

Nepal
Nepal Clean Air and Prosperity Project
P506527

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

Negotiated Version

January 22, 2026

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Government of Nepal (the Recipient) will implement the Clean Air and Prosperity Project (the Project), with the involvement of the Ministry of Forests and Environment and Ministry of Industry, Commerce and Supplies and Department of Environment, as set out in the Financing Agreement, the Grant Agreement and the Project Agreement (the Agreements). The International Development Association (the Association) has agreed to provide financing for the Project, as set out in the referred Agreements.
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 Agreements . Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred Agreements.
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) 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 Association. Said E&S documents may be revised from time to time with prior written agreement by the Association. As provided for under the referred Agreements, the Recipient shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.
4. As agreed by the Association and the Recipient, 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 Association, the Recipient, and the Project Implementing Entities agree to update the ESCP to reflect these changes through an exchange of letters signed between the Association and the Representative specified in the Agreements. The Recipient 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	<p>ORGANIZATIONAL STRUCTURE</p> <p>a. Establish and maintain a Project Steering Committee (PSC) under the Ministry of Industry, Commerce and Supplies (MoIICS) and two Project Implementation Units (PIUs), one under the Department of Industry (DOI) and one under the Department of Environment (DoEnv) of the Ministry of Forests and Environment (MoFE).</p> <p>b. Staff the PIUs with qualified specialists and resources to support management of environmental, social, health, and safety risks and impacts of the Project, including:</p> <p>PIU-DOI, responsible for implementing Component 1, will hire the following E&S specialists: (i) an environmental specialist; (ii) a social and gender specialist. DOI will designate additional E&S staff as relevant.</p> <p>PIU-DoEnv, responsible for implementing Component 2, will hire: (i) an environmental and social specialist. DoEnv will designate additional E&S staff as relevant.</p> <p>c. PIU-DOI will recruit a Clean Technology Implementation Support Team (CTIST), either as individual consultants or a consultancy firm. The CTIST will have the following E&S expertise: (i) environment specialist, (ii) social risk management and gender specialist, and (iii) stakeholder engagement. The CTIST will be responsible to screen and to ensure enterprises have necessary E&S documents in line with ESMF and ESF to participate in activities under sub-component 1.2.</p> <p>d. Participating Financial Institution (PFI) or multiple PFIs are identified and their eligibility assessed. The Rastriya Banijya Bank (RBB) and all eligible PFIs should have an operational Environmental and Social Management System (ESMS) that meets the ESF requirements, as outlined in the ESMF. If any gaps in the ESMS are identified during the screening, these gaps should be rectified.</p>	<p>a. Establish the PSC and PIUs no later than 30 (thirty) days of the Effective Date, and thereafter maintain throughout Project implementation.</p> <p>b. Hire relevant E&S specialists for PIU DOI and PIU DoEnv no later than 3 (three) months of the Effective Date, and thereafter maintain these positions throughout Project implementation.</p> <p>c. Establish the CTIST and recruit staff prior to the commencement of activities under Component 1.</p> <p>d. RBB's ESMS gaps addressed prior to the Effective Date. Additional PFIs identified and their ESMS screened throughout the project implementation.</p>	MoFE, MoIICS and PIUs
			RBB, MoIICS, PIU -DOI

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
B	<p>CAPACITY BUILDING PLAN/MEASURES</p> <ol style="list-style-type: none"> 1. All capacity building activities and training will be further detailed in a Capacity Building and Training Plan in the Project Operations Manual (POM). PIU-DOI and PIU-DoE will facilitate training as per the E&S requirements mentioned in the POM to build the capacity of staff of the implementing agencies and contractors. The content of capacity building will include: <ul style="list-style-type: none"> • ESF training (on relevant E&S Standards) • Stakeholder engagement • Waste management • Grievance Redress Mechanism (GRM) and citizen engagement • Gender-Based Violence (GBV) and (Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH)) prevention and mitigation training/ sensitization • Occupational & Community Health and Safety (OCHS) • Labour Management Procedure (LMP) 2. The designated MoFE, MOICs, Dol and DOEnv E&S staff to receive additional training on the ESF. 	<ol style="list-style-type: none"> 1. Throughout Project implementation 2. Focal points trained immediately after the Project Effective date and throughout Project implementation. 	MoFE, MoICs and PIUs
MONITORING AND REPORTING			
C	<p>REGULAR REPORTING</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. The report shall include:</p> <ul style="list-style-type: none"> • Status of preparation and implementation of E&S documents required under the ESCP • Performance status of t PFIs' ESMS • Status of preparation of ESMP documents and their implementation required under Section 1.1 below • Summary of stakeholder engagement activities carried out as per the Stakeholder Engagement Plan • Complaints submitted to the grievance mechanism, the grievance log, and progress made in resolving them • E&S performance of contractors and subcontractors as reported through monthly contractors' and supervision firms' reports. • Number and status of resolution of incidents and accidents reported under action E below. 	Submit quarterly reports to the Association throughout Project implementation, commencing after the Effective Date. Submit each report to the Association no later than 30 days after the end of each reporting period.	MoFE, MoICs and PIUs

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
D	CONTRACTORS' MONTHLY REPORTS Require contractors and supervising firms to provide monthly monitoring reports on ESHS performance in accordance with the metrics specified in the respective bidding documents and contracts and submit such reports to the Association. The relevant procurement document to include relevant E&S specifications for project works.	Submit the monthly reports to the Association as annexes to the reports to be submitted under Action C above.	MoFE, MoIICS and PIUs
E	INCIDENTS AND ACCIDENTS Notify the Association 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; 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 Association upon request. For SEA/SH incidents related to the Project, provide basic facts with no specific detailed information that would reveal the identity of the survivor. All the SEA/SH incidents reports will be anonymized to the extent possible. Arrange for an appropriate review of the incident or accident to establish its immediate, underlying and root causes. Prepare, agree with the Association, 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 Association no later than 48 hours after learning of the incident or accident. Provide available details upon request. Provide review report and Corrective Action Plan to the Association no later than 10 days following the submission of the initial notice, unless a different timeframe is agreed to in writing by the Association.	MoFE, MoIICS and PIUs Relevant agencies

ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

1.1	ENVIRONMENTAL AND SOCIAL ASSESSMENTS AND/OR PLANS 1. Prepare, adopt, and implement the project Environmental and Social Management Framework (ESMF) for the Project, consistent with the relevant ESSs. The ESMF will include an environmental and social screening template, an exclusion list, and a generic ESMP for the Project covering measures related to occupational health and safety, community health and safety, solid, e-waste, and hazardous waste management. 2. For Component 1.2, all E&S screening will be carried out through the Environmental and Social Management System (ESMS) of the Rastriya Banijya Bank (RBB), as the Handling Bank, and selected PFIs.	1. The ESMF prepared, consulted and disclosed prior to Project Appraisal. The ESMF to be implemented throughout Project implementation. 2. Approval of the ESMS for RBB carrying out activities under Component 1.2. by Effective date. The selected PFIs to be selected and screened throughout the project implementation.	MoFE, MoIICS and PIUs MoIICS, RBB, PIU-Dol
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	<p>3. Prepare, consult, adopt, and thereafter implement an Environmental and Social Management Plan (ESMPs) in line with the ESMF and consistent with the relevant ESSs, the Environmental, Health and Safety Guidelines (EHSGs), and other relevant Good International Industry Practice (GIIP).</p> <p>4. Conduct environmental and social (E&S) screening of each activity and implement the activity-specific ESMPs, as necessary, based on the generic ESMP set out in the ESMF. Any activities described in the exclusion list set out in the ESMF shall be ineligible to receive financing under the Project.</p>	<p>3. Prepare the activity specific ESMP prior to bidding process and thereafter implement the ESMP throughout Project implementation.</p> <p>4. Conduct the E&S screening and adopt the site-specific ESMPs before launching the bidding process for the respective subproject that requires the adoption of such ESMPs. Once adopted, implement the respective ESMP throughout activity implementation.</p>	PIU-DOEnv PIU-DOEnv
1.2	<p>MANAGEMENT OF CONTRACTORS</p> <p>Incorporate the relevant aspects of the ESCP, including, <i>inter alia</i>, the e-Waste Management Plan, and code of conduct (including SEA-SH) into the ESHS specifications of the procurement documents and contracts with contractors and supervising firms. Thereafter, ensure that the contractors and supervising firms comply and cause subcontractors to comply with the ESHS specifications of their respective contracts. Provide copies of the relevant contracts with contractors/subcontractors and supervision firms to the Association.</p>	<p>As part of the preparation of procurement documents and respective contracts. Supervise contractors throughout Project implementation. Provide copies of relevant contracts to the Bank upon request.</p>	MoFE, MoICS and PIUs
1.3	<p>TECHNICAL ASSISTANCE</p> <p>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 Association, that are consistent with the ESSs. Thereafter, prepare and finalize the outputs of such activities in compliance with the terms of reference.</p>	<p>Throughout Project implementation.</p>	MoFE, MoICS and PIUs
1.4	<p>CONTINGENT [EMERGENCY] [EARLY] RESPONSE FINANCING</p> <p>1. Ensure that the CERC Manual and Emergency Action Plan include a description of the E&S assessment and management arrangements for the implementation of eligible activities, in accordance with the ESSs.</p> <p>2. Implement the E&S provisions of the CERC Manual and Emergency Action Plan, if applicable, the CERC-ESMF/ESMF Addendum, and any assessments and plans required therein.</p>	<p>1. The preparation of the CERC Manual and Emergency Action Plan, if applicable, other E&S documents, as relevant in form and substance acceptable to the Association is a withdrawal condition under Section III.B.1 of Schedule 2 of the Financing Agreement.</p>	MoFE

		2. In accordance with the timeframes specified in the CERC Manual and Emergency Action Plan, and any assessments and plans required therein.	
1.5	<p>ASSOCIATED FACILITIES</p> <ol style="list-style-type: none"> 1. Retrofitting/rehabilitation of DoE laboratory to house air quality monitoring equipment, identified as an Associated Facility, will be carried out in accordance with the applicable requirements of this ESCP and the ESSs. No private land to be used for this activity. 2. Prepare, consult, adopt, and thereafter implement an Environmental and Social Management Plan (ESMPs) in line with the ESMF and consistent with the relevant ESSs, the Environmental, Health and Safety Guidelines (EHSGs), and other relevant Good International Industry Practice (GIIP). 	Prepare the activity specific ESMP prior to start of retrofitting/rehabilitation activities and thereafter implement the ESMP throughout Project implementation.	DOEnv & DOEnv -PIU
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES</p> <p>Prepare, adopt, and implement the Labor Management Procedures (LMP) for the Project, including, <i>inter alia</i>, provisions on working conditions, management of worker's relationships, occupational health and safety, code of conduct (including relating to SEA and SH), forced labor, child labor, grievance arrangements for Project workers, and applicable requirements for contractors, subcontractors, and supervising firms.</p>	Prepare, adopt, and implement the LMP prior to the Effective Date, and thereafter implement the LMP throughout Project implementation.	MoFE, MoIICS, DOEnv and PIUs
2.2	<p>OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT PLAN</p> <ol style="list-style-type: none"> 1. Require contractors and subcontractors to prepare and implement OHS Management Measures/Plan, including, <i>inter alia</i>, OHS risk assessment and adoption of OHS hierarchy control mechanism and emergency preparedness and response in accordance with the provisions mentioned E&S section of the POM and ESMP of the respective activities that informs the contractor's measures or plans. 2. Ensure OHS Measures are part of the PFI's ESMS. 	<p>1. For sub-component 1.2 managed through PFI's ESMS and for Component 2 prior to start of civil works.</p> <p>2. Same timeframe as for the preparation, adoption, and implementation of the PFI's ESMS</p>	MoFE, MoIICS, DoEnv and PIUs
2.3	<p>GRIEVANCE MECHANISM FOR PROJECT WORKERS</p>		MoFE, MoIICS and PIUs

	Establish and operate a grievance redress mechanism (GRM) for Project Workers, as per the LMP and consistent with ESS2. The GRM will be designed to uptake and address labor-related SEA/SH complaints and provide for referral mechanisms.	Establish the GRM prior to engaging Project workers and thereafter maintain and operate it throughout Project implementation.	
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	WASTE MANAGEMENT PLAN Prepare, adopt, and implement an e-Waste Management Plan (e-WMP) as part of the ESMP, to manage e-waste, hazardous, and non-hazardous waste, consistent with ESS3 and aligning with international health and safety guideline.	Same timeframe as for the preparation, adoption, and implementation of the ESMP under Action 1.1 above.	MoFE, MoI/CS and PIUs
3.2	RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT Incorporate resource efficiency and pollution prevention and management measures in the site-specific ESMPs to be prepared under Action 1.1 above.	Same timeframe as for the preparation, adoption, and implementation of the ESMP under Action 1.1 above.	MoFE, MoI/CS and PIUs
ESS 4: COMMUNITY HEALTH AND SAFETY			
4.1	COMMUNITY HEALTH AND SAFETY Adopt and implement measures and actions to assess and manage specific risks and impacts to community health and safety arising from Project activities, and include mitigation measures in the site-specific ESMPs to be prepared in accordance with the ESMF.	Same timeframe as for the preparation, adoption, and implementation of the ESMP under Action 1.1 above.	MoFE, MoI/CS and PIUs
4.2	SEA AND SH RISKS In line with the ESMF and SEP, the Project GRM will have a designated focal point trained to receive and manage any allegations of SEA/SH.	Establish the GRM prior to engaging Project workers, and thereafter maintain and operate it throughout Project implementation.	MoFE, MoI/CS and PIUs
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	BIODIVERSITY RISKS AND IMPACTS	Same timeframe as for the preparation, adoption, and implementation of the ESMP under Action 1.1 above.	MoFE, MoI/CS and PIU-DoEnv

ESS6 is not relevant. Any new construction proposed within legally protected areas, including national parks, wildlife reserves, and their buffer zones, are restricted and are in exclusion list. However, the maintenance or rehabilitation of existing air quality monitoring stations within their established and confined footprint may be permitted, provided that these activities do not expand their physical footprint. Preparing a Biodiversity Management Plan may not be appropriate to mitigate any risks. However, component 1.2 through the dismantling and replacement of old boilers and their waste material may impact forest areas during transportation to disposal site. Therefore, project activities under 1.2 and 2.1 should be screened to ensure compliance with the Interim Guidance Note on managing the risks of project's activities involving protected areas and aligning with Environment Protection Act, 2019 and Environment Protection Rules ,2020 of Government of Nepal.

ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES

7.1	<p>INDIGENOUS PEOPLES</p> <p>As part of the ESMF under Action 1.1 above and SEP under action 10.1, include guidelines, checklists, and measures to include Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in all consultations and project information dissemination in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, and intimidation.</p>	<p>All measures to include and meaningfully consult Indigenous Peoples in the project area as outlined in the SEP and ESMF to be implemented throughout project implementation .</p>	MoFE, MoICS and PIUs
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ESS 9: FINANCIAL INTERMEDIARIES

9.1	<ol style="list-style-type: none"> The Rastrija Banijya Bank's (RBB) ESMS has been reviewed, and any gaps addressed in line with the criteria outlined in the ESMF and consistent with the ESSs. All eligible PFI's ESMS have been reviewed, as part of eligibility criteria, and gaps addressed in line with the criteria outlined in the ESMF and consistent with the ESSs. Disclose a summary report of the ESMS through the RBB website, including the exclusion list. Establish and maintain an organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities. 	<ol style="list-style-type: none"> RBB's ESMS gaps addressed by the Effective Date. The ESMS to remain operation for PFIs throughout project implementation. Throughout project implementation and before disbursement of funds to participating enterprises. The PFIs' ESMSs to remain operational throughout project implementation. Throughout project implementation Same timeframe as for the preparation, adoption, and implementation of the ESMS under Action 1.1 above. 	RBB, MoIIS and PIUDOI
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	5. Designate a senior management representative to have overall accountability for environmental and social performance of FI subprojects that receive support from the Project.	5. Same timeframe as for the preparation, adoption, and implementation of the ESMS under Action 1.1 above.	
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION Prepare and implement a Stakeholder Engagement Plan (SEP) for the Project, consistent with ESS10, which shall include measures to, <i>inter alia</i> , 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.	Prepare and disclose the SEP by Project Appraisal and thereafter implement the SEP throughout Project implementation.	MoFE, MoIICS, DoEnv and PIUs
10.2	PROJECT GRIEVANCE MECHANISM 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. The grievance mechanism will include a designated SEA/SH focal point who will be trained to receive, register, and facilitate the resolution of SEA/SH complaints. A guidance note on SEA-SH incident response will be developed.	Establish the Project grievance mechanism prior to commencement of Project activities and thereafter maintain and operate the mechanism throughout Project implementation.	MoFE, MoIICS and PIUs
INDICATORS FOR IMPLEMENTATION READINESS: The following actions are indicators for implementation readiness:			
1	Establishment of E&S risk management units in the Project Implementation Entity.	No later than 30 days after the Effective Date	MoFE, MoIICS and PIUs
2	Recruitment and training of E&S specialists within PIU DOI and PIU DoEnv and focal persons	No later than 90 days after the Effective Date	MoFE, MoIICS and PIUs
3	Activity specific ESMP and E-Waste Management Plan, where required, are prepared	Prior to implementation of each activity specific under Component 2	MoFE, MoIICS and PIUs
4.	PFI(s) are screened for eligibility, and ESMS is operational and compliant with the ESF	Prior to the disbursement of grants and on-lending to participating enterprises under Component 1.2	MoFE, MoIICS and PIU DOI
5	The GRM established with clear SEA-SH procedures.	Prior to Project commencement	MoFE, MoIICS and PIU DOI