ACGF Foundation

For the benefit of the people of Afghanistan

For
Private Sector Resilience Program-PSRP (P51239)

Negotiated
ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

18 August 2026

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The ACGF Foundation (ACGF) ("Recipient") for the benefit of the People of Afghanistan, will implement Component 1 of the Private Sector Resilience Program (PSRP) (the "Project") as set out in the Grant Agreement (the "Agreement"). The International Bank for Reconstruction and Development and the International Development Association (collectively, the "Bank"), acting as administrator of the Afghanistan Resilience Trust Fund ("ARTF"), has agreed to provide financing for the Project, as set out in the Agreement.

2. ACGF shall ensure that Component 1 of 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 extent and mode of the Bank's monitoring with respect to environmental and social performance will be proportionate to the potential environmental and social risks and impacts of the Project. The ESCP is a part of the Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the Agreement.

3. Without limitation to the foregoing, this ESCP sets out material measures and actions that ACGF 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 ACGF's Component 1 of the Project, which shall be subject to prior consultation and disclosure, consistent with the ESSs, and in form and substance, and in a manner acceptable to the Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the Bank. As provided for under the Agreement, the Recipient shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.

4. As agreed by the Bank and ACGF, 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, ACGF and the Bank agree to update the ESCP to reflect on these changes through an exchange of letters signed between the Bank and the Management Board of ACGF. ACGF 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 readiness to begin Project 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** Enhance and maintain the capacity of the Project Implementation Unit (PIU) with qualified personnel and resources to manage Environmental, Social, Health and Safety (ESHS) risks and impacts for Component 1, by maintaining: a part-time E&S Specialist at the Head office level, a local Environmental and Social Expert, a part-time local SEAH specialist, and two part-time complaint officers for in-person support. If needed, additional staff will be recruited depending on the volume and risk profile of guarantees issued under Component 1. Ensure that the above-mentioned staff remain on assigned duty until the end of Project implementation. ACGF shall enhance its ESMS to assign and define the responsibilities of the Management Board members for E&S and for SEAH/SH. Continue obligating Partner Institutions (PIs) to assign an E&S expert for management of E&S risks. This obligation is to be included in the guarantee framework agreements (GFA) with PIs.	Maintain the employment of a part-time environmental and social specialist at the Head Office level, a local environmental and social expert, a part-time local SEA/SH specialist and two part-time complaint officers under the Terms of Reference with qualifications acceptable to the Bank, throughout Project implementation. ACGF shall enhance the ESMS to reflect the Management Board responsibilities for E&S and SEAH/SH no later than 30 days after the Effective Date and maintain these responsibilities throughout Project implementation. Each PI assigns E&S experts to manage Project-specific environmental and social risk following the ESMS.	ACGF PIU PIs, ACGF PIU
B	**CAPACITY BUILDING PLAN/MEASURES** Prepare and implement a capacity building and training plan for all E&S staff under component 1 of the Project. ACGF shall facilitate training in accordance with the Training Plan to build the capacity of relevant PI staff	No later than 90 days after the Effective Date of the Project	ACGF PIU

	and ACGF staff on environmental and social risk management for MSME lending operations in Afghanistan. ACGF shall keep detailed records of all ACGF capacity-building initiatives under its Respective Component of the Project, and report on same in the quarterly E&S monitoring reports. For the new PIs, the content of ACGF's capacity building and training will include, but not be limited to: • Training for relevant PIs staff, including E&S focal points and credit staff, on ACGF's Environmental and Social Management System (ESMS), E&S Policy, and applicable Bank ESF requirements. • Training on E&S Policy, applicable Bank Environmental and Social Framework requirements including SEA/SH, roles and responsibilities, and overview of E&S risks in MSME lending. • Training on E&S Screening and Risk Categorization, including application of the Exclusion List categories, screening of MSME borrowers, assignment of risk categories, identification of E&S risks during site visits, and use of screening forms and checklists. • Training for relevant PI staff on E&S mitigation and monitoring requirements, incident reporting, and ESIRT requirements. • ACGF will provide training to relevant ACGF staff (E&S/SEAH personnel responsible) on the Bank requirements for SEA/SH prevention and response, including incident reporting and ESIRT, grievance mechanism(s), Code of Conduct, Occupational Health and Safety (OHS), community health and safety, security risk management measures.	Within 60 days after signing the Guarantee Framework Agreement (GFA) with a new Partner Institution (PI), and maintained throughout Project implementation	
MONITORING AND REPORTING			
C	**REGULAR REPORTING**	(i) Submit quarterly Progress Reports to the Bank throughout	ACGF PIU

	(i) Prepare and submit to the Bank regular monitoring reports on the Environmental, Social, Health and Safety (ESHS) performance of Component 1 of the Project. The report 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 to the grievance mechanism(s), the grievance log, and progress made in resolving them; • E&S performance of PIs; • Implementation status of SEA/SH activities and mitigation measures per the SEA/SH Action Plan and any challenges or constraints; • Number and status of resolution of incidents and accidents reported under action E below. (ii) Submit to the Bank annual Environmental and Social Reports on the implementation of ESMS, including its environmental and social procedures.	Project Implementation, commencing after the Effective Date, within 45 days of each reporting cycle throughout the Project implementation period. (ii) Submit annual E&S reports to the Bank within 45 days of each reporting cycle throughout the Project implementation.	
D	**PARTNER INSTITUTIONS' REPORTS** Require Partner Institutions to provide regular reports, at a minimum on an annual basis, on ESHS performance, as specified below in 2.2 (OHS), 2.3 and 10.2 (GRM for PI workers and for MSMEs), and 9.5 (ESMS), and at the Bank's request, submit such reports to the Bank, redacted to remove Personal Data.	Upon request, submit Partner Institutions' reports to the Bank within 14 days following the Bank's request.	ACGF PIU
E	**INCIDENTS AND ACCIDENTS** a) Promptly notify the Bank of any incident or accident related to Component 1 of the Project that has, or is likely to have, a significant adverse effect on the environment, affected communities, the public, or workers, including, inter alia, cases of sexual exploitation and abuse (SEA), sexual harassment (SH), child labor, accidents resulting in death, lost-time injury, or multiple	a) Notify the Bank no later than 48 hours after learning of the incident or accident.	ACGF PIU

	injuries to workers or the public, and acts of violence. Any follow-up reporting shall be shared with the Bank's task team. For SEA/SH incidents, the notification and any follow-up reporting shall be shared with the Bank's Grievance Redress Service (GRS). Notwithstanding the above and associated timeframe, ACGF will report to the Bank alleged incidents of SH involving Project workers through the applicable reporting arrangements. For any other incidents or accidents, the notification and any follow-up reporting shall be shared with the Bank's task team. b) Provide a report to the Bank with sufficient detail regarding the scope, severity, and possible causes of the incident or accident that has or is likely to have significant adverse effects, indicating immediate measures taken or that are planned to be taken to address it, and any information provided by Partner Institutions (PIs), as appropriate. c) At the Bank's request, share the Partner Institutions' incident or accident notification and report, redacted to remove Personal Data	b) Provide the report on SEA/SH incidents to the Bank's GRS within 10 days of the notification, and the report on any other incident or accident to the Bank's task team within 30 days of the notification. Depending on the circumstances, this timeframe may be extended with the written agreement of the Bank. c) Upon request, share Partner Institutions' notifications and reports to the Bank within 7 days following the Bank's request, unless otherwise agreed to with the Bank.	
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	**ENVIRONMENTAL AND SOCIAL ASSESSMENT AND/OR PLANS** Ensure that the corporate ESMS of ACGF is fully operational and maintained throughout the life of the Project, in a manner consistent with the relevant ESSs. Ensure that PIs adopt ACGF's ESMS, and thereafter implement it throughout Project implementation. Screen MSME business activities throughout Project implementation. The activities rated as High environmental and social risks and activities relevant to ESS5, ESS6 and ESS8 and the WBG Exclusion List will be excluded from financing.	Corporate ESMS of ACGF, in form and substance satisfactory to the Bank, to be updated after the PSRP Effective Date and before Project activities begin, signed by PIs within 90 days of the Effective Date, and implemented throughout the Project.	ACGF

		All new PIs shall adopt ACGF's ESMS 90 days after signing the guarantee framework agreement with ACGF. Existing PIs will maintain ACGF's ESMS throughout Project implementation	
1.2	**MANAGEMENT OF PARTNER INSTITUTIONS** a) Obligate the Partner Institutions (PIs) through the contractual arrangements with them (i.e. guarantee framework agreements) to adopt an ESMS compliant with the ESF Framework or ACGF's ESMS, including relevant E&S instruments, Labor Management Procedures, and code of conduct. Thereafter, ensure that the Partner Institutions comply with the specifications of their respective contracts. b) At the Bank's request, share Project contracts/agreements with Partner institutions with the Bank, redacted to remove Personal Data and confidential business information. c) At the Bank's request, for new partner institutions, share summaries of the Recipient's assessment of Partner Institutions' capacity to implement the ESS for the Project and any capacity enhancement measures. For existing Partner Institutions, share a summary note reflecting the partner institution's capacity to implement ESS based on historical performance and capacity enhancement measures. d) At the Bank's request, in relation to an incident or accident reported under Action E, share the Recipient's full assessment of Partner institutions capacity to implement the ESS for the Project and any capacity enhancement measures, provided that in the event the Recipient determines that the Partner Institutions reasonably objects to such sharing, a meeting between the Bank, the Recipient and the Partner institutions shall be organized.	a) As part of the preparation of GFAs. Supervise Partner Institutions throughout Project implementation. b) Share with the Bank within 14 days of the Bank's request, unless otherwise agreed to with the Bank. c) Share with the Bank within 14 days of the Bank's request, unless otherwise agreed to with the Bank. d) Share with the Bank within 14 days of the Bank's request, unless otherwise agreed to with the Bank. With the understanding that any meeting to take place within these 14 days, unless agreed otherwise.	ACGF PIU
1.3	**TECHNICAL ASSISTANCE**		

	Ensure, as appropriate to the nature of the technical assistance activity, that consultants' employees are informed of and have access to the Project's SEA/SH grievance mechanism, in accordance with 2.2	Throughout Project implementation	ACGF PIU
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	**LABOR MANAGEMENT PROCEDURES** The ESMS, under Action 9.1 below, shall incorporate guidance on the requirements of ESS2 for Project workers, including conditions of employment, protection in the workforce, OHS, grievance redress, Code of Conduct for Project workers including prohibition of SEA/SH, SEA/SH mitigation measures, child labor risk mitigation, nondiscrimination, and equal opportunity enforcement. Project workers are ACGF employees, PI employees and employees of consultants for the implementation of TA activities. ACGF will require its employees to sign and receive orientation on the Code of Conduct. ACGF has in place human resources (HR) policies and procedures consistent with requirements under relevant national law as confirmed by the Bank and ESS2. Obligate its PIs to follow the HR policies and procedures, and ensure Project workers are informed and have access to them through the guarantee framework agreements. Ensure that ACGF consultants are subject to applicable HR policies and procedures through their service contracts and are informed of and have access to them.	Same timeframe as the ESMS preparation under Action 9.1 and thereafter implemented throughout Project implementation. Maintain HR policies and procedures starting on the Effective Date of the Project and throughout the Project. Maintain the inclusion of respective obligations into the guarantee framework agreements with PIs to be signed by PIs within 90 days from the Effective Date of the Project and throughout the Project. Ensure the inclusion of respective obligations into the service contracts for ACGF's consultants from the start of activities with ACGF's consultants and throughout the Project.	ACGF

		Report through progress reports quarterly (every 3 months).	
2.2	**OCCUPATIONAL HEALTH AND SAFETY** Continue to maintain and implement Occupational Health and Safety (OHS) measures consistent with requirements under national law and ESS2 and ensure that ACGF workers are informed of and have access to these procedures. ACGF shall ensure through guarantee framework agreements that PIs are obligated to maintain OHS procedures consistent with national law and ESS2.	Maintain OHS measures starting with the Effective Date, and throughout Project implementation. Ensure throughout the Project that PIs are obligated to have OHS procedures and report through quarterly progress reports.	ACGF PIU PIs and ACGF PIU
2.3	**GRIEVANCE MECHANISM FOR PROJECT WORKERS** ACGF has in place a grievance mechanism for Project workers (ACGF employees, ACGF-contracted workers including service providers and individual consultants, PI workers), in line with national laws and consistent with ESS2. The existing GM receives and responds to SEA/SH complaints. The GM is easily accessible and disclosed to Project workers, in line with ESS2 and national laws. Require all PIs to adopt and implement a grievance mechanism for their workers (employees), including SEA/SH sensitive and adapted GM with multiple reporting channels, supported by grievance handling standard operating procedures (SOPs), tailored to their institutional capacity and internal governance structure. ACGF obliges its PIs to respective GMs in the guarantee framework agreements and will verify the GM framework's adequacy during onboarding and monitoring of new PIs.	Maintain and make accessible the grievance mechanism prior to engaging Project workers, and no later than 30 days after the Effective Date and thereafter maintain and operate it throughout Project implementation. Same timeframe as above. ACGF to verify the adequacy of GM of PIs throughout Project implementation.	ACGF PIU
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	**RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT**		

	See text under ESS 9 for details. The ESMS, under Action 9.1 below, shall incorporate measures related to resource efficiency and pollution prevention and management consistent with the requirements of ESS3.	Same timeframe as the ESMS preparation under Action 9.1 and thereafter implemented throughout Project implementation.	ACGF PIU
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	**COMMUNITY HEALTH AND SAFETY** Where assessed as relevant and proportionate to the risks, ESS4 shall be assessed as part of the E&S appraisal conducted by the PI for MSME financings for which ACGF's credit guarantee is requested. This shall be implemented throughout Project implementation. The ESMS, under Action 9.1 below, shall incorporate measures related to community health and safety consistent with the requirements of ESS4.	Where assessed as relevant, ESS4 shall be assessed as part of the MSME beneficiary's ES appraisal; this shall be implemented throughout Project implementation.	ACGF PIU and PIs
4.2	**SEA AND SH RISKS** Using the Bank-approved template, ACGF shall prepare and adopt and thereafter implement a standalone SEA/SH Action Plan to assess, mitigate, and respond proportionally to assessed risks of SEA and SH, in a manner acceptable to the Bank, including measures to support access to support services. Report on the SEA/SH Action Plan as set out in measure C.	Prepare SEA/SH action plan using the Bank-approved template prior to commencement of Project activities and thereafter maintain and implement it throughout Project implementation. Submit the SEA/SH Action Plan to the Bank for review and clearance prior to implementation.	ACGF PIU
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
	Not Relevant to the Project		
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
	Not Relevant to the Project		
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			

	Not Relevant to the Project		
ESS 8: CULTURAL HERITAGE			
	Not Relevant to the Project		
ESS 9: FINANCIAL INTERMEDIARIES			
9.1	**ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)** ACGF has in place an ESMS which has been applied under the SAFI and EMERGe Projects and is applied for financings guaranteed by ACGF. The ESMS is proportionate to the risks associated with the expected average loan sizes. ACGF shall update, consult, disclose, maintain and thereafter implement the corporate ESMS (ACGF's ESMS) for component 1 of the Project, in a manner consistent with the relevant Bank ESSs. The updated ESMS, based on the due diligence findings, shall incorporate the following key aspects: • Harmonize E&S risk classification with the Bank's ESF • Strengthen organizational capacity by increasing the number of local E&S experts, or by contracting an external retainer consultancy, if needed due to increased guarantee volume or increased risk profile of activities under Component 1 of PSRP and provide training and oversight for PIs E&S teams • Improve monitoring, reporting, and ESF alignment • Enhance external communications (in line with establishment of SEP and directed towards PIs), public disclosure, and grievance mechanisms; and • Develop clear protocols for managing human security threats such as conflict, crime, violence, access constraints, and conflict sensitivity. • Incorporate resource efficiency, waste management and pollution prevention and management procedures in the ESMS. Prepare, consult upon, and submit the updated corporate ESMS to the Bank for prior review and no-objection before adoption and	Corporate ESMS to be updated, consulted, disclosed after the PSRP effective date and before Project activities begin, to be signed by PIs within 90 days from the effective date and implemented throughout the Project. Obtain No Objection from the Bank before making changes to the corporate ESMS.	ACGF ACGF PIU and PIs

	implementation. Thereafter, maintain and implement the ESMS throughout the Project. Maintain the guidelines and organize training as needed to implement the ESMS at the PI's level and to enhance the E&S assessment capacity of PIs.	PIs to implement ACGF's ESMS throughout Project Implementation As of Signature Date of new guarantee framework agreements with PIs.	
9.2	**FI ORGANIZATIONAL CAPACITY** ACGF has already in place a dedicated E&S Specialist and GBV Specialist in HQ, who is supported by an E&S Focal Point employed locally, based in Afghanistan.	ACGF has already established an organizational capacity for implementing the ESMS and will maintain it throughout the Project implementation period.	ACGF
9.3	**SENIOR MANAGEMENT REPRESENTATIVE** At the board level, ACGF's CFO serves as the focal point for SEA/SH and complaints-related matters, overseeing the organization's complaints mechanism and ensuring that reports of misconduct, harassment, or abuse are handled in accordance with ACGF's established Complaints Procedure. For E&S risk management, ACGF's CEO serves as the board-level focal point responsible for overall oversight of E&S management and reporting. Operationally, E&S implementation is coordinated by the ACGF E&S Specialist in Germany, with technical and monitoring support provided by the locally based E&S Point at ACGF's subsidiary (SCSA) and E&S focal points within Partner Institutions.	Throughout the Project implementation.	ACGF
9.4	**APPLICABLE E&S STANDARDS** Apply Bank's ESSs, as a part of the applicable E&S standards, to Partner Institutions within the scope of this Project and proportionate to the E&S risks and impacts.	Throughout Project implementation.	ACGF PIU
9.5	**PARTNER INSTITUTIONS (PIs)** Adopt and implement ACGF's ESMS, commensurate with the level of environmental and social risks of the proposed guarantees, and report to ACGF on the ESMS performance. ACGF requires all PIs to implement the ESMS procedure in line with the following principles:	As of signing guarantee framework agreements between ACGF and each respective new PI and implemented throughout the Project.	ACGF PIU

	i. Screen all supported MSMEs against the Project's Exclusion Lists. ii. Assess and classify all supported MSME activities under the Project based on their potential environmental and social risks and impacts in line with the ESMS iii. Report on their portfolio of supported MSMEs as needed in line with the ESMS, maintain documentation related to environmental and social information, and where moderate risk applies, conduct follow-up iv. Provide environmental and social (E&S) screening reports to ACGF v. Upon Bank request, ACGF will provide a sample of E&S screenings from its PIs.		
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	**STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION** ACGF shall prepare, disclose, maintain, and implement Stakeholder Engagement Plan (SEP) for the Project, limited to ACGF's direct stakeholders (Partner Institutions), and proportionate to ACGF's role as a provider of silent credit guarantee, 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.	Adopt and finalize the SEP no later than 30 days after the Effective Date and implement it throughout the Project.	ACGF PIU and PIs
10.2	**PROJECT GRIEVANCE MECHANISM** ACGF to adopt, maintain and operate its grievance mechanism, as to be described in the SEP, consistent with ESS10. Assign staff to manage and monitor Project grievances. Require all PIs to adopt and implement a grievance mechanism, supported by a grievance handling SOP, tailored to their institutional capacity and internal governance structure. ACGF will verify the GRM framework's adequacy during onboarding and monitoring of new PIs.	ACGF Level – No later than 30 days from the Effective Date of the Project PIs level- No later than 90 days from the Effective Date of the Project Reporting – quarterly in progress reports.	ACGF PIU PIs

	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.	ACGF to verify the adequacy of GM of PIs throughout Project implementation.	
INDICATORS FOR IMPLEMENTATION READINESS			
	The following actions are indicators for implementation readiness: • E&S staffing as per section A • Update, adoption and disclosure of the ESMS (9.1) • Management Board E&S and SEA/SH responsibilities defined in ESMS and in effect • Incorporation of the LMP procedures and related obligations in GFAs (2.1) • SEAH Action Plan prepared (Bank template), cleared by the Bank, and ready for implementation (4.2) • Stakeholder Engagement Plan (SEP) prepared, disclosed, and adopted (ACGF direct stakeholders/PIs) (10.1) • Updated GFAs (ready for signature) include the ESMS/LMP and all required PI obligations • Operationalization of the GRM, including the SEA/SH GM process (10.2)	Prior to commencement of relevant Project activities, as applicable.	ACGF PIU