

**Ministry of Finance /Central Bank of Montenegro**

**Modernizing domestic and cross-border  
payments in Montenegro  
(P509405)**

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

**June , 2025**

## ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN

Montenegro Ministry of Finance (the Borrower) through Central Bank of Montenegro (CBM) (Project Implementing Entity) will implement the Modernizing domestic and cross-border payments in Montenegro Project (the Project), with the involvement of the PIT housed at Central Bank of Montenegro, as set out in the Loan Agreement and the Project Agreement.

1. The Borrower and the Project Implementing Entity 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 World Bank. The ESCP is a part of the Loan Agreement. Unless otherwise defined in this ESCP, capitalized terms used in this ESCP have the meanings ascribed to them in the referred agreement(s).
2. Without limitation to the foregoing, this ESCP sets out material measures and actions that the Borrower and the Project Implementing Entity 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 World Bank. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the World Bank.
3. As agreed by the World Bank and the Borrower/ and the Project Implementing Entity, 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 Borrower through the Central Bank of Montenegro and the World Bank agree to update the ESCP to reflect these changes through an exchange of letters signed between the World Bank and the Borrower's designated official, the Director of CBM. The Borrower shall promptly disclose the updated ESCP.

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
MONITORING AND REPORTING			
A	<p>Prepare and submit to the World Bank regular monitoring reports on the environmental and social, 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>Submit quarterly E&amp;S monitoring reports to the World Bank throughout Project implementation, commencing after the Effective Date. Submit each report to the World Bank no later than 45 days after the end of each reporting period.</p>	PIT/CBM
B	<p>Promptly notify the World 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. 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 any contractor and/or supervising firm, as appropriate.</p> <p>The PIT shall develop, as part of the project POM, internal incidents and accidents reporting procedures compliant to the ESCP.</p> <p>Subsequently, at the World Bank's request, prepare a report on the incident or accident and propose any measures to address it and prevent its recurrence.</p>	<p>Notify the World Bank no later than 48 hours after learning of the incident or accident. Provide a subsequent report to the World Bank within a timeframe acceptable to the World Bank.</p> <p>Develop internal incidents and accidents reporting procedures prior to start of on-ground activities.</p>	PIT/ CBM
C	<p><b>CONTRACTORS' MONTHLY REPORTS</b></p> <p>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 World Bank.</p>	<p>Submit monthly reports to the World Bank upon request.</p>	PIT/CBM

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
D		No later than 7 days after the issuance or receipt, as applicable, of the relevant document (i.e., referral to the DAAB, issuance of DAAB decision, Notice of Dissatisfaction, notice of commencement of emergency/full arbitration, emergency/full arbitration order, as applicable).	PIT / CBM
<b>ESS 1: ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS</b>			
1.1	Establish and maintain a PIT with qualified staff and resources to support management of environmental and social risks and impacts of the Project including one qualified, environmental and social specialist.	Establish and maintain a PIT as set out in the Legal agreement. (prior to Effective Date)	PIT/CBM
1.2	<p><b>ENVIRONMENTAL AND SOCIAL INSTRUMENTS</b></p> <p>1. Adopt and implement a dedicated Environmental and Social Risk Management section in the Project Operation Manual (POM) for the Project, consistent with the relevant ESSs.</p> <p>2. PIT to adopt and implement the Environmental and Social Management Plan (ESMP) Checklists as set out in the POM when needed, for any activity related to installation of equipment, waste management, and other activities with environmental and social implications (including TA, when needed). The proposed activities described in the exclusion list set out in the POM shall be ineligible to receive financing under the Project.</p>	<p>1. Adopt the POM prior to Project Effective Date, and thereafter implement the POM throughout Project implementation.</p> <p>2. Adopt the ESMP checklists before launching the bidding process for the respective Project activity and thereafter implement the respective ESMP checklists throughout Project implementation.</p>	PIT /CBM
1.3	<p><b>MANAGEMENT OF CONTRACTORS</b></p> <p>Incorporate the relevant aspects of the ESCP, including, inter alia, the relevant E&amp;S sections of the POM and code of conduct, into the ES 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 ES specifications of their respective contracts.</p>	<p>As part of the preparation of procurement documents and respective contracts. Supervise contractors throughout Project implementation.</p>	PIT / CBM
1.4	<b>TECHNICAL ASSISTANCE</b>	Throughout Project implementation.	PIT/ CBM

MATERIAL MEASURES AND ACTIONS	TIMEFRAME	RESPONSIBLE ENTITY
<p>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 World Bank, that are consistent with the ESSs. Thereafter ensure that the outputs of such activities comply with the terms of reference.</p>		
<b>ESS 2: LABOR AND WORKING CONDITIONS</b>		
<p>2.1 <b>LABOR MANAGEMENT PROCEDURES</b></p> <p>Ensure that workers are engaged and managed throughout the implementation of the Project activities in line with the provisions of ESS2. To this end, ensure that the following measures are carried out:</p> <p>a) Provide workers with information and documentation that is clear and understandable regarding their terms and conditions of employment through written contracts setting out their rights, including, inter alia, rights related to hours of work, wages, overtime, compensation, and benefits, as well as written notice of termination of employment, and details of severance payments, as applicable;</p> <p>b) Implement occupational health and safety measures, considering the General Environmental, Health and Safety Guidelines (EHSGs), and other relevant Good International Industry Practice (GIIP);</p> <p>c) Implement measures, as applicable, to, inter alia: (i) prevent the use of all forms of forced labor and child labor; (ii) enable workers to benefit from, inter alia, access to grievance and redress mechanisms without fear of retaliation; and effective freedom to form and join workers organizations or alternative mechanisms for expressing their concerns and protect their rights related to labor and working conditions; and</p> <p>d) Implement a code of conduct for workers, which shall include measures to prevent and respond to SEA and SH cases, which safeguards against workplace harassment, and that promotes non-discrimination and equal opportunity for all.</p>	<p>Set out relevant provisions in the Project POM prior to the Project Effective Date. Implement throughout Project implementation.</p>	<p>PIT/CBM</p>

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
2.2	<p><b>GRIEVANCE MECHANISM FOR PROJECT WORKERS</b></p> <p>Establish and operate a grievance mechanism for Project workers, consistent with ESS2. Ensure that workers GRM is equipped to receive SEA/SH complaints</p>	Set out relevant provisions in the Project POM prior to the Project Effective Date. Implement throughout Project implementation.	PIT /CBM
<b>ESS 3: RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b>			
3.1	<p><b>RESOURCE EFFICIENCY AND POLLUTION PREVENTION AND MANAGEMENT</b></p> <ol style="list-style-type: none"> <li>1. The procurement of IT hardware shall follow procurement standards on energy efficiency and management of e-wastes as part of the procurement package, and as defined through the POM.</li> <li>2. Any mitigation measures that are relevant to resource efficiency and pollution prevention, due to potential small refurbishment works shall be prescribed in the (ESMP) Checklist.</li> </ol>	<p>A section of the POM on E&amp;S shall be prepared by Project Effective Date.</p> <p>Before launching the bidding process for the respective Project activity and thereafter implement the respective ESMP checklists throughout Project implementation.</p>	PIT /CBM
<b>ESS 10: STAKEHOLDER ENGAGEMENT AND INFORMATION DISCLOSURE</b>			
10.1	<p><b>STAKEHOLDER ENGAGEMENT PLAN PREPARATION AND IMPLEMENTATION</b></p> <ul style="list-style-type: none"> <li>• A short plan for outreach and stakeholder engagement shall be prepared. The plan shall cover all relevant stakeholders, including identified vulnerable groups, and shall be included in the Project Operations Manual (POM).</li> <li>• In accordance with Environmental and Social Standard 10 (ESS10), the Project beneficiaries shall be provided with timely, relevant, understandable, and accessible information. Consultations shall be conducted in a culturally appropriate manner and shall be free from manipulation, interference, coercion, discrimination, and intimidation.</li> <li>• Public awareness of key project activities shall be maintained through appropriate communication channels, including official websites, social media platforms, government sources, and other media such as printed materials, public consultations, and advertisements. Specific efforts shall be made to ensure the inclusion and participation of vulnerable groups.</li> </ul>	Set out relevant provisions in the Project POM prior to the Project Effective Date. Implement throughout Project implementation.	PIT/CBM

MATERIAL MEASURES AND ACTIONS		TIMEFRAME	RESPONSIBLE ENTITY
	<ul style="list-style-type: none"> <li>The Project Operations Manual (POM) shall include a short description of the measures for safeguarding personal data, including cybersecurity and anti-fraud mechanisms. These measures shall be specified both at the system level and at the level of the payment service provider.</li> </ul>		
10.2	<p><b>PROJECT GRIEVANCE MECHANISM</b></p> <p>The existing Grievance Mechanism of the CBM shall be upgraded and aligned with the Project Grievance Mechanism (GM) to ensure consistency and effectiveness in managing all project-related grievances. The PIT shall be responsible for maintaining a centralized grievance log and shall submit regular reports on all grievances related to the Project.</p> <p>The grievance mechanism, will 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> <p>The grievance mechanism shall be equipped to receive, register, and facilitate the resolution of SEA/SH (Sexual Exploitation and Abuse/Sexual Harassment) complaints, including through the referral of survivors to relevant gender-based violence service providers, all in a safe, confidential, and survivor-centered manner.</p>	<p>Relevant provisions regarding the Grievance Mechanism (GM) shall be set out in the POM prior to the Project Effective Date. The Project GM shall be fully operational within thirty (30) days after the Project Effective Date, including the capacity to receive and address complaints related to sexual harassment (SH) and sexual exploitation and abuse (SEA), and shall remain functional throughout the duration of project implementation.</p>	PIT /CBM
<b>CAPACITY SUPPORT</b>			
CS1	<p>Training may be required for PIT on identifying, managing, and reporting social and environmental risks in line with the ESF.</p> <p>Training topics for relevant E&amp;S staff and/or partners shall, among others, include:</p> <ul style="list-style-type: none"> <li>Training on conducting effective and inclusive stakeholder and citizen engagement;</li> <li>Training on GM implementation and monitoring;</li> <li>Other training as needed/deemed relevant.</li> </ul>	During Project preparation starting Project Effective Date and implementation, as needed.	World Bank E&S Team

