



**Palestinian Authority
Ministry of Planning and
International Cooperation**

Finance for Jobs II Project

"The Finance for Jobs (F4J) Series of Projects (SOP)"



Finance For Jobs
استثمار وفرص عمل

**Annex XII: Addendum of F4J II ESMF for Emergency Response
Program**

December, 2024

Annex XII: Addendum of F4J II ESMF for Emergency Response Program

This addendum is to be read out in conjunction with the ESMF for the Parent and the AF Projects; this addendum expands the ESMF to guide the environmental and social risk assessment and management for the Emergency Response Program (ERP) identified under project restructuring activities Windows (1&2). The ESMF sections, namely (project management, environmental and risk assessment, screening process, environmental and social mitigation monitoring, stakeholder engagement plan, Environmental and social capacity building) have been updated to address risks management. This addendum should continue to be read out with the remaining sections for the parent and AF project activities implementation.

Emergency Response Program (ERP)

Due to the Gaza war and its impact on the Palestinian economy, the F4J team has proposed an emergency response program of two windows aiming at support of the sustainability and resilience of private sector businesses by providing support to operational expenses (cost share of salaries and utilities) that may help them to sustain and overcome the immediate consequences of the war.

ERP SMEs Resilience

The ERP aims to support sustainment and resilience of SMEs in the West Bank. The intervention (W2) target businesses/SMEs within a specified criterion. The window will be open to SMEs applicants that meet the eligibility criteria in a competitive basis. The intervention (W2) is proposed to cost share selected employees' salaries and other expenses such as rent, and utilities with grants ceiling up to \$50,000.

The proposed windows are listed below:

W1: Current Active ICF Projects Resilience Window.

To sustain and empower current ICF supported business operations and their key employees during the crisis, so they are better positioned for sustainment and business continuity. This intervention will enable the majority of ICF supported businesses in the West Bank (8 out of 11 projects) to sustain their key employees and alleviate distressed cash flow. This component will support Salaries, utility expense and cost of fixing machines, critical systems, and equipment.

W2: SMEs Resilience Window in the West Bank.

This intervention will target businesses/SMEs in the West Bank that are not beneficiaries of F4J. The window will be opened to SMEs applicants that meet the eligibility criteria on a competitive basis. Window 2 will include the following:

1. Cost share up to 50% of new machinery & equipment that can allow the beneficiary to scale up operations, diversify products, and strengthen resilience, enabling growth in current, access to new markets, and /or improve business operations and beneficiary sustainability.
2. Cost share up to 50% of upgrading and maintenance of existing machines, critical systems, and equipment that can allow the beneficiary to improve business operations.
3. Cost share up to 70% of Technical Assistance (TA), including production and quality systems and training.
4. Cost share up to 50% of Operational Expenses: rent, and utilities that can allow the beneficiary to sustain the current operation.
5. Cost share up to 50% of the salary of critical employees for 3 months.

Objective

The Emergency Response Program (ERP) / SMEs Resilience Window in the West objective is to address critical challenges threatening the resilience, growth, and scalability of SMEs in the West Bank, impacting their productivity, sustainability, and expansion in the current crisis. The program specifically targets agribusinesses/food processing, agriculture, SMEs producing inputs for related industries, import substitution products, and light manufacturing sectors. Its goal is to sustain and empower SMEs and their key employees, ensuring they are better positioned for continuity and long-term resilience.

Objective

The objective of this document is to include project restructuring activities, to improve efficiency of the ERP and enhance support delivery by simplifying the F4JII ESMF requirements. The simplification is expected to shorten time of response through simplified procedures.

Scope of the Addendum

The proposed simplification will apply to projects supported under ERP-Window 2, where no implementation activity is required, where the support will be mostly towards machinery & equipment, TA, and salaries and working capital. The simplification approach will target applications that are screened under Categories B and C of the OP 4.-I the Environmental Assessment policy., where E&S mitigation measures is required (e.g., for OHS; labor working conditions, GM, and GBV (SEA / SH)) and will be included in the grant agreements. The simplification of the ES includes the following sections: project management, environmental and risk assessment, screening process, environmental and social mitigation monitoring, stakeholder engagement plan, Environmental and social capacity building.

1. Project Management

The Project Implementation Agency (PIA) will assume full responsibility for managing the grants scheme, including the crucial tasks of selecting participating financial intermediaries. This selection process will rely on a detailed assessment to ensure impartiality and compliance with the guidelines and procedures outlined in the Project Operations Manual (POM) including environmental and social aspects. The PIA will maximize the impact and reach of the grant opportunity by conducting awareness raising activity within private sector, promoting women participation, ensuring women equal access to grants, and fostering a more inclusive environment where all eligible businesses, regardless of gender, have the opportunity to benefit from the grant schemes.

This proposed modality would include cooperation with the selected intermediary through a framework of terms and conditions that includes:

- a. The PIA will identify an intermediary that has the capacity to deliver on this program and conduct due diligence including the environmental and social aspects.
- b. The PIA will discuss terms and conditions of cooperation with the selected intermediary including environmental and social aspects.
- c. A wholesale agreement governs the terms and conditions of this cooperation including environmental and social compliance.
- d. The intermediary will be responsible for identifying eligible businesses from its portfolio including environmental and social aspects.
- e. The PIA will review, assess, and select SMEs from the list of eligible businesses based on the selection criteria including environmental and social aspects (conduct ES screening, identifying mitigation measures relevant to grant, monitoring and reporting on compliance).

2. Environmental and Social Risk Assessment

The Project Restructuring environmental Policy and Legal Framework- World Bank Project Categories and Safeguard Policies reads out as per the ESMF.

The parent project continues to be assessed of Category B under Environmental Assessment Policy (OP 4.01), the project triggers also the Pest Management OP 4.09. The project will not be expected to trigger OP 4.12 involuntary resettlement safeguard policies as well as Performance Standards for Private Sector Activities OP/BP 4.03, Natural Habitats OP/BP 4.04, Forests OP/BP 4.36, Physical Cultural Resources OP/BP 4.11, Indigenous Peoples OP/BP 4.10 Involuntary Resettlement OP/BP 4.12, Safety of Dams OP/BP 4.37, Projects on International Waterways OP/BP 7.50 and Projects in Disputed Areas OP/BP 7.60. The project AF was reassessed to address ESF principles relate to labor and working conditions, stakeholder engagement, and SEA/SH.

The project's ICF component will continue to include grant financing subprojects to the private sector and will primarily be focused on agribusiness, light manufacturing, and clean technology, and is expected to have activities assessed of category B under environmental assessment policy OP4.01 and of moderate environmental and social

risk due to potential adverse environmental and social impacts that are site-specific, reversible and remediable by applying appropriate mitigation measures that already detailed in the Parent Project and AF ESMF.

The restructured activities under the project will not entail construction or civil works and will mainly assist with machinery, TA, operational expenses, such as cost-sharing of salaries, procurement of raw materials, and other operational costs, to address the severe impact of the war on the ICF-supported businesses in the West Bank that have been severely affected production where sales went down significantly, cash flow deficit, increase cost of inputs, difficulties in distribution, loss of markets. This project continues to be assessed as Category B under Environmental Assessment Policy (OP 4.0) as it is site-specific, reversible, anticipated low environmental impacts are temporary, preventive, and can be managed and reversed.

Environmental Risks

The project restructuring activities support salaries, machinery, TA, and shall not entail any construction or civil work. Such activities are expected to cause limited environmental risks and impacts, including occupational health and safety, due to operating working conditions.

Relevant mitigation measures for the identified risks are highlighted in the next sections, and the PIA shall identify the relevant measures and integrate those under the grant agreements or the identified ESMPs.

Social Risks

The social risks are limited in nature and scale, and can be summarized as follows: I) inequitable access to project benefits for the most vulnerable groups, including women and youth, there is a risk of social exclusion or inequitable access of comparatively more marginalized categories within these groups [e.g. persons with disabilities, women headed households, communities in Access Restricted Areas (ARAs) in the West Bank, people in Area C, etc.,] II) labor and working conditions, III) Gender Based Violence (GBV), and IV) Sexual Exploitation and Abuse/Sexual Harassment.

Based on the above, the social risk is rated as “moderate”.

The careful implementation of mitigation measures will allow for the reduction or avoidance of any adverse impacts. These efforts start in the screening of possible sub-projects for consideration and include efforts during the implementation, and operation phases.

A preliminary categorization of the project components/sub-components, identification of potential risks and next steps are given in table (I).

Table (I) Environmental and Social Impacts Assessment of restructured activities by Component and Recommended Action

Description	Activities	Potential risks and impacts	Risk category	Mitigation measures/ E&S Management Process	When	Responsibility
Window 2 SMEs Resilience in the West Bank	Support selected SMEs with machinery, TA, salaries, rent and utility expenses.	i) Occupational health and safety due to operating working conditions. ii) Inequitable access to project benefits for the most vulnerable groups. iii) Labor and working conditions. iv) Gender Based Violence (GBV) v) Sexual Exploitation and Abuse/Sexual Harassment. vi) Life and Fire Safety Impact of hazardous waste, and the end-of-life E- waste vii) Energy/ other resources consumption	Moderate	1. ES screening 2. Develop E&S measures in the contractual grant agreement with the beneficiary including: • CoC • Stakeholder engagement Access to GM • Workers' GM • GBV (SEA / SH) Referral mechanisms. • Compliance with requirements including Civil defense license. 3. Hazardous Waste management guidance 4. E-waste management guidance 5. energy efficient machinery specification	Prior and through project implementation	PIA, SME

Based on the risks identified above, following provides guidance on screening process, environmental and social mitigation monitoring, stakeholder engagement plan, Environmental and social capacity building.

3. Screening Process

The subprojects screening will go through the following procedures:

1. The screening for the subprojects will be conducted according to Appendix I in this Addendum.
2. All subprojects with minimal or limited adverse impacts will not require further E&S assessment (e.g., preparation of ESMPs) beyond screening, and require risk mitigation measures which will be included in grant agreements.
3. ESMPs will be prepared only when screenings deem that it is necessary.
4. For subprojects that an ESMP is deemed necessary following the screening, the level of details required in the ESMPs will be proportionate to the level of subproject E&S risks.
5. The post review will be applied for low-risk activities, where the bank will review the first No. of companies/SMEs screening reports for Window 2. Once the first No. of companies/ SMEs screening reports are approved and cleared by the Bank, the next screening documents will be approved by the PIA.

E&S Procedures Flow

The received applications will enter the following procedures:

1. The PIA team will review the applications. The technically eligible applications will be evaluated by the E&S Specialist.
2. The E&S Specialist will screen the subprojects to determine whether the application falls within the targeted categories. The applications within the targeted categories will pass to the second step. The PIA will send a regret letter for the applications beyond the targeted categories.
3. Upon the findings of the ES screening, the E&S specialists will guide the identification of the E&S mitigation measures as per the E&S mitigation measures (chapter below) and integrate those measures in the grant agreement.
 - If the subproject is of Category C and low risk, identify E&S measures (i.e., the labor and working conditions and the OHS guidance) to be included under the grant agreements
 - If the subproject falls under Category B, further assess the E&S requirements as per the Parent Project ESMF.
 - If the subproject falls under higher category or cause adverse and irreversible impact, the subproject will be excluded as per the ESMF.

4. Environmental and Social Mitigation Monitoring

The below is generic environmental and social migration and monitoring plan (Table 2) will be used as a guidance for window 2 sub-project that will require environmental and social mitigation and monitoring included under the contractual grant agreement as per the screening findings:

The Monitoring plan, I) describes the potential environmental and social impacts of activities; (ii) outlines proposed mitigation measures; (iii) identifies the parties that will carry out the monitoring of the mitigation measures in relation to project stages; (iv) outlines the time horizons for the various activities; and the associated costs and sources of funds for implementation

Table (2): Environmental and Social mitigation monitoring plan

Issue / risk identified	Mitigation measures	Mitigation Measures Reference	Responsibility Implementation stage / Operation stage	Monitoring	Frequency	Cost
Stakeholder Engagement	Apply the SEP activities (outlined in the ESMF under section 5.3) including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and vulnerable groups and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project.	SEP section 5.3 in ESMF	PIA	PIA	Throughout the project implementation	The measures align with the PIA ESMF and No additional cost is expected.
Occupational Health and Safety including workers safety due security risks.	Provide awareness guidelines for workplace health and safety including training or awareness session on workplace hazards and mitigation (ESMG-Annex VII) For activities that will have moderate OHS risk: • Perform OHS risk assessment and ensure the Workers are aware of the risks and adhere to OHS guidelines (Annex VII). • Apply proper signs to the workspace, as needed. • Provide workers with appropriate PPEs, if needed. • Close the work area from entry, if applicable. • Suppress dust generation where applicable, Identify working hours, if needed.	ESMF Annex VII	PIA/SME's	PIA	Throughout the project implementation	The measures align with the companies' operational requirements under the national laws, and no significant costs are expected

Issue / risk identified	Mitigation measures	Mitigation Measures Reference	Responsibility Implementation stage / Operation stage	Monitoring	Frequency	Cost
Labor conditions	- Where Applicable: All project workers will be provided with an employment contract with clear work terms and conditions and setting out their rights under the national labor law, including information regarding their terms and conditions of employment, hours of work, wages, overtime, compensation and benefits, holidays, leaves, etc. and will have the contents explained to them. Workers will sign the employment contract. - All project workers employed for the purpose of the project will be above 18 years. - Maximum working hours for project workers will not exceed forty-five hours a week, unless otherwise stated in their employment contract in accordance with the Palestinian Labor Law. - All project workers will be covered with injury insurance. - The project will ban the use or support of child, forced or compulsory labor. - Selected companies and SMEs shall develop and implement a grievance mechanism for their workforce including workers who will be employed or trained by the project, prior to the start of any activities. The GM shall include special referral pathways for workers' grievances on GBV and SEA/SH with referral to the	ESMF Annex VII including the Labor law terms, the EHS guidelines, and code of conduct Annex X, and GM as stated in the ESMF.	PIA/SME's	PIA	Throughout the project implementation	The cost of GRM development is estimated to be 1500\$

Issue / risk identified	Mitigation measures	Mitigation Measures Reference	Responsibility Implementation stage / Operation stage	Monitoring	Frequency	Cost
	PIA's GRM. All workers will be made aware of the workers' GM available at companies. - The selected companies and contracted workers will comply with and implement the project Code of Conduct. The Code of Conduct includes provisions relating to GBV/SEA/SH, and data privacy. - Grant agreements should include a reference to the project GRM (under F4J II) to be used by beneficiaries/ workers. - Attach all relevant annexes to the project agreement.					
Community Health and Safety risks	Include the relevant EHS measures in grant agreements- as applicable - including community exposure to communicable disease. Include the relevant measures to mitigate SEA/SH, including code of conduct and GM measures.	ESMF Annex VII including the Labor law terms, the EHS guidelines, and code of conduct Annex X, and GM as stated in the ESMF	PIA/SME's	PIA	Throughout the project implementation	The measures align with the companies' operational requirements under the national laws, and no significant costs are expected
Life and Fire Safety	Include requesting civil defense license. Make sure that the SMEs have adequate firefighting system in accordance with the national civil defense requirements.	According to the national civil defense requirements.	SME's	PIA	Throughout the project implementation	The measures align with the companies' operational requirements under the national laws, and no significant costs are expected
Hazardous waste	Include the Hazardous management guidance in all grant agreements. Implement safe hazardous waste	according to nation law or international best practices	SME's	PIA	Throughout the project implementation	The measures align with the companies' operational

Issue / risk identified	Mitigation measures	Mitigation Measures Reference	Responsibility Implementation stage / Operation stage	Monitoring	Frequency	Cost
	management guidance according to national guidelines and the Bank General Environmental and Social Health and Safety Guidelines including: i) Hazardous waste safely handles segregated and collected temporarily at designated areas that are properly isolated. ii) hazardous waste record keeping should be created and well managed. iii) Hazardous waste will be safely handled and stored in containers. iv) Hazardous waste transported to a designated site in accordance with EQA requirements. v) Proper PPES provided, and workers inducted regarding health impacts and the proper handling and safe disposal of hazardous					requirements under the national laws, and no significant costs are expected
E-Waste	Include E-waste management guidance in grant agreements. Implement the E-waste management guidance according to national law including: i) Reuse/ recycle products that can be reintroduced into the operational processes. ii) Investigation of markets for recycling by other industrial processing operations located in the region. iii) E-waste sorted and stored in a labeled container. iv) E-waste container stored	according to nation law or international best practices	SME's	PIA	Throughout the project implementation	The measures align with the companies' operational requirements under the national laws, and no significant costs are expected

Issue / risk identified	Mitigation measures	Mitigation Measures Reference	Responsibility Implementation stage / Operation stage	Monitoring	Frequency	Cost
	temporary in a designated are. E-waste transported according to national law to EQA or municipal disposal site					
Energy/ other resources consumption	The tender's specifications of new machinery should state that the purchased equipment is energy efficient and will replace older less efficient equipment.	Licenses, including local energy companies and/or local authorities. Manufacture O&M procedures	SME's	PIA	Throughout the project implementation	The measures align with the companies' operational requirements under the national laws, and no significant costs are expected
Incident reporting	The grant agreement shall include a reference to promptly notify the PIA 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.	ESMF	VV2 PIA/SME's	PIA	Throughout the project implementation	The measures align with the PIA ESMF and No additional cost is expected.

5. Proposed Plan for Stakeholder Engagement

The project stakeholder engagement plan section under the parent ESMF should be expanded to include selected SMEs. Therefore, the newly identified beneficiaries affected parties (workers in the SMEs, private sector...etc.), other interested parties (NGOs, Municipalities...etc.), and vulnerable groups (women, youth...etc.) should be included in the stakeholder engagement plan and consultation in each of the project stages. As a part of PIA role, the PIA will conduct awareness-raising activities within the private sector. Special emphasis will be placed on promoting women's participation and ensuring their equal access to the grants. This will be achieved through the organization of specific outreach activities designed to engage and inform potential female applicants about the availability of these financial resources. These concerted efforts aim to foster a more inclusive environment where all eligible businesses, regardless of gender, have the opportunity to benefit from the grant schemes. Also, Awareness sessions in GBV, SEA and SH should be organized for all project beneficiaries. The consultations will take place at the end of January 2025.

Grievance Mechanism

If the SME doesn't have its own procedure for complaints, it should establish adequate GM and uptake channels consistent with the SEP section in the parent ESMF.

6. Environmental and Social Capacity Building and Training

The Environmental and social capacity building and training mentioned in the ESMF remains the same for restructured activities. Furthermore, the PIA shall conduct awareness on labor working conditions, GBV, SEA, SH to raise awareness among workers in the project, to prevent and respond to potential incidents of SEA/SH/GBV.

7. Environmental Monitoring and evaluation and Reporting

The E&S monitoring and reporting will follow the parent project ESMF monitoring and reporting.

Considering the post review, PIA should conduct annual post-evaluation, where the PIA shall hire a third-party consultant to conduct post-evaluation to verify implanted activates E&S compliance. The TOR of contracting the consultant will be shared with the bank for approval. The post-evaluation report including recommendations for enhancement and corrective action will be shared with the bank for approval and clearance.

Appendix 1: Environmental and Social Screening -**- Section I: Activity / Subproject Description**

Component	
Activity / Subproject Name	
Name of the Beneficiary of Subproject	
Activity Description	
Expected Start Date & Expected Duration of Project Implementation Phase	
Contact Person and Contact Details	
Financed activities by PIA	
Estimated Investment	

- Section 2: Simple Environmental and Social Screening and Mitigation Measures

Questions	Answer		Next Steps
	Yes	No	
1. Does the subproject involve recruitment of workforce including direct, contracted workers?			If “Yes”: refer to ESMF Annex VII, including working conditions, code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers. Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2), including the Labor law terms, code of conduct in Annex X, and GM measures as stated in ESMF.
2. Will the workers be exposed to workplace hazards (within the moderate risk rating) that need to be managed in accordance with local regulations and EHSGs?			If “Yes”: Refer to ESMF Annex VII Include the relevant E&S risk management measures in the grant agreement as stated in the simplified measures in table (2), including relevant EHS measures in Annex VI in ESMF.
3. Do workers need PPE relative to the potential risks and hazards associated with their work?			If “Yes”: Refer to ESMF Annex VII Include the relevant E&S risk management measures in the grant agreement as stated in the simplified measures in table (2), including relevant EHS measures in Annex VI in ESMF.
4. Is there a risk that women may be underpaid when compared to men when working on the project?			If “Yes”: Refer to GRM, CoC, SEP Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2), including the Labor law terms, code of conduct in Annex X, and GM measures as stated in ESMF.
5. Is there a risk of increased community exposure to communicable, or increase in the risk of traffic related accidents?			If “Yes”: Refer to ESMF Annex VII. other diseases follow WHO guidelines. Include the relevant E&S risk management measures in the grant agreement as stated in the simplified measures in table (2), including relevant EHS measures in Annex VI in ESMF.
6. Do the project and financed project carry GBV (SEA / SH) risks? Are the financed subprojects expected to be sensitive to such risks?			If “yes” refer to GRM, CoC, SEP Include the relevant E&S risk management measures in the grant agreement as stated in the simplified measures in table (2), including relevant

			measures in section 4.3 in ESMF, the Labor law terms, code of conduct in Annex X, and GM measures as stated in ESMF.
7. Are there adequate mitigation measures for GBV risks and potential impacts?			If "yes" refer to section 4.3 in the ESMF, CoC, GRM Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2), including relevant measures in section 4.3 in ESMF, the Labor law terms, code of conduct in Annex X, and GM measures as stated in ESMF.
8. Does the Workers' GM include provisions related to GBV grievances?			If "yes" refer to section 4.3 in the ESMF, CoC, GRM Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2), including relevant measures in section 4.3 in ESMF, the Labor law terms, code of conduct in Annex X, and GM measures as stated in ESMF.
9. Do the financed activities in any of their implementation phases pose significant fire risk due to material used, processes, operations, or other factors?			If "yes" refer to national law requirement Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2).
10. Does the sub-project involve generation of hazardous waste?			If "yes" refer to national law requirement Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2).
11. Does the subproject involve generation of E-waste?			If "yes" refer to national law requirement Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2).
12. Are there potential physical impacts related to high consumption of energy or other utilities?			If "yes" refer to national law requirement Include the relevant E&S risk management measures in the grant agreement, as stated in the simplified measures in table (2).

Conclusions:

- I. Proposed Environmental and Social Risk Ratings (A, B or C). Provide Justifications. Any subproject that will be rated "A" should be excluded.

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2. Proposed E&S tools/Instruments (E&S clauses in the grant agreement, ESMP Checklist, E&S Audit, Site Specific ESMP, ESIA).

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- Section 3: Conclusion, Risk Rating and Requested Mitigation Measures –

E&S Screening Conducted by:

Signature:

Date: / /

Project Manager:

Signature:

Date: / /