/ PIUs
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT PLANS</p> <p>Implement a Stakeholder Engagement Framework for the Project, which include independent SEPs for Component 1 and Component 2. 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.</p>	Implement the SEPs throughout Project implementation.	MoE/CEDIS /PIUs
10.2	<p>PROJECT GRIEVANCE MECHANISM</p>	Establish the grievance mechanism no later than 30 days after the Loan Agreement's Effective Date.	MoE/ CEDIS /PIUs

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<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> <p>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.</p>	<p>and thereafter maintain and operate the mechanism throughout Project implementation.</p>	
<p>INDICATORS FOR IMPLEMENTATION READINESS</p>		
<p>The following actions are indicators for implementation readiness:</p> <ul style="list-style-type: none"> - Establishment of Project Implementation Units with E&S risk management personnel in the Project implementing entities. -E&S assessments and plans to be prepared by the Borrower at the onset of implementation - Establish the grievance mechanism no later than 30 days after the Loan Agreement’s Effective Date 		