

Federal Republic of Nigeria
Fostering Inclusive Finance for MSMEs in
Nigeria (FINCLUDE)
P511062

ENVIRONMENTAL AND SOCIAL
COMMITMENT PLAN (ESCP)

Negotiated Version
November, 2025

1. The Federal Republic of Nigeria (the Borrower/Recipient) will implement the *Fostering Inclusive Finance for MSMEs in Nigeria* Project (P51 I062) (the Project) with the involvement of the Development Bank of Nigeria (DBN), as set out in the Loan Agreement and the Financing Agreement (the Agreements). The International Bank for Reconstruction and Development (the Bank) and the International Development Association (the Association) have agreed to provide financing for the Project, as set out in the Agreements.
2. The Borrower/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 Bank and 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 Agreements.
3. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Borrower/Recipient shall carry out or cause to be carried out, including, as applicable, their respective timeframes; institutional, staffing, training, monitoring and reporting arrangements; and grievance management. The ESCP also sets out the environmental and social (E&S) documents that shall be prepared or updated, consulted, disclosed and implemented under the Project, consistent with the ESSs, in form and substance acceptable to the Bank and the Association. Said E&S documents may be revised from time to time with prior written agreement of the Bank and the Association. As provided for under the referred Agreements, the Borrower/Recipient shall ensure that there are sufficient funds available to cover the costs of implementing the ESCP.
4. As agreed by the Bank, the Association and the Borrower/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 Bank, the Association and the Recipient agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank, the Association and the Recipient's Representative specified in the Agreements. The Borrower/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	ORGANIZATIONAL STRUCTURE a) DBN shall maintain an Environmental and Social Risk unit that is tasked with E&S management, with qualified staff and resources to support management of environmental, social, health and safety (E&S) risks and impacts of the Project, including one Environmental and Social Safeguard Coordinator, one Environmental and Social Safeguards Officer and a Gender Safeguards Officer. The safeguard officers will work with the coordinator to provide support throughout project implementation. b) DBN shall cause each Participating Financial Institutions (PFIs) to maintain an environmental and social unit to provide oversight for their operations.	The existing E&S unit and staff shall be maintained throughout the Project. Assign dedicated and competent staff to provide E&S oversight throughout Project implementation.	DBN DBN/PFIs
B	CAPACITY BUILDING PLAN/MEASURES Prepare and implement the following capacity building measures: - Training for relevant DBN and Federal Ministry of Finance (FMoF) staff in E&S Risk Assessment and Rating, Sustainability, Operations and General awareness. - Training for the DBN, FMoF and PFIs on the Environmental and Social Framework (ESF), SEP, implementation and reporting on ESMS. • Training sessions for PFIs shall cover the following aspects: ✓ The process and procedures for E&S screening and risk categorization in PFI portfolios ✓ Process for integrating E&S into the loan process by PFIs, including monitoring. • Supervision and monitoring of portfolio/projects, including site visits and compliance tracking • Corrective Action Planning • Client engagement • Reporting and disclosure requirements • Occupational health and safety (use of Personal Protective Equipment (PPE), occupational accident prevention and work-site risk management), solid and liquid waste management, involuntary resettlement, community health and safety and other relevant topics.	Prepare capacity building plan not later than six (6) months after the Effective Date and implement it throughout Project implementation.	DBN
MONITORING AND REPORTING			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
C	REGULAR REPORTING Prepare and submit to the Bank/Association regular monitoring reports on the Project's environmental, social, health, and safety (ESHS) performance. These reports shall include: - Status and progress on the implementation of the ESCP; and - the status of preparation and execution of all E&S instruments required under the ESCP, updates on stakeholder engagement activities per the Stakeholder Engagement Plan, and complaints submitted to the grievance redress mechanism, the grievance log, and progress made in resolving grievances. • E&S performance of the PFIs as reported through quarterly supervision reports of Environmental and Social Due Diligence (ESDD). • Number and status of resolution of incidents and accidents reported under action E below. Each PFI will be required to submit periodic E&S performance reports to DBN, including incident notifications, in line with agreed timelines and formats. Each PFI will be required to ensure that the subprojects it finances are contractually obligated to report on environmental and social (E&S) performance (depending on risk categorization): progress in implementing ESMPs, stakeholder engagement activities, grievances received and resolved, and other agreed E&S performance indicators. Reporting is dependent on risk categorization, size and nature of the subprojects.	First report to be submitted not later than three (3) months after the Effective Date. Submit Quarterly Reports to the Bank/Association throughout Project implementation, commencing after the Effective Date Submit each report not later than twenty (20) days after the end of each reporting period	DBN
E	INCIDENTS AND ACCIDENTS Promptly notify the Bank/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; dam failure; forced or child labor; displacement without due process (forced eviction); allegations of sexual exploitation or abuse (SEA), or sexual harassment (SH); or disease outbreaks. Provide available details of the incident or accident to the Bank/Association upon request. Arrange for an appropriate review of the incident or accident to establish its immediate, underlying and root causes. Prepare, agree with the Bank/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 Bank/Association within 48 hours of any incident or accident. Provide details upon request. Submit a review report and Corrective Action Plan within 10 working days of the initial notification.	DBN

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			
1.1	ENVIRONMENTAL AND SOCIAL ASSESSMENTS AND/OR PLANS Require PFIs/ retail funds to prepare and implement Environmental and Social Action Plan (ESAP for their respective subprojects, in accordance with the relevant Environmental and Social Standards (ESSs) and DBN's ESMS. DBN shall conduct Environmental Due Diligence, update and implement Environmental and Social management Systems (ESMS) in line with the requirements of ESS 9 and all PFIs to develop their individual ESMS. The ESMS should be approved by top management in DBN and all PFIs and disclosed on their official websites with support from DBN. Where PFIs do not have hosting abilities, it will be hosted on DBN's website.	Update and submit the draft ESMS by appraisal and finalize not later than three (3) months after the Effective Date and cause PFIs to develop/update their ESMSs not later than three (3) months prior to receiving Project funds from DBN. The ESMS shall be implemented throughout the Project life	DBN/PFIs
1.3	TECHNICAL ASSISTANCE Under the TA activities of Part 3: Modernizing and Digitizing the Ecosystem, conduct training, sector studies to identify key E&S risks, establish exclusion principles, and define standard management protocols and any other technical assistance for the PFIs/ retail funds as may be required under the Project. Thereafter prepare and finalize the outputs of such activities in compliance with the terms of reference for the proposed activities.	Throughout Project implementation.	DBN
1.6	USE OF RECIPIENT'S ENVIRONMENTAL AND SOCIAL FRAMEWORK DBN's Environmental and Social Risk Management System (ESRMS) shall be applied to manage the environmental and social risks and impacts of the Project while Nigerian Labour law and the National Policy on occupation safety and health would be applied to address risks associated with ESS2 and ESS4 respectively. The ESCP reflects this approach and outlines any additional measures required to ensure consistency with the World Bank's Environmental and Social Standards. DBN shall notify the Bank/Association of any changes to its ESRMS that could affect the management of E&S risks and impacts under the Project.	Throughout Project Implementation.	DBN
1.7	COMMON APPROACH Where it becomes necessary to establish partnership with IFC under Part 1.2 and MIGA under Part 2 to design new or refine gender sensitive products via the one WBG fast-track approach and with MIGA on a Local Currency Mobilization Facility (LCMF) guarantee, all E&S risk management approaches under this partnership will adopt the ESF framework.	Adopt framework after finalization of partnership and throughout Project implementation	MIGA /IFC
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	USE OF RECIPIENT'S / DBN'S LABOR FRAMEWORK DBN has Labor Management Plans contained in the following staff policies. I. Staff Handbook	Throughout Project Implementation.	DBN/PFIs

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	II. Code of ethics and professional conduct III. Workforce Gender Policy PFI and Capital Market partners (Implementing entities) are required to have Labor Management Procedures in line with National Labor Laws and ESS2 of the World Bank.		
2.2	OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT PLAN Ensure that OHS risks and impacts of the Project are assessed and managed in accordance with this ESCP and the National Policy on Occupational Safety and Health, revised in 2020 and Factories Act 2004 and Workmen Compensation Act, which covers various sectors in Nigeria. In line with National requirements, implement DBN's Occupational Health and Safety Policy, and where there are sub-projects with substantial/high Occupational Health and Safety risks, PFIs and other implementing entities will be required to prepare and implement an Occupational Health and Safety Management Plan.	Throughout Project Implementation.	DBN/PFIs
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
3.1	WASTE MANAGEMENT PLAN Where there are sub-projects with Waste Management risks, PFIs and retail funds are to ensure that applicable subprojects prepare and implement a Waste Management Plan which would form part of the ESMS.	Prepare WMP not later than ninety (90) days after the signing of the PFI Funding Agreement and implement throughout Project Implementation.	PFIs
3.2	RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT The PFI shall incorporate resource efficiency and pollution prevention and management requirements into its ESMS and ensure that for sub-projects with Resource Efficiency and Pollution concerns, they prepare and implement ESMPs that include measures for pollution prevention and resource efficiency as may be required. DBN will undertake sector studies to identify key risks related to resource use, emissions, and waste management. These studies will provide standard mitigation measures and model E&S management plans. PFIs will ensure MSMEs apply these measures proportionately (e.g., efficient energy/water use, safe chemical handling, proper waste disposal) Separately, DBN shall maintain a sustainability policy that specifically addresses resource efficiency and pollution prevention.	Commence sector studies not later than ninety (90) days after the Effective Date and update ESMS in line with ESS 3 not later than thirty (30) days after the Effective Date and maintained throughout Project Implementation.	DBN
ESS 4: COMMUNITY HEALTH AND SAFETY			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
4.1	TRAFFIC AND ROAD SAFETY Where there are sub-projects with traffic and road safety risks, PFIs will incorporate appropriate mitigation measures in the ESMP to be prepared.	Not later than ninety (90) days after the signing of the PFI Funding Agreement and throughout Project Implementation.	PFIs
4.2	COMMUNITY HEALTH AND SAFETY Where there are sub-projects with community health and safety risks, PFIs shall require that such risks are assessed and that corresponding mitigation measures are incorporated into the ESMPs prepared and implemented by the sub-projects.	Not later than ninety (90) days after the signing of the PFI Funding Agreement and throughout Project Implementation.	PFIs
4.3	SEA AND SH RISKS Develop and implement SEA/SH/GBV response and accountability mitigation measures to address SEA/ SH/ GBV risks at DBN and at PFIs.	Throughout Project Implementation.	DBN/ PFIs
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
6.1	BIODIVERSITY RISKS AND IMPACTS Where ESS 6 is relevant, PFIs are to ensure that sub-projects establish a Biodiversity Management Plan. Sector studies will assess risks in sectors such as agriculture or aquaculture. DBN, as part of sector studies, will develop mitigation measures and plans (e.g., sustainable sourcing, avoiding habitat conversion), which PFIs will require MSMEs to adopt as part of their operations whenever ESS6 is applicable	Develop and implement sector mitigation measures and plans not later than ninety (90) days after the signing of the PFI Funding Agreement and throughout Project Implementation.	DBN/PFIs
ESS 8: CULTURAL HERITAGE			
8.1	CULTURAL HERITAGE RISKS AND IMPACTS For sub-projects in which cultural heritage risk is established, the PFI is required to obtain specific documents such as an ESMP and CHMP.	Throughout Project Implementation.	PFIs
8.2	CHANCE FINDS For sub-projects with potential chance finds, the PFI shall require the subproject to prepare and implement a documented Chance Finds Procedure as part of the ESMP, consistent with applicable Environmental and Social Standards.	Throughout Project Implementation.	PFIs
ESS 9: FINANCIAL INTERMEDIARIES			
9.1	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)	Updated ESMS in place not later than ninety (90) days the Effective	DBN/PFI

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	DBN shall update, maintain and implement an ESMS consistent with ESS9. The ESMS will include policies, procedures, screening, monitoring, and grievance handling along with supporting tools for undertaking E&S due diligence and monitoring. DBN and all PFIs supported under the Project are required to have an Environmental and Social Management System (ESMS) in place as a condition for onboarding. DBN shall ensure that each PFI's ESMS is adequate to identify, assess, and manage the environmental and social risks associated with sub-projects in line with the requirements of the Project.	Date and throughout Project Implementation.	
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	STAKEHOLDER ENGAGEMENT PLAN Develop, adopt, disclose and implement a Stakeholder Engagement Plan (SEP), consistent with ESS10, in a manner acceptable to the Bank/Association.	Implement the SEP throughout Project implementation.	DBN/PFI
10.2	PROJECT GRIEVANCE MECHANISM DBN and PFIs are required to maintain 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 including the whistle blowing channels. The GM will be consistent with ESS 10. DBN will also ensure that Participating Financial Institutions have functional GM.	Maintain and operate the mechanism throughout Project implementation.	DBN / PFIs
INDICATORS FOR IMPLEMENTATION READINESS			
The following actions are indicators for implementation readiness: A) Establish an E&S organizational structure within 60 days after effective date with full list of E&S team at DBN I.1 Finalize ESMS 90 days after effectiveness I.2 All PFIs to develop, disclose ESMS after the signing of the respective PFI Funding Agreement. I.3 Develop and operationalize grievance management system with clearly defined information on compliant uptake channel and responsibility 90 days after effectiveness.			