

**CHILEAN INTERNATIONAL
COOPERATION AGENCY FOR
DEVELOPMENT
(AGCID)**

**CHILE PARTNERSHIP FOR MARKET
IMPLEMENTATION (PMI)
(P179746)**

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

OCTOBER 2, 2023

ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

1. The Chilean Agency for International Cooperation for Development (AGCID, hereinafter the **Recipient**) will implement the “Partnership for Market Implementation” Project (hereinafter the **Project**), with the involvement of the Ministry of Energy (MoE), as set out in the Grant Agreement. The International Bank for Reconstruction and Development (hereinafter the **Bank**) acting as administrator of the Partnership for Market Implementation Facility, has agreed to provide the financing (P179746) for the implementation of Project referred to above.
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 (hereinafter the ESCP), in a manner acceptable to the Bank. The ESCP is a part of the Grant 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 grievances 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 ESSs in form and substance, 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.
4. As agreed by the Bank and the Recipient, 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, the Recipient, through the MoE and the Bank, agree to update the ESCP to reflect these changes through an exchange of letters signed between the Bank and the Head of the Climate Change Unit of the Energy and Environmental Policies and Studies Division of the MoE. The Recipient shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
MONITORING AND REPORTING			
A	<p>REGULAR REPORTING</p> <p>Prepare and submit to the Bank 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, stakeholder engagement activities, and functioning of the grievance redress mechanisms (GRMs).</p> <p>The Operational Manual shall contain an annex with the minimum content and format of the corresponding reports.</p>	<p>Submit annual reports to the Bank throughout Project implementation, commencing after the Effective Date of the Grant Agreement. Submit each report as part of the technical implementation reports, required under the Grant Agreement.</p>	<p>AGCID, with support from MoE</p>
B	<p>INCIDENTS AND ACCIDENTS</p> <p>B1. Initial communication: Promptly notify the Bank 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.</p> <p>B2. Incident Report: Prepare and share with the Bank an Incident Report on each incident or accident that provides information on 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.</p> <p>B3. Investigation Report and Corrective Action Plan: Subsequently, at the Bank’s request, conduct an investigation of the incident or accident and prepare an Investigation Report and, if needed, a “Corrective Action Plan” (if project activity is a contributory factor or cause of the accident), proportional to the incident or accident, to establish the causes of the accident or incident and propose corrective actions to prevent its recurrence.</p> <p>The Operational Manual shall contain an annex with the minimum content of the mentioned reports.</p>	<p>B1. Notify the Bank no later than forty-eight (48) hours after learning of the incident or accident.</p> <p>B.2. Incident Report: needs to be presented no later than 24 hours after the initial communication.</p> <p>B.3. If required, the Investigation Report and the Corrective Action Plan need to be presented within a timeframe that is acceptable to the Bank.</p>	<p>AGCID, with support from MoE</p>
ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
1.1	<p>ORGANIZATIONAL STRUCTURE</p> <p>Designate a specialist responsible for, inter alia, the ESHS aspects of Project implementation, including managing stakeholder engagement and communication activities and the Project's GRMs.</p>	The designation of the specialist responsible for ESHS matters shall be completed no later than thirty (30) days after the Effective Date and be maintained throughout Project implementation.	MoE
1.2	<p>TECHNICAL ASSISTANCE</p> <p>Ensure that the consultancies, studies, capacity building, training, and any other technical assistance activity of the Project, are carried out in accordance with terms of reference (ToR) acceptable to the Bank and that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference. R</p> <p>The review of ToR and final products by the Bank, together with its no-objection processes, shall be described in the Project's Operational Manual.</p>	Throughout Project implementation.	MoE
ESS 2: LABOR AND WORKING CONDITIONS			
2.1	<p>LABOR MANAGEMENT PROCEDURES: DIRECT WORKERS</p> <p>Ensure that direct workers in AGCID, MoE, and the Ministry of Environment (MMA) are provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The information and documentation will set out their rights under national labor and employment law (which will include any applicable collective agreements), including their rights related to hours of work, wages, overtime, compensation and benefits, as well as those related to the principles of equal opportunity, fair treatment, non-discrimination and others arising from the requirements of ESS 2. Further details regarding terms and conditions of employment for direct workers shall be specified in the Project's Operational Manual, in line with Decree with the Force of Law No. 29/2004 re: the Administrative Statute, Law No. 18.834 and other applicable laws.</p> <p>Any government civil servants who come to work in connection with the Project, whether full-time or part-time, shall remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. ESS 2 shall not apply to such government civil servants, except for the provisions referenced in 2.3 and 2.4 below.</p>	Throughout Project implementation.	AGCID, MoE, MMA
2.2	<p>LABOR MANAGEMENT PROCEDURES: CONTRACTED WORKERS</p>	Throughout Project implementation.	AGCID, MoE, MMA

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<p>Given that the Project will involve the use of contractors to carry out a number of activities under Parts 1 and 2:</p> <ul style="list-style-type: none"> a) make reasonable efforts to ascertain that third parties who engage contracted workers are legitimate and reliable entities and have in place labor management procedures applicable to the Project that will allow them to operate in accordance with the requirements of ESS 2; b) incorporate the requirements of ESS 2, as relevant, into contractual agreements with such third parties, together with appropriate noncompliance remedies; and c) follow established procedures for managing and monitoring the performance of such third parties, in line with Law No. 19.866/2003 re: Administrative Contracts and the Provision of Contracted Services, and its regulations (Decree No. 250/2004). <p>Further details regarding terms and conditions of employment for contracted workers shall be specified in the Project's Operational Manual.</p>		
<p>2.3 PROTECTING THE WORK FORCE</p> <ul style="list-style-type: none"> a) Ensure that a child under the age of 15 is not employed or engaged in connection with the Project, consistent with ESS 2 and in line with Law No. 21271/2020's modifications to the Labor Code of 2002. b) A child over the minimum age set out in the previous paragraph and under the age of 18 shall not be employed or engaged in connection with the Project unless the requirements set out in paragraph 18 of ESS 2 are met. c) Ensure that no forced labor, including any kind of involuntary or compulsory labor, is used in connection with the Project, consistent with ESS 2 and in line with ILO Protocol of 2014 to the Forced Labour Convention of 1930, ratified by Chile in 2021. 	Throughout Project implementation.	AGCID, MoE, MMA
<p>2.4 OCCUPATIONAL HEALTH AND SAFETY</p> <p>All parties who employ or engage Project workers shall develop and implement procedures to establish and maintain a safe working environment, including that workplaces, machinery, equipment and processes under their control are safe and</p>	Throughout Project implementation.	AGCID, MoE, MMA

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	without risk to health. This includes occupational health and safety (OHS) to address: (a) identification of potential hazards to Project workers, particularly those that may be life threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) training of project workers and maintenance of training records; (d) documentation and reporting of occupational accidents, diseases and incidents; (e) emergency prevention and preparedness and response arrangements to emergency situations; and (f) remedies for adverse impacts such as occupational injuries, deaths, disability and disease, all consistent with ESS 2 and in line with Law No. 16.744/1968 re: Workplace Accidents and Illnesses, and the Labor Code of 2002.		
2.5	GRIEVANCE MECHANISM FOR PROJECT WORKERS Utilize existing mechanisms for receiving and facilitating the resolution of concerns and grievances of direct and contracted Project workers, as established in the Labor Code of 2002. Ensure that these grievance mechanisms address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned in a language they understand, without any retribution, and that the mechanisms operate in an independent and objective manner.	Throughout Project implementation.	AGCID, MoE, MMA
2.6	CODES OF CONDUCT Adopt and implement one or more codes of conduct for all Project workers, which shall include measures to prevent and respond to SEA and SH cases. The relevant codes of conduct shall be incorporated into the Project’s Operational Manual.	Throughout Project implementation.	AGCID, MoE, MMA
ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT			
Relevant aspects of this ESS shall be considered as part of action 1.2 referenced above.			
ESS 4: COMMUNITY HEALTH AND SAFETY			
Not relevant.			
ESS 5: LAND ACQUISITION, RESTRICTIONS ON LAND USE AND INVOLUNTARY RESETTLEMENT			
Not relevant.			
ESS 6: BIODIVERSITY CONSERVATION AND SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES			
Not relevant.			
ESS 7: INDIGENOUS PEOPLES/SUB-SAHARAN AFRICAN HISTORICALLY UNDERSERVED TRADITIONAL LOCAL COMMUNITIES			
Not relevant.			
ESS 8: CULTURAL HERITAGE			
Not relevant.			
EA ESS 9: FINANCIAL INTERMEDIARIES			
Not relevant.			

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY/AUTHORITY
ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE			
10.1	<p>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</p> <p>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 that is free of manipulation, interference, coercion, discrimination, and intimidation.</p>	Maintain the SEP throughout Project implementation.	MoE, MMA
10.2	<p>PROJECT GRIEVANCE MECHANISM</p> <p>The Project shall make use of MoE’s existing system for receiving and facilitating the resolution of concerns and grievances in relation to the Project. This grievance redress mechanism (GRM) shall be accessible to address comments and complaints 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 ESS 10 and the relevant national laws.</p>	Maintain throughout Project implementation.	MoE, MMA
CAPACITY SUPPORT			
FC1	<p>PIU TRAINING</p> <p>Training for the specialist responsible for Project ESHS matters, as well as training for other relevant specialists within AGCID, the MoE, and the Ministry of Environment involved in the Project, on the Bank’s ESSs and the corresponding requirements relevant to the Project.</p>	No more than thirty (30) days after said specialists are hired or appointed.	AGCID, with support from MoE
FC2	<p>CONSULTING FIRMS / CONSULTANTS</p> <p>Training for the consulting firms and/consulting companies that shall carry out Project activities and studies on the Bank’s ESSs and the relevant requirements that should be addressed/reflected in the corresponding outputs. Such training shall be provided in a manner acceptable to the Bank.</p>	In a timeframe acceptable to the Bank.	AGCID, with support from MoE