

**Federated States of Micronesia**  
**Strengthening Public Financial Management II Project (P181237)**

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

October 2024

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Federated States of Micronesia (the Recipient) will implement the **Strengthening Public Finance Management II Project** (the Project), with the involvement of the Department of Finance and Administration (DoFA), as set out in the Financing Agreement. The International Development Association (the Association) has agreed to provide 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 may be revised from time to time during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, the Recipient will agree to update the ESCP to reflect these changes through an exchange of letters signed between the Association and the Recipient through DoFA as set out in the Financing Agreement. The Recipient 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, and functioning of the grievance mechanism(s).</p>	<p>The PIU will prepare and submit a semester report to the Association every six-months throughout project implementation, commencing after the Effective Date. Each report to be submitted to the Association no later than 30 calendar days after the end of each reporting period.</p>	<p>Project Implementation Unit (PIU) in DoFA/ Project Manager supported by Central Implementation Unit (CIU) in DoFA</p>
B	<p><b>INCIDENTS AND ACCIDENTS</b></p> <p>Promptly notify the Association 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 consulting firm as appropriate.</p> <p>For SEA/SH incidents related to the Project, provide basic facts such as the age, sex, type of alleged, SEA/SH, if the alleged perpetrator was attached to the project and whether the survivor was referred to GBV support services, with no specific detail information that would reveal the identity of the survivor. All SEA/SH/VAC incident reports will be anonymized to the extent possible.</p> <p>Subsequently, at the Association's request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Throughout the Project implementation</p> <p>Notify the Association within 48 hours after learning of the incident or accident.</p> <p>A preliminary report on action taken will be provided within 7 days and subsequently, a detailed report, including corrective measures will be provided to the Association within 30 days after learning of the incident or accident.</p>	<p>Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)</p>
<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 Project Implementation Unit (PIU) with qualified staff and resources to implement the stakeholder engagement plan and grievance management. The PIU Project Manager, with support from the CIU will have overall responsibility for facilitating the implementation of</p>	<p>The existing CIU organizational structure shall be maintained throughout Project implementation to support to the PIU in implementing E&amp;S matters</p>	<p>Project Implementation Unit PIU supported by Central Implementation Unit (CIU)</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	the SEP and handling grievances.		
1.2	<b>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</b> Incorporate environmental and social considerations into the TORs of all the technical assistance tasks.  Prepare, consult, disclose, and implement a Stakeholder Engagement Plan (SEP), including Grievance Redress Mechanism (GRM) in a manner acceptable to the Bank.	SEP has been prepared and is to be updated, disclosed and implemented throughout the Project implementation.	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)
1.3	<b>MANAGEMENT OF CONTRACTOR</b> Currently not relevant to the project	Not applicable	
1.4	<b>MANAGEMENT OF TECHNICAL ADVISORY CONTRACTS</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 the Project implementation	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>			
2.1	<b>LABOR MANAGEMENT PROCEDURES</b> Ensure contracts for all direct and contracted workers (likely to be of a professional nature) workers are compliant with ESS2 and provide transparent information on terms and conditions, non discrimination, and equal opportunity. Child and forced labor is prohibited. The POM will include measures to ensure compliance with ESS2 including a) clear terms and conditions in workers documentation; b) code of conduct for workers; c) incorporation of ESS2 requirements in all third party contract; and d) freedom to join or form workers organization.	Throughout the Project implementation as outlined in the POM.	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)
2.2	<b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b> Establish, maintain and operate a grievance mechanism for Project workers and consistent with ESS2.	Throughout the Project implementation	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)
2.3	<b>OCCUPATIONAL HEALTH AND SAFETY MEASURES</b> Currently not relevant to the Project	Not applicable	NA

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<b>WASTE MANAGEMENT PLAN</b> Currently not relevant to the Project	Not applicable	
3.2	<b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b> Currently not relevant to the Project.	Not applicable	
<b>ESS 4: COMMUNITY HEALTH AND SAFETY [</b>			
4.1	<b>TRAFFIC AND ROAD SAFETY</b> Currently not relevant to the Project	Not applicable	
4.2	<b>COMMUNITY HEALTH AND SAFETY</b> Currently not relevant to the Project	Not applicable	
<b>ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT</b>			
5.1	<b>RESETTLEMENT POLICY FRAMEWORK</b> ESS 5 is not currently relevant. The Project will not include any activities which require land acquisition, physical and/or economic displacement .		
<b>ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES</b>			
6.1	<b>BIODIVERSITY RISKS AND IMPACTS</b> ESS 6 is not currently relevant. The Project will neither finance nor support any civil works or policies that might affect biodiversity or management of living natural resources.		
<b>SS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES</b>			
7.1	<b>INDIGENOUS PEOPLES PLANNING FRAMEWORK</b> ESS 7 is not currently relevant. There are no groups in FSM that meet ESS7 criteria for indigenous peoples and the Project will neither finance nor support any civil works or policies that might affect indigenous system of the people living in Island.		
<b>ESS 8: CULTURAL HERITAGE</b>			
8.1	<b>CULTURAL HERITAGE RISKS AND IMPACTS</b> ESS 8 is not currently relevant. The Project will finance technical activities aimed at improving public financial management. In this context, it is not expected that it could directly or indirectly affect tangible or intangible cultural heritage.		
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b> Adopt and 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.	SEP has been prepared and is to be updated, disclosed and implemented throughout the Project implementation.	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>The Project will harness existing GRM. The GRM shall be publicized, maintained, and operated 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>	SEP has been prepared and is to be updated, disclosed and implemented throughout the Project implementation.	Project Implementation Unit (PIU) / Project Manager supported by Central Implementation Unit (CIU)
CAPACITY SUPPORT			
CS1	<p><b>ASSESS AND ADDRESS E&amp;S TRAINING NEEDS</b></p> <p>PIU staff to receive training on Project E&amp;S instrument, the relevant requirements of the SEP and procedure of grievance management and the roles and responsibilities of different key Project members in E&amp;S risk management</p>	Within the six months of after the Effective Date and refresher as and when required basis throughout the Project implementation.	CIU E&S team to prepare and delivery training.