

Environmental and Social Management Planning Framework for Stakeholder Engagement



Hungary Emergency Assistance for Healthcare Expenditures Project (Under the Covid-19 Crisis Recovery Facility)

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Ministry of Finance,
Hungary

Abbreviations

AIB	Asian Infrastructure Investment Bank
CEB	Council of Europe Development Bank
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ESDD	Environmental and Social Due Diligence
ESEL	Environmental and Social Exclusion List
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMPF	Environmental and Social Management Planning Framework
ESP	Environmental and Social Policy
ESS	Environmental and Social Standard
E&S	Environmental and Social
EU	European Union
GRM	Grievance Redress Mechanism
KEF	Directorate for Public Procurement and Supply
MoF	Ministry of Finance
OHS	Occupational Health and Safety
OKFO	National Directorate General for Hospitals
PIA	Project Implementation Agency
PPE	Personal Protective Equipment
SEP	Stakeholder Engagement Plan

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1. Introduction

This Environmental and Social Management Planning Framework (ESMPF) was prepared for the Hungarian Emergency Assistance for Healthcare Expenditures Project under the Asian Infrastructure Investment Bank's (AIIB) Covid-19 Crisis Recovery Facility. The Draft version of the ESMPF was disclosed for public comments for 30 days in October 2021. No feedback was received from stakeholders.

The ESMPF sets out the principles, procedures and approaches for the management of environmental and social safeguards on the project and includes the following sections:

1. Project Description
2. Scope and Purpose of the ESMPF
3. Legal and Policy Framework
4. Procedures for Environmental and Social Impact Management
5. Environmental and Social Management Planning Framework
6. Stakeholder Engagement
7. Grievance Mechanism
8. Institutional arrangements, roles and responsibilities
9. Monitoring and Reporting
10. Updating of the ESMPF
11. Annexes

2. Project Description

AIIB is providing financing to Hungary as part of an internally coordinated effort with the Council of Europe Development Bank to strengthen the public health emergency response infrastructure and improve pandemic preparedness. While other lenders are financing medical equipment and personal protective equipment (PPE), the AIIB loan also includes an infrastructure development component.

The AIIB financed Project's components are as follows:

Component 1. Building Case Management Capacity. Emergency procurement of oxygen therapy devices, vital sign monitors, PPE and medication to increase the case management capacity of Covid-19 patient.

Component 2. Strengthening Hospital Laboratory System. Emergency procurement of laboratory equipment, test kits, reagents, and other testing supplies to increase capacity per the national Covid-19 guidelines and regular case reporting for surveillance purposes.

Component 3. Refurbishment of Hospital Buildings. This component will support the refurbishment of 17 hospitals in Budapest, including hospitals used for the case management of Covid-19 patients and essential hospitals required to remain open during the pandemic. The targeted hospitals are i) national/regional level designated Covid-19 care centers or ii) hospitals where patients face a significantly higher risk due to their chronic diseases or iii) hospitals where capacity must be fully maintained during the pandemic.

The Project overall has been assigned Category B in accordance with AIIB's ESP and the ESS. From the project development objectives, it is evident that the project will result in overall positive and beneficial impacts on the target population.

Components 1 and 2 have been completed, only works under Component 3 are ongoing. Component 3 covers the refurbishment of a total floor area of 263,000 m² in the 17 selected hospitals. As of September 2021, approximately 133,000m² of civil works have been completed, while around half of the remaining 88,000m² is under design and planning.

Subprojects

Component 3 that involves the civil works will provide the hospitals with modern technology through the installation of efficient ventilation systems to operating rooms, development of unified hospital access control systems and patient referral areas, renovation of hospital wards, waiting areas and the connecting social areas. Other upgrades include replacement of surfaces (e.g. floors and walls) to allow for better disinfection, replacement of water pipes and reorganization of patient flow to improve infection control measures. These are crucial features that will help the hospitals prepare for potential future waves of Covid-19 and improve the overall capacity of the patient care system in general and the ability of the system to respond to future pandemics. In general, it is anticipated that works will involve interior refurbishment of 235 buildings in 17 hospitals in Budapest.

It is not anticipated that any of the civil works under Component 3 will require a construction and/or environmental permit. Demolition of walls and sections of buildings are anticipated. Any demolition will be undertaken in compliance with the applicable permit and legislation.

Screening of hospitals selected for inclusion in the project was undertaken based on their physical condition and the need for renovation works. In general, environmental and social risk considerations were not included in the selection criteria. The selection criteria were focusing on the hospital's role in Covid-19 response and the need for renovation works. Typically, hospitals where renovation works took place within the last 3 years were not selected for the Project.

Subprojects are understood as individual work sites within the hospitals. Some hospitals might have multiple subprojects with varying level of risk.

Photos of completed works are available in Annex 4.

3. Scope and Purpose of the ESMPF

Scope of the ESMPF

The Environmental and Social Management Planning Framework (ESMPF) covers the three components of the Hungary Emergency Assistance for Healthcare Expenditures Project financed by the Asian Infrastructure Investment Bank (AIIB). Although civil works are only anticipated for Component 3 of the Project, it is recommended to assess activities under other components that might require minor construction works.

The ESMPF focuses on identifying the current environmental and social management of the Project, determining the gaps between applicable Hungarian national legislation and AIIB requirements, proposing actions to bridge the gaps and setting up the necessary screening tools in order to identify potential environmental and social risks and impacts. The ESMPF also identifies a set of mitigation measures that might be applicable to subprojects based on the outcome of the screening.

The sites for the subprojects and the details of project-supported activities have been identified, though additional sites and changes in the identified locations are possible, therefore an ESMPF is required to be prepared. The exact magnitude and significance of impacts associated with the subprojects could only be assessed after the sites and hospitals are selected. The overall objective of this ESMPF is to serve as a guidance document for screening, identification and mitigation of potential E&S risks associated with the civil works and set up the project level communication and grievance management processes. The ESMPF provides principles and guidance for PIAs' activities to ensure that the potential negative environmental and social impacts, if any, during construction and operation are adequately managed.

Retroactive financing of activities are planned for Component 1 and 2. It is unlikely that Component 3 will have retroactive financing. If retroactive financing takes places as part of Component 3, then an Environmental and Social Due Diligence (ESDD) will be undertaken to determine compliance of

the subproject with the ESMPF. If the ESDD identifies the need for a correction action plan, then this plan will be developed with the necessary tools to manage the identified impacts.

Purpose of the ESMPF

The main purpose of the ESMPF is to enable the Project Implementation Agencies, the National Directorate General for Hospitals (OKFO) under the supervision of the Ministry of Human Capacities and the Directorate for Public Procurement and Supply (KEF) under the supervision of the Ministry of Finance to screen the selected subprojects for potential environmental and social impacts and to provide a guide in safeguard planning and implantation at the subproject. The ESMPF also looks at institutional arrangements for implementation of safeguards related activities.

The main purpose of the ESMF are to:

- i. Provide tools and guidelines for environmental and social risk assessment of all the subprojects to be implemented under the Project for which detailed information is not available at this stage;
- ii. Review of the potential and likely risks and impacts of the project activities and develop the environmental and social screening procedure of the subprojects;
- iii. Mainstream all relevant environmental and social issues into the design and implementation of the subprojects;
- iv. Specify appropriate roles and responsibilities, and outline the necessary reporting procedures for managing and monitoring environmental and social concerns related to subprojects

4. Legal and Policy Framework

a. Hungarian national legislation

The Project is implemented in line with applicable national legislation in Hungary that is summarized in the table below.

Aspect	Regulation
Labour and working conditions	<ol style="list-style-type: none"> 1. Act IV of 1991 on the promotion of employment and on unemployment benefits 2. Act I of 2012 on the Labour Code 3. Act LXXV of 2010 on Simplified Employment and occasional work relationships 4. Government Decree 112/2006. (V. 12.) on the authorization of social employment and social employment aid 5. Government Decree 210/2006 (X. 17) to amend Government Decree No. 112/2006 (V. 12.) on authorization and subsidization of social work 6. Government Decree 53/2007 (IV. 12) amending certain decrees concerning employment and social matters 7. Act CXV of 2018 amending Act XLII of 2015 on the service relationship of the professional staff of bodies performing law enforcement tasks and other related Acts 8. Act LXXV of 1996 on Labour Inspection 9. Act XCVI of 2017 to amend Act CXXV 2003 on equal treatment and promotion of equal opportunities

Aspect	Regulation
Occupational Health and Safety	<ol style="list-style-type: none"> 1. Fundamental Law of Hungary (2011) 2. Act No. XCIII of 1993 on Occupational Safety and Health 3. Act No. CLIV of 1997 on Healthcare 4. Act No. CXXIII of 2015 on Primary Healthcare 5. Decree No. 25/2000 (IX. 31) on Chemical Safety at work 6. Government Decree No. 581/2016 (X. 25) on National Occupational Safety and Health Policy 7. Regulation of the Minister of National Economy no 6/2018 (III. 1) to amend the Order of the Minister of Labour No 5/1993 (XII. 26) to implement certain provisions of the Act No XCIII of 1993 on occupational health and safety 8. Order no. 2.2007 of the Minister of Social Affairs and Labour amending order 5/1993 implementing certain provisions of the Act XCIII of 1993 on the protection of labour 9. Joint Decree No. 4/2002 (II. 20) on the implementation of minimum safety and health requirements at temporary or mobile construction sites 10. Government Decree No 18/2006 (I. 26.) on the protection against accidents in relation with dangerous substances 11. Decree No. 22/2005 (VI. 24) on the minimum health and safety requirements regarding the exposure of workers to vibration 12. Decree No. 66/2005 (XII. 22) on the minimum health and safety requirements regarding the exposure of workers to noise 13. Decree No. 12/2006 (III. 23.) on the protection of workers from the risks related to exposure to asbestos at work 14. Decree No. 65/1999 (XII. 22) on the minimum health and safety requirements of the use by workers of personal protective equipment at work
Environment	<ol style="list-style-type: none"> 1. Act LXXVIII of 1997 on forming and protection of built environment 2. Governmental Decree No. 314/2005 (XII. 25.) on environmental impact assessment and on integrated environmental usage permitting process 3. Act. LIII. of 1995 on the general rules of environmental protection
Waste Management and Medical Waste Management	<ol style="list-style-type: none"> 1. Decree No. 11/2017 (VI.12) of the Minister of Human Capacities on the waste management activities related to pharmaceutical waste generated in the course of supplying patients and consumers with medicinal products 2. Act No. LIII of 2000 on Waste Management in conformity with EU Directive 2006/12/EC 3. Act II of 2021 Amending Certain Acts Related to Energy and Waste Management
Cultural Heritage Protection	Act LXIV of 2001 on the protection of cultural heritage
Stakeholder Engagement	<ol style="list-style-type: none"> 1. Act C of 2003 on electronic communications 2. Act CIV of 2010 on the freedom of the press and the fundamental rules of media content 3. Act CLXXXV of 2010 on media services and mass communication 4. Act CXII of 2011 on informational self-determination and the freedom of information

Aspect	Regulation
Vulnerable Groups	<ol style="list-style-type: none"> 1. Act CXCI of 2011 on benefits for disabled persons and amending certain laws 2. Act CXVII of 2018 amending certain Acts on social, child protection and other related acts 3. Act CCXXIII of 2015 amending certain Acts on social, child protection, family support and other related acts 4. Act CLXVI of 2016 amending certain laws on social and child protection 5. Act LXII of 2013 to amend Act No. XXVI of 1998 on assuring equal opportunity for persons with disabilities 6. Act XXIII of 2007 amending Act XXVI of 1998 on assuring equal opportunity for disabled people

b. Environmental and Social Framework of AIIB

The Environmental and Social Framework (ESF) of the Asian Infrastructure Investment Bank (AIIB) was approved by the Board in February 2016 (amended in 2019), and sets forth in the Environmental and Social Policy (ESP) mandatory environmental and social requirements for each Project funded by the Bank to achieve outcomes consistent with its mandate to support infrastructure development and enhance interconnectivity in Asia. The Bank has also established an Environmental and Social Exclusion List and will not knowingly finance projects involving activities included on this list. Please see Annex 7 for the Exclusion List.

The ESP sets out the general processes and requirements for Project screening and categorization, environmental and social due diligence, environmental and social assessment, environmental and social management plans, environmental and social assessment tools and management planning frameworks, information disclosure, consultation, monitoring and reporting, as well as grievance redress. It also defines the roles and responsibilities between AIIB and its Clients, and must be complied with to secure AIIB financing.

The Bank requires each proposed Project to be assigned one of the following four categories:

Category A. A Project is categorized A if it is likely to have significant adverse environmental and social impacts that are irreversible, cumulative, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works and may be temporary or permanent in nature.

Category B. A Project is categorized B when: it has a limited number of potentially adverse environmental and social impacts; the impacts are not unprecedented; few if any of them are irreversible or cumulative; they are limited to the Project area; and can be successfully managed using good practice in an operational setting.

Category C. A Project is categorized C when it is likely to have minimal or no adverse environmental and social impacts.

Category FI. A Project is categorized FI if the financing structure involves the provision of funds to or through a financial intermediary (FI) for the Project, whereby the Bank delegates to the FI the decision-making on the use of the Bank funds, including the selection, appraisal, approval and monitoring of Bank-financed subprojects.

The Bank conducts an Environmental and Social Due Diligence on all its prospective Projects to inform its decision-making process, and requires its Client to prepare instruments in compliance with its ESP, comprising an assessment of key activities and project components (including associated facilities) and the development of management plans or planning frameworks. The Bank then supports implementation of the environmental and social mitigation and management measures in projects it decides to finance, requires regular reporting on performances and conducts supervision at regular intervals. The Bank also requires its Clients to disclose relevant information about environmental and social risks and impacts of the Project in a timely and accessible manner,

understandable by Project-affected people. It also posts the Client's documentation on its website for consultation.

The Bank requires the establishment of a project-level Grievance Redress Mechanism to receive and facilitate resolution of the concerns or complaints of people who believe they have been adversely affected by the Project's environmental or social impacts, and to inform Project-affected people of its availability. The grievance mechanism includes provisions to protect complainants from retaliation and to remain anonymous, if requested.

AIIB further requires compliance, where relevant to the Project, with three Environmental and Social Standards (ESS), for identification and management of environmental and social risks and impacts:
ESS 1: Environmental and Social Assessment and Management;
ESS 2: Involuntary Resettlement;
ESS 3: Indigenous Peoples.

ESS 1: Environmental and Social Assessment and Management is applicable to the project. The applicability of the provisions of ESS 2 are not foreseen, though it will be determined in the context of the subprojects. The ESS 3 is not applicable to the subprojects. The provisions of the Environmental and Social Exclusion List (ESEL) of the AIIB will apply to the Project.

ESS 1: Environmental and Social Assessment and Management

- Introduces concept of proportionality: ES assessment and management measures are to be proportional to Project risks and impacts;
- Mentions effective mitigation and monitoring measures for quality assessment and management of ES risks and impacts;
- Applies during the course of Project implementation;
- Requires the tracking of risks and impacts and the management of related procedures to be reflected in an Environmental and Social Management Plan;
- Focus: general requirements for the assessment and management structure and process, and specific environmental, social, working conditions and community; health and safety considerations;
- Requires the examination of alternatives to proposed project and related risks and impacts;
- AIIB will not finance projects involving the activities included in its Environmental and Social Exclusion List (e.g. forced labour, production of, or trade in illegal or dangerous products such as PCBs, weapons, tobacco, alcoholic beverages);
- Requires the preparation of an Environmental and Social Management Planning Framework (ESMPF) when details are missing at time of project's approval by the AIIB or when the AIIB determines that the ES assessment should be conducted in phases;
- Monitoring results should be documented and communicated in accordance with Information Disclosure requirements;
- Project changes requiring approval from the AIIB;
- Grievance mechanism: Necessary 'to receive and facilitate resolution of the concerns of people who believe they have been adversely affected';
- Information Disclosure addresses the sharing of documents, including of the draft ES assessment documents, in a timely manner and in locations and languages accessible to stakeholders.

c. International Treaties and Conventions

1. Montreal Protocol on Ozone Depleting Substances (and subsequent Amendments)
Hungary is a signatory of the Montreal Protocol along with its London Amendment and also ratified the Copenhagen, Montreal and Beijing Amendments.
2. International Labour Organization Conventions ratified by Hungary:

No.29 - Forced Labour Convention 1930
No. 87 - Freedom of Association and Protection of the Right to Organize Convention 1948
No. 98 - Right to Organize and Collective Bargaining Convention 1949
No. 100 - Equal Remuneration Convention 1951
No. 105 - Abolition of Forced Labour Convention 1957
No 111 - Discrimination (Employment and Occupation) Convention 1958
No 182 - Worst Forms of Child Labour Convention 1999
No. 81 - Labour Inspection Convention 1947

3. EU Directives:

Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work ()

Directive 97/11/EC of 3 March 1997 amending Directive 85/337/EEC on the assessment of the effects of certain public and private projects on the environment

Directive 2003/35/EC of the European Parliament and of the Council of 26 May 2003 providing for public participation in respect of the drawing up of certain plans and programmes relating to the environmental and amending with regard to public participation and access to justice Council Directives 85/337/EEC and 96/61/EC

Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006)

Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment

Directive 2014/52/EU amending Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment

d. Gap Analysis of Hungarian Regulations and AIIB standards

Based on the review of applicable legislation, a comparative analysis has been carried out with applicable AIIB requirements. The summary table below includes the gap analysis with potential actions bridge the gaps.

	Theme/Topic	AIIB requirements	Hungarian regulatory requirement and enforcement practices	Gaps and proposed actions
1	Project Screening and Categorisation	AIIB screens and assesses each proposed project at the concept stage to determine its environmental and social risk categorisation. Each proposed project is reviewed to understand risks and impacts based on the type, location, scale and sensitivity. Projects are assigned A, B or C categories depending on the significance of the project's potential environmental and social impacts	Projects are screened in line with national legislation to confirm whether an environmental impact assessment, environmental permit or other special permits are required. There is no requirement to assign a project category if an EIA is not required.	Subprojects will be screened according to the screening checklist provided in Annex 1 to identify the overall risk profile, potential environmental and social impacts. If the risk profile is not in line with the risk category assigned to the overall Project, then KEF will consult AIIB to either approve financing of the project or approve replacing the subproject.
2	Environmental and Social Assessment and Management Plans based on categorisation	For Category A and B projects, AIIB requires the Client to conduct environmental and social assessment with scope and depth commensurate with the nature and magnitude of the potential impacts. For Category B projects, the documentation requirement for environmental and social assessment is determined on a case by case basis keeping in mind the severity of impacts and nature of mitigation and monitoring measures.	The environmental protection act and the EU EIA directive ensures that activities listed in Annex 1 of the directive undergo a thorough assessment of their environmental impacts. This assessment identifies the impacts of the project and proposes additional mitigation measures and instruments to manage such impacts. If the impacts of the project are significant then additional management plans will be developed.	Social impacts are usually not prescribed in the EIA and included in the assessment. The Screening checklist includes a basic assessment of the social risk and impacts of subprojects. If an EIA is needed, the ESMPF provides guidance on the relevant social topics to be covered.
3	E&S impact assessment	Conduct an environmental and social assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood, health and safety, vulnerable groups, gender), and physical cultural resources in the context of the project's area of influence. Assess potential transboundary and global impacts, including climate change.		

	Theme/Topic	AiIB requirements	Hungarian regulatory requirement and enforcement practices	Gaps and proposed actions
4	Stakeholder Engagement/ Meaningful consultation	AiIB requires the Client to conduct meaningful consultations compliant with national laws and regulations and AiIB's Policy. This includes i) engagement with communities, groups or people affected by the proposed projects; ii) early engagement that is continued on an ongoing basis; iii) providing timely disclosure of relevant and adequate information that is understandable and readily accessible in an atmosphere free of intimidation or coercion; iv) gender inclusive and responsive approach tailored to the needs of vulnerable groups v) incorporation of all relevant views of affected people and other stakeholders into decision making.	National legislation covers the information disclosure and access to information aspects of publicly financed projects. In addition, the EU EIA directive also prescribes public hearings and the disclosure of project environmental information.	AiIB requires continuous engagement with internal and external stakeholder, stakeholder mapping, disclosure of project information including E&S documentation. The ESMPF stipulates project disclosure requirements, provides a mapping of stakeholders and sets the foundation of a time-bound communication strategy to be executed on the Project level.
5	Information Disclosure	AiIB requires the client to ensure that social and environmental assessment documents are made available in a timely manner, in an accessible place and in a form and language understandable to affected people and to other stakeholders, including the general public, so they can provide meaningful inputs into project design and implementation.		
6	Grievance mechanism	AiIB requires that the client establishes and maintains a fair and effective mechanism to receive and facilitate timely resolution of concerns and grievances. <i>Existing national mechanisms for grievance redressal may be used for the purpose of this Planning Framework, if such national mechanisms are deemed appropriate and in compliance with the objectives of this Planning Framework.</i>	Official channels are provided for the logging of external grievances. These include formal legal avenues. Institutional level mechanisms with a grievance book should be provided under national legislation.	The Project level grievance mechanism is not formalised. The ESMPF establishes the grievance mechanism that will be applicable to the overall Project and its subprojects.

	Theme/Topic	AIIB requirements	Hungarian regulatory requirement and enforcement practices	Gaps and proposed actions
7	Social risks and impacts	Undertake a broad assessment of potential social and economic risks and impacts, both positive and negative, associated with the project. This should include direct and indirect impacts at the community and individual level. Provide an overview of the full range of potential social impacts and risks and identify measures for their avoidance or mitigation.	National legislation provides for the management of risks including community health and safety, vulnerable groups, accessibility and occupational health and safety. There is no requirement for the inclusion of social impact assessment.	Social risks and impacts will be screened as per the Screening checklist and if additional E&S instruments are required then social impacts will be included.
8	Cultural heritage and resources	Conserve cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts for the assessment process. <i>Provide for the use of 'chance find' procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.</i>	Cultural heritage sites are protected under national legislation.	There is no requirement for a chance finds procedure under national legislation. If the screening identifies the potential for chance finds, then a procedure will be set up.
9	Community Health and Safety	Assess safety and health risks and impacts on local communities, and put in place preventive and emergency preparedness and response measures to avoid, or where avoidance is not possible, to minimise adverse risks to and impacts of the project to the safety and health of affected communities.	OHS legislation covers elements of community health and safety such as site security and prohibition of unauthorized access.	Community health and safety risks and impacts will be assessed for the subprojects and where necessary, mitigation measures will be designed and implemented.
10	Labour protection	Assess labour and working conditions of project workers including occupational health and safety risks. Implement measures designed to ensure project workers have safe and healthy working conditions and put in place measures to prevent accidents, deaths, injuries and disease caused by the project. Apply the relevant occupational health and safety provisions including any applicable industry-specific measures. Meet labour protection requirements of national laws and regulations and relevant ILO conventions as applicable to the country.	OHS legislation adequately covers the measures that need to be implemented to prevent accidents, deaths, injuries and disease. OHS legislation also prescribes appropriate PPE specific. Hungary is a signatory of the ILO conventions ensuring labour protection.	There is no gap with respect to labour protection.

5. Current procedures, policies and practices for the management of environmental and social impacts applicable to Hungarian hospitals.

Emergency Preparedness

Each hospital and public building is expected to have an operational plan for Emergency Preparedness and Response. This plan is developed in cooperation with emergency services and adopted for the site. For hospitals, this plan usually includes emergency power supply, water and wastewater services, evacuation in case of fire, flooding or other emergencies. The works under the Project are expected to be minor and would not interfere with the operational plans for emergency planning. The ESMPF provides measures to screen subprojects for the magnitude of works and identify the need for any updates or additions to such site level plans.

Handling of Asbestos

Hungary banned the use of asbestos starting in 1983 with a complete ban on all forms of asbestos by 1 January 2005. Nevertheless, the ESMPF will assess whether old buildings where works and demolition activities are taking place have asbestos that might be potentially harmful. If appropriate, asbestos will be handled in line with applicable national legislation.

Ozone Depleting materials

Works include the cleaning and upgrade of ventilation systems using mechanical and chemical approaches. The risk with such approach is the use of ozone depleting materials. Hungary has signed the Montreal Protocol which bans the use of such materials. It is not anticipated that any harmful materials will be approved for application on the Project.

Hazardous and hospital waste management

Each hospital has their management plan for the handling of communal, hazardous and medical/hospital waste. The hazardous and hospital waste management is contracted out to licensed third parties in line with applicable national legislation. Hazardous and hospital waste is stored on site in appropriate storage facilities, in areas closed off from the public. Procedures are in place to minimise contamination risks and exposure of hospital workers to hazardous materials. Hospital employees handling hazardous and hospital waste are required to wear the appropriate PPE provided by the employer. The contracted third party has the capacity to handle additional hospital waste generated once the subproject is completed and fully operational. Hospital waste generation is expected mainly on Component 2 that is under the management of OKFO. KEF will work closely with OKFO to understand additional needs related to hospital waste management and ensure that provisions under this ESMPF are implemented.

Contractor management

The contractors are executing the works under the framework contract with KEF. This framework contract was amended to reflect the new project E&S instrument developed. KEF is responsible for the monitoring of performance and management of contractors that includes weekly progress meetings. Additional contractors are not anticipated to be employed on the project.

Labour and Working Conditions

The civil works will be undertaken on site of operational hospitals. The contractor is responsible for allocating adequate number of personnel with appropriate PPE to undertake the works. The work sites and basic facilities for workers such as resting areas, toilets and storage areas for equipment will be provided by the hospital. The contractor is required by law to employ workers with an

employment contract that details the terms and conditions of employment, arrangements for overtime, working hours, code of conduct, health and safety requirements and responsibilities, amongst other topics. Contractor personnel is required to follow contractor policy and national legislation on occupational health and safety. National legislation covers the key aspect of safety protection, PPE usage, housekeeping, prevention of injuries, accidents, incidents and deaths as well as prevention of exposure to harmful materials. Workers have the responsibility to use the provided PPE and comply with site requirements to avoid work related incidents, near misses and accidents. The national labour inspectorate may conduct unannounced audits on any construction site to check for compliance with OHS legislation. KEF is following up on labour and OHS related topics during the weekly progress meetings with the contractor.

Labour and working conditions of hospital employees are managed in line with applicable national legislation and industry specific guidelines. The health and safety of hospital employees during the construction activities will be managed under community health and safety mitigation measures.

It is not anticipated that the project will employ informal labour, forced labour, child labour or other forms of bonded labour. Under the procurement act and national legislation, the contractor is required to only deploy workers with formal employment contracts. Freedom of association and trade unions are allowed under national legislation. There is no contextual country risk identified in Hungary.

Community Health and Safety

Undertaking civil works in operational hospitals carries risks not only for employees and patients, but also for visitors, vendors with shops on site, and potentially for communities and residents near the hospital buildings. The main anticipated health and safety impact of the renovation and civil works include construction related nuisances, such as access restrictions, increased noise and dust depending on the construction activities, storage of construction material and potential unauthorized access to the work site, as well as presence of external workers on site. The number of workers on site will depend on the scale of works and the size of the work area. In some cases, there are only 2 workers on site at a given time, however, some larger scale construction work requires up to almost 200 workers on site. The majority of work sites are smaller scale with less than 100 workers.

Community health, safety and security related measures during the operations of the hospital follow applicable legislation and institutional level management plans. The impacts of civil works on hospital visitors, employees and neighbouring communities are mitigated by the contractor who ensures that work sites are adequately fenced off to prevent unauthorised access, construction material will be stored securely on site and appropriate signage will be provided. Where works involve significant noise, dust or other construction related nuisances and risks, the contractor will ensure that the necessary mitigation measures are installed including special fencing to decrease the noise or dust protection measures.

Life and fire safety management plans are procedures required by national legislation to be prepared by each hospital. The hospital is required to employ relevant personnel to implement the management plans, maintain the equipment and liaise with local emergency services. There are special measures and procedures for higher risk areas including laboratories, surgical theatres and areas where flammable materials are stored. It is the responsibility of the hospital to ensure compliance with national legislation and the management plans. The Life and fire safety procedures should be updated to include specific measures covering the civil works if applicable.

Covid-19 related measures

The hospitals are implementing strict measures to prevent the spread of Covid-19 amongst their staff and patients. These measures include wearing masks, sanitizing hands frequently and limiting the number of people in common areas. As of July 2021, it is mandatory for healthcare workers to get the Covid vaccine. Double vaccinated workers receive their immunity card with their QR code that is required to work in the hospital.

Covid vaccination is not mandatory for everyone in the private sector, so it is unknown whether contractor personnel working on the site is vaccinated or not. Nevertheless, applicable legislation on infection prevention will be followed while working on site. All meetings between hospital staff, the contractor and KEF will be undertaken with the implementation of applicable Covid-19 prevention measures.

Land Acquisition

It was confirmed by KEF that land acquisition, resettlement and impacts on livelihoods are not anticipated for any of the subprojects. Civil works will only be undertaken on existing and operating hospitals. No works are expected to take place on greenfield sites.

Temporary relocation of hospital departments within the same institution might occur. This is undertaken in line with applicable management plans for each hospital. Information on temporary relocation of departments or patients between hospitals is not known by KEF.

The Screening checklist provides for an assessment as to whether land acquisition, physical and/or economic displacement is expected on the subproject.

Cultural Heritage protection

It was identified that some of the old hospital buildings may be classified as cultural heritage sites. National legislation provides adequate guidance on the preservation of protected buildings and prescribes works that are allowed to be carried out. Since the majority of the works only concern small renovations internally, it is not expected that any changes will be made to the facade or structure of the building. If such works are necessary, then KEF will liaise with the relevant government agencies to obtain permits. If the screening identifies that it is likely that cultural heritage objects might be found during demolition, remodeling or excavation works, then a Chance Finds Procedure will be developed for the subproject.

Gender

The Project and its subprojects currently do not include any gender related measures. The project is expected to benefit men and women equally in terms of accessing healthcare facilities and medical care. It is not anticipated that the works will hinder access to medical care for men or women during the construction phase, as affected hospital departments will be temporarily relocated within the hospital or if that's not necessary, then alternative access to the departments will be provided while the works are being undertaken.

It is noted that in line with applicable national and EU rules and legislation, each hospital is equipped with separate toilet facilities for male and female visitors as well as separate changing, showering and toilet facilities for male and female employees. Hospital rooms also separate male and female patients. Hospital rooms have their own sanitary facilities used by the patient(s) occupying the room.

The hospital is responsible for providing the work areas and related sanitary facilities for the workers. In case there are female workers, separate toilets, changing and if required showering areas will be allocated to them.

The presence of a large number of workers on certain work sites might result in occurrences of harassment of female workers, visitors or patients. KEF and the contractor will ensure that there is a code of conduct for workers that clearly states that such behaviour is not acceptable on the project. The grievance mechanism will be used to collect any complaints including those related to worker behaviour and potential sexual harassment.

Vulnerable groups/accessibility

Universal accessibility to hospitals and public buildings are provided in the majority of cases in Hungary. Installed infrastructure in general includes ramps and elevators. Hospital and public

buildings usually have sanitary facilities equipped with special railings for people living with disabilities and changing facilities for nursing mothers.

People vulnerable to the Project and subproject impacts might include:

- patients with respiratory issues who might be more vulnerable to dust impacts of the civil works
- patients living with disabilities who might be disproportionately affected by relocation of departments and accessibility of the new location
- female employees, patients and visitors of hospital vulnerable to potential harassment from external workers
- patients with pre-existing conditions and the elderly that might be more vulnerable to Covid-19

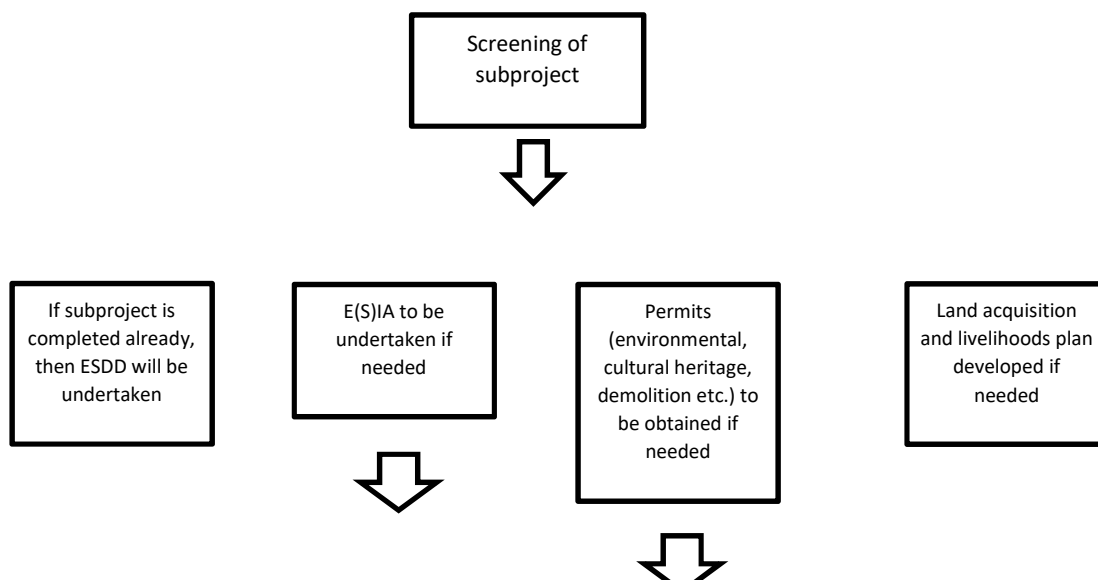
People and groups of people who might be disproportionately affected by the subproject or who might be vulnerable to some of the subproject impacts will be identified during the initial screening of the subproject. KEF and the contractor will identify appropriate mitigation measures.

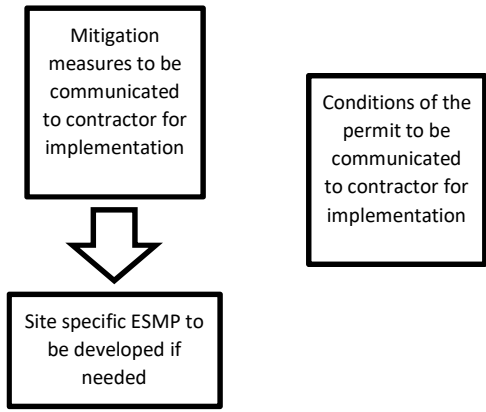
6. E&S assessment procedures for each activity in the Project.

This section will include the required E&S assessments for each subproject. Once a hospital is identified for inclusion in the Project under Component 3, the Screening checklist will be applied to assess the key environmental and social risks and impacts. This screening will also identify if there is a need for an environmental and/or construction permit, an E(S)IA, site specific ESMPs or any additional E&S instruments required under the AIIB's ESP for the identified risks and impacts. KEF will undertake the screening, commission additional studies or management plans and monitor the compliance of contractors with such plans. If site specific management plans are needed, the contractors will be responsible for developing those. KEF will report to the Ministry of Finance on the implementation of safeguards on the subproject level.

If the subproject is screened to be high risk then the AIIB's E&S team will be consulted to approve allocation of funds under the Loan to the subproject in question. If the subproject does not fit the assigned risk profile and categorisation of the overall Project, then it will be replaced by another subproject with the appropriate risk profile. The ESMPF outlined below will be applicable to all subprojects financed under the AIIB Loan, even those retroactively financed ones that are already completed.

The below process flow illustrates the main steps of the assessment while the ESMPF table provides more details on the activities, responsibilities and timelines for implementation.





The table below summarizes the key activities that need to be undertaken to ensure compliance with AIIB's ESP and ESS1 for the subprojects.

	Topic	Action	Responsibility	Timeline	Completion indicator
1	Screening of subprojects	Undertake the environmental and social screening of individual subprojects in line with the impacts identified in the ESMPF and the screening checklist included in the Annex 1 of the ESMPF. If the screening identifies significant environmental and/or social risks, then AIIB will be notified to decide if the subproject can be included under the Project.	KEF	During site selection and prior to construction works	Filled out screening checklists for each subproject
2	Environmental and Social Due Diligence	Undertake an Environmental and Social Due Diligence on construction works financed retroactively, if any. The draft TOR for the ESDD is included as an Annex of the ESMPF. If the ESDD identifies gaps with the principles and approaches set out in the ESMPF, then a corrective action plan will be drafted to ensure that all subprojects retroactively financed by the Project are in alignment with the ESMPF and applicable environmental and social standards.	KEF Consultant	Commencement as soon as retroactively financed subprojects are identified and agreed with AIIB	ESDD reports for retroactively financed subprojects Corrective action plan is applicable

	Topic	Action	Responsibility	Timeline	Completion indicator
3	Environmental (and Social) Impact Assessment	<p>If KEF identifies during the subproject planning, screening and assessment that the subproject requires a preparation of an Environmental (and Social) Impact Assessment under national legislation, then KEF will undertake such assessment. In order to comply with AIIB's ESP, the E(S)IA will contain social components in addition to national legislation. These include:</p> <ul style="list-style-type: none"> - assessment of labour and working conditions and occupational health and safety - assessment of health, safety and security impacts on communities - whether land acquisition is required, or whether the project will impact on livelihoods - socio-economic impacts of the subproject - grievance management and subproject stakeholder engagement 	KEF	If subprojects require EIAs under national legislation, E(S)IA to be prepared prior to the start of construction works	ESIA report prepared to national standards complemented by social components in line with AIIB's ESP

	Topic	Action	Responsibility	Timeline	Completion indicator
4	Site Specific Environmental and Social Management Plans	<p>If the subproject E(S)IA identifies a need for site specific Environmental and Social Management Plans to be set up to manage the subproject level impacts, then the ESMP needs to be prepared prior to the start of construction. The ESMP should contain a set of plans to manage site specific impacts during the construction phase including as applicable:</p> <ul style="list-style-type: none"> - pollution prevention - management of construction related nuisances such as noise, dust, vibration etc. - management of construction waste - management of water and wastewater during construction - management of the workforce - management of third party personnel and security personnel - occupational health and safety - community health safety and security - construction traffic management - site security 	KEF Contractor	Prior to the start of construction works	ESMP prepared

	Topic	Action	Responsibility	Timeline	Completion indicator
5	Communication Strategy	<p>Formalisation of the communication strategy. The existing communication channels, frequency, information shared with internal and external stakeholders, as well as additional disclosure activities in line with AIIB's ESP should be formalised in a time-bound strategy. The additional elements should include:</p> <ul style="list-style-type: none"> - Disclosure of ESMPF - Disclosure of other Project documents 	<p>Ministry of Finance KEF</p>	<p>Set up as part of the ESMPF</p>	<p>Time-bound Communication Strategy document prepared</p>

	Topic	Action	Responsibility	Timeline	Completion indicator
6	Grievance mechanism	<p>Formalisation of the existing mechanisms to record, assess, manage and respond to questions, complaints and queries from external stakeholders regarding Project related activities. The current system needs to be updated to reflect AIB's requirements and include:</p> <ul style="list-style-type: none"> • Disclosure of grievance mechanisms (Project level managed by KEF and local level managed by the contractor and/or hospital) and contact details • KEF to assign personnel to receive, log and manage grievances • Set up a grievance log that collects complaints received via KEF and the hospitals • Formalise the process flow to include acknowledgement of the grievance, time-bound resolution and communication of the outcome to the complainant • KEF to receive all subproject related grievances even if those were submitted to the Contractor and/or hospital 	KEF Contractor Hospitals	Set up as part of the ESMPF	Grievance process flow Grievance log Contact details and mechanism disclosed Assigned personnel at KEF and in hospitals

	Topic	Action	Responsibility	Timeline	Completion indicator
7	Land Acquisition, Resettlement and Livelihood Restoration	If the subproject is undertaken on greenfield sites where the acquisition of land, physical or economic displacement of people is expected, then the Project will draft an appropriate Plan to manage such impacts. The screening should identify whether there is a need for additional land for the Project. Currently, it is not anticipated that any of the subprojects will require land acquisition or result in physical or economic displacement.	KEF	Prior to the start of construction works	Plan prepared to manage land and livelihood impacts in line with AIB's ESP and ESS 2
8	Cultural Heritage Protection	Follow applicable national legislation to protect and preserve hospital buildings that are under cultural heritage protection. In addition to national legislation, if appropriate a Chance Finds Procedure will be set up by the contractor to manage any accidental cultural heritage findings such as identification of historic tiling, artwork, equipment during demolition or excavation works. Subprojects will be screened for potential cultural heritage status and potential for chance finds as per the Screening checklist tool	KEF Contractor	If applicable then prior to the start of construction site	Screening of subproject for cultural heritage Chance Finds Procedure

	Topic	Action	Responsibility	Timeline	Completion indicator
9	Gender considerations	If it is anticipated that a large number of workers will be on the construction site, then appropriate mitigation measures should be introduced such as code of conduct for workers, procedures explaining the prevention of harassment and the publication of the grievance mechanism to potential affected people.	KEF Contractor Hospitals	If applicable then prior to the start of construction on site	Code of conduct Grievance mechanism
10	Vulnerable people	The screening will identify any person or group of people who might be disproportionately affected by the subproject or particularly vulnerable to certain project impacts. If such person or people are identified, then mitigation measures should be included in the design of the works.	KEF Contractor	If applicable then prior to the start of construction on site	Screening form identifying vulnerable groups Mitigation measures identified and implemented on site

	Topic	Action	Responsibility	Timeline	Completion indicator
11	Emergency Response and Preparedness	If the screening identifies significant works that will need to be undertaken that might interfere with site level emergency response and preparedness plans, then the plans will need to be updated to reflect the planned works. The KEF should undertake the screening of subprojects to identify the magnitude of works based on the contractor's plans and specifications and then work together with relevant personnel from the hospitals to update the plans as necessary.	KEF Contractor Hospitals	If applicable then prior to the start of construction on site	Screening to identify significant works Updated operational Emergency Response and Preparedness Plan

7. Stakeholder engagement and information disclosure

The official announcement of the Project and awareness raising was undertaken by the Minister of Finance on social media. The announcement can be viewed following the link below:

<https://www.facebook.com/watch/?v=402849401222685>

Other than the official announcement, stakeholder engagement has only been undertaken on some occasions by the individual hospitals who informed their employees and patients about the planned works on a case by case basis. The current consultation activities do not allow for widespread information disclosure to external stakeholders and provide no provisions for a continuous dialogue.

Further stakeholder engagement will be carried out by KEF from the onset of the Project involving affected and interested stakeholders. This engagement will focus on works and subprojects that are still to be undertaken. For works and subprojects currently under implementation, KEF will disclose relevant subproject information and the grievance mechanism as appropriate.

The ESMPF sets out the communication strategy and steps to ensure that stakeholders are identified, informed and consulted about the Project.

The three main steps to be adopted for stakeholder engagement are:

- Identification of stakeholders. For each subproject, the affected groups of people will be identified
- Identification of methodology and channels for effective stakeholder engagement
- Implementation of the stakeholder engagement plan/strategy in a timely manner

Stakeholders will be informed about the subprojects and the activities that will take place as part of the subproject. Feedback from stakeholders and consultation activities will be recorded.

Meaningful consultations will form an important part of the stakeholder engagement process. KEF will disclose draft and final environmental and social documentation (including potential ESIA's, ESMP's etc.) to project affected persons and communities. These documents and/or their summaries will also be disclosed on the web in Hungarian.

Meaningful consultation will:

- be started early in the selection and preparation phase of the subproject and is carried out on an ongoing basis throughout the subproject's cycle
- ensure that all parties have a voice in consultation, including government agencies, private sector, civil society organisations and affected people
- provide additional support as needed to ensure participation of women, elderly, young, disabled, minorities and other vulnerable groups
- provide timely disclosure of relevant and adequate information that is understandable and readily accessible to the people affected
- be undertaken in an atmosphere free of intimidation and coercion

As per AIB's Information Disclosure requirement, relevant information about environmental and social risks and impacts of the Project should be made available in the Project area in a timely and accessible manner and in a form and language understandable to the Project-affected people, other interested and affected stakeholders and the public.

The Draft ESMPF was disclosed for public review and comments for 30 days in October 2021. It was finalized in November 2021. No feedback was received from stakeholders. The final ESMPF will be disclosed to the public on the KEF's website¹. Hard copies will also be available at KEF's office. The

¹ <http://www.kef.gov.hu/>

ESMPF will serve as a guidance document for ESIA and ESMP formulation. The Summary of the ESMPF will be disclosed in Hungarian on the KEF's website.

Subproject specific safeguard planning documents and corrective action plans (if appropriate) will also be disclosed in Hungarian on KEF's website and hard copies will be available on subproject sites. Environmental and social monitoring reports of the overall project will be disclosed on KEF's website in English with a summary disclosed in Hungarian.

Invitation to consultation activities will be publicised via multiple channels at least 2 weeks prior to the consultation event to ensure the attendance of affected and interested stakeholders. Project documents and related information will also be disclosed well in advance online and on the Project sites.

Documentation of consultation activities should record the date of the meeting, location, number and names of participants, agenda, key points discussed, key suggestions from stakeholders. The outcome of the consultations should inform the project designs and mitigation plans.

Proposed engagement plan

Stakeholder Group	Purpose of Engagement	Method of Engagement	Timeline for Engagement	Responsible entity	Documentation method
General Public	To provide information about the overall Project and its subprojects	Public announcement Project documents disclosed on KEF's website and the subproject sites	Public announcement upon signing of loan agreement Prior to the start of works on each hospital site	Ministry of Finance KEF	Link to or copy of public announcement Link to KEF disclosure website Photos of information boards on subproject sites
Communities and residents near hospitals	To inform about works, potential impacts and mitigation measures	Information boards in common areas Leaflets If required face to face meetings	At least 2 weeks prior to the start of construction activities on the hospital sites	KEF Hospital	Photo of information boards Copy of leaflets If applicable, minutes of meetings
Visitors of the hospital	To inform about planned works, timelines and impacts on access to healthcare services	Information boards and leaflets in the hospital waiting areas	2 weeks prior to the start of construction works	Hospital management with support from KEF	Copy of leaflets Photos of information boards

Stakeholder Group	Purpose of Engagement	Method of Engagement	Timeline for Engagement	Responsible entity	Documentation method
Hospital employees	To inform about planned work activities, impacts on hospital operations	Information boards in resting areas Email announcement Announcement during meetings	2 weeks prior to the start of construction works	Hospital Management with support from KEF if required	Photos of information boards and other materials used for announcement
Vendors on hospital site	To inform about planned work, impacts on business operations and mitigation measures	Official announcement via email, information boards	2 weeks prior to the start of construction works	Hospital Management	Copy of official announcement and photos of information boards
Patients of individual hospitals	To inform about planned works and impacts on their care	Information boards Face to face disclosure by doctors/nurses during daily visits	2 weeks prior to the start of construction works	Hospital management Head of shift in each department	Photo of information board

8. Grievance mechanism

The main objective of the grievance mechanism is to provide a formal, systematic and confidential platform to register and address complaints, questions and queries received on the project. The grievance mechanism facilitates the understanding of problems of stakeholders including contractors, workers, communities, affected people and provide a time-bound mechanism to investigate and address complaints in a transparent, fair, accessible manner.

The Project currently has an informal multi-tier mechanism that does not allow for the centralized register of all grievances received. Under the current mechanism, KEF has a dedicated email address to receive complaints. This email address and the mechanism is not disclosed to the public. KEF receives and processes complaints via the email address. KEF also requires contractors to share any complaints received on site. The contractors don't have a formalised system to receive grievances, nor contact details publicised for the purposes of grievance submission.

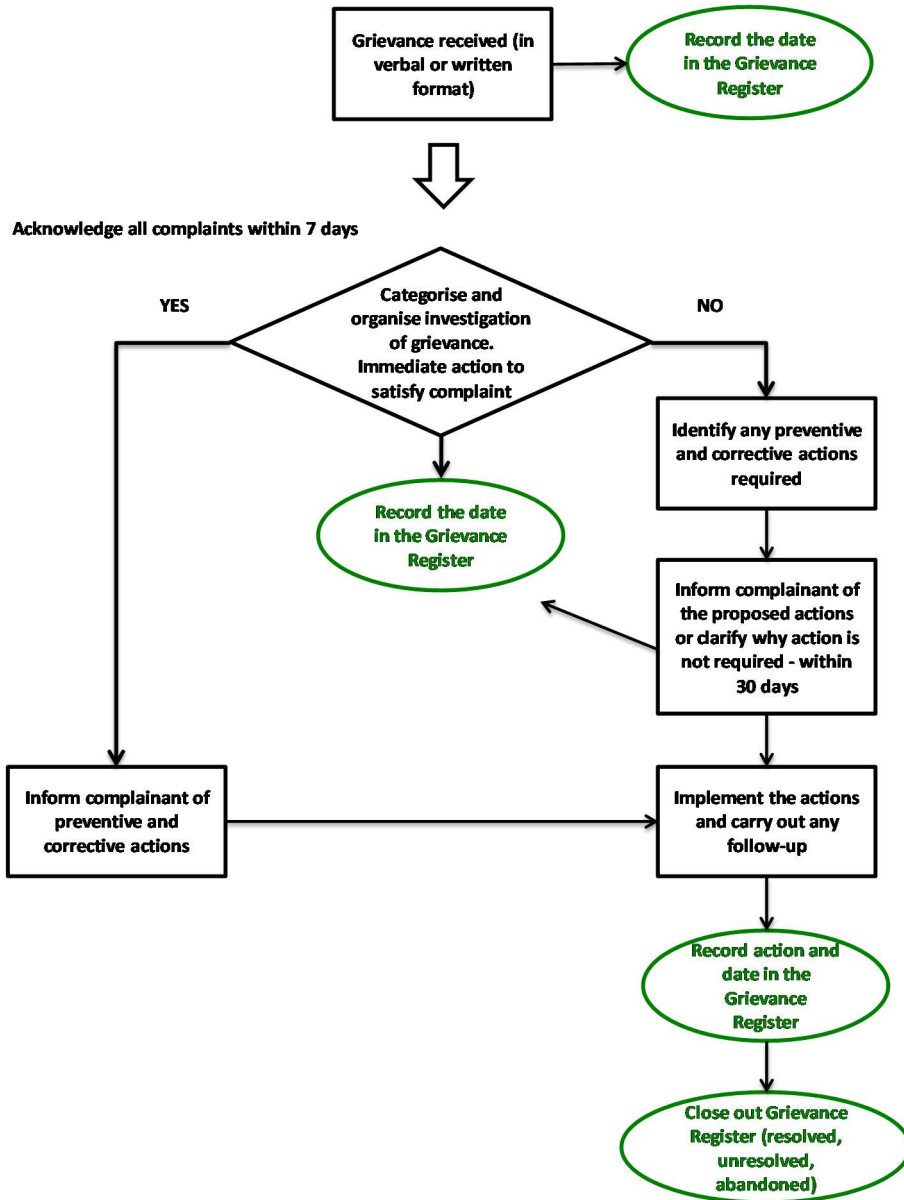
The hospitals also have their own internal mechanisms to collect grievances from employees, patients, visitors and other external stakeholders. Complaints related to construction works are sometimes reported to hospital employees or management. The hospital then lets the contractor or KEF know about the nature of the complaint.

The current lack of a formalised mechanism that provides a central database of grievances managed on the Project level will be addressed. The existing mechanism will be enhanced by setting up clear reporting lines of grievances on all levels, providing the contact details of the KEF mechanism on subproject sites, ensuring adequate provisions for the handling of complaints related to gender-based violence and harassment, setting up a central grievance log managed by KEF that collects all grievances received through various channels and set out time-bound processes to acknowledge the receipt of grievances, as well as assess, investigate and respond to them. Assigned personnel

within KEF will review the grievances and assess whether they are in scope for the project. Complainants will be able to submit grievances anonymously using the form in Attachment 2. This grievance form will be available on KEF's website and on subproject sites.

The proposed grievance redress mechanism

Flowchart for Processing Grievances



As part of the grievance mechanism, KEF will publicise the email address to be used for grievances. This email address should be used to acknowledge the receipt of complaints and communicate with the complainant. KEF will prepare a leaflet with information about the mechanism and the email address and other channels that can be used to log complaints.

Complaints and grievances can be submitted using the below contact details:
 Email: kefkorhazak@kef.gov.hu
 Phone number: +36 (1) 795-4485

KEF should inform the hospitals and contractors about the mechanism and ensures that whatever grievance is received by either entity is immediately communicated to KEF.

9. Implementation arrangements, roles and responsibilities

The Ministry of Finance (MoF) has the overall responsibility of IFI-financed projects in Hungary. Within the MoF, the Department for International Finance is tasked to lead on the project preparation and implementation of the IFI-financed projects and coordinate with other Government entities and departments.

The Ministry of Human Capacities is coordinating the works of the National Directorate General for Hospitals (OKFO, former AEEK). OKFO is responsible for the implementation of Component 1 and 2. The Directorate for Public Procurement and Supply (KEF) is responsible for the implementation of Component 3. KEF is directly supervised by the Ministry of Finance. The Ministry of Foreign Affairs and Trade also provided support to OKFO during the pandemic with the emergency procurement of essential equipment and supplies under Components 1 and 2.

The Project Implementation Agencies (PIAs), OKFO and KEF are fully responsible for the implementation of the project activities under their respective components. Their responsibilities include the contract management, monitoring and supervision, quality controls, payment for contractors and safeguards implementation. Components 1 and 2 have been completed, only civil works under Component 3 are ongoing.

Roles and Responsibilities for the implementation of tasks under the ESMPF:

Entity	Tasks
Ministry of Finance, Department for International Finance	<ul style="list-style-type: none"> - Carry out stakeholder engagement and information disclosure under the communication strategy - Responsibility for annual reporting on project implementation to AIIB
KEF	<ul style="list-style-type: none"> - Disclose ESMPF on website - Implement the ESMPF - Undertake the screening of subprojects - Identify subproject level risks and notify AIIB if subproject is with high risk - Assess the need for E(S)IA and any permits - Identify the need for site specific ESMPs - Coordinate ESDD for works undertaken for retroactively financed subprojects, if any - Ensure the identification and adaptation of additional E&S instruments, management plans or permits as and when needed - Monitoring of project progress, implementation of ESMPF and contractors, and reporting to the Ministry of Finance and AIIB - Formalise and manage the project level grievance mechanism - Formalise and implement the project level communication strategy
Contractor	<ul style="list-style-type: none"> - Develop site specific ESMPs if needed - Manage on site labour force - Gather and report OHS data and statistics to KEF - Implement community health and safety mitigation measures - Coordinate with hospital staff about life and fire safety, emergency preparedness and response - Collect site level grievances and forward those to KEF - Implement any management plans and their E&S provisions on a subproject level

Entity	Tasks
Hospitals	<ul style="list-style-type: none"> - Collect site level grievances and forward those to KEF - Undertake communication to employees, patients, visitors and vendors on site about the planned works within the hospital - Provide the necessary support for KEF to answer questions during the screening stage - Ensure appropriate management of E&S impacts during operations

10. Monitoring and reporting

KEF will ensure that environmental and social safeguard impacts and risks are adequately addressed. Monitoring of the ESMPF and the implementation of subproject level E&S instruments will be the responsibility of KEF. KEF will collect data on the E&S performance of contractors and subprojects during the weekly meetings. This information will feed into the preparation of the annual E&S monitoring report that will be submitted to AIIB.

The responsibility for the preparation and submission of the annual E&S monitoring report is with the Ministry of Finance. The proposed report template with the identified indicators is included in Annex 6.

11. Updating of the ESMPF

The ESMPF may be periodically updated if there is a need to consolidate field experience accumulated through the application of safeguard principles and processes to subprojects, or from significant changes in the project design. The revision and update of the ESMPF will be the responsibility of KEF and will only be done in concurrence with AIIB.

Annex 1 Screening

Site screening checklist to be filled out for all subprojects

General Information	
Name of hospital	
Location	
Focal point for logistical arrangements from hospital	
Contact details	

Environmental Screening				
	Question	Yes	No	Details
1	Are civil works expected on greenfield sites?			
2	Do civil works require an environmental and/or construction permit?			
3	Does the subproject require an environmental impact assessment under national legislation or the EU EIA directive?			
4	Will the subproject contribute to the production of increased hospital waste? If yes, can the existing processes for waste management handle the increase?			
5	Does the subproject involve demolition? Is it likely that the building used asbestos that will be affected by the project? If yes, please provide details on the handling of asbestos if applicable.			
6	Are significant construction impacts expected for the subproject such as impacts on air quality, noise and dust emissions, significant construction waste generation etc?			
7	Will there be excess wastewater generated by the subproject that require specific treatment that is not available within the hospital?			
8	Are works expected to interfere with operational Emergency Response and Preparedness Plans?			
Social screening				

1	Does the subproject require land acquisition? If yes, provide details incl. amount of land, type of ownership and use and acquisition methods.			
2	Are there residential buildings affected by the subproject?			
3	Are there communal properties affected by the subproject?			
4	Is the subproject site a cultural heritage site protected under national legislation? Is it possible that additional cultural heritage artefacts will be discovered during the works?			
5	Are there people or groups that might be disproportionately affected by the subproject or might be vulnerable to subproject impacts?			
6	Is it expected that over 100 workers will be on site during the construction phase?			

Any activities in Component 3 screened to have significant impacts according to the ESMPF will not be initiated before any additional ES assessment documents (if required), are in place.

KEF will inform AIIB if any of the subprojects require an E(S)IA or an environmental permit. For other potential risks identified during the screening, KEF will apply professional judgement to assess whether approval from AIIB for the inclusion of the subproject under the financing is required.

Annex 2 - Grievance form

The project welcomes complaints, suggestions, queries and comments regarding implementation. We encourage persons with a grievance to provide their name and contact information to enable us to get in touch with you or for clarification and feedback, however, we respect your desire to remain anonymous.

In case you want to include your personal details but want that information to remain confidential, please type CONFIDENTIAL above your name.

Note: The grievance form should be translated to the local language

Date:		Place of registration:	
Contact information and personal details			
Name:		Gender:	Age:
Home address:			
Town:			
Phone number:		Email:	
Complaint, suggestion, comment, question: Please provide the details (who, what, where and how) of your issue here:			
How do you want us to reach you for feedback on your comment or grievance?			
FOR OFFICIAL USE ONLY			
Verified through:	Note/letter	Email	Verbal/phone
Reviewed by (name, position of officials)			
Actions taken:			
Whether action taken are disclosed, if yes how:			

Annex 3 - Grievance log template

No	Name of complainant	Date received	Method of logging complaint	Contact details of complainant	Description of the project	Acknowledgement message date	Action taken	Due Date	Outcome of investigation	Final response date

Annex 4 - Photos of Completed works

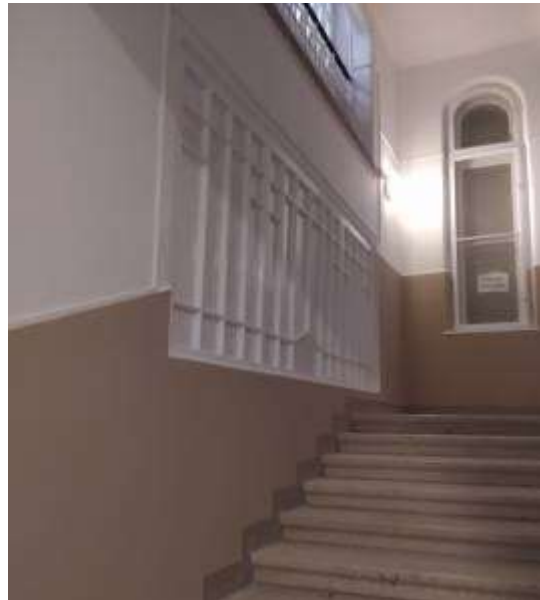
Before renovation



After renovation



Bajcsy-Zsilinszky Kórház



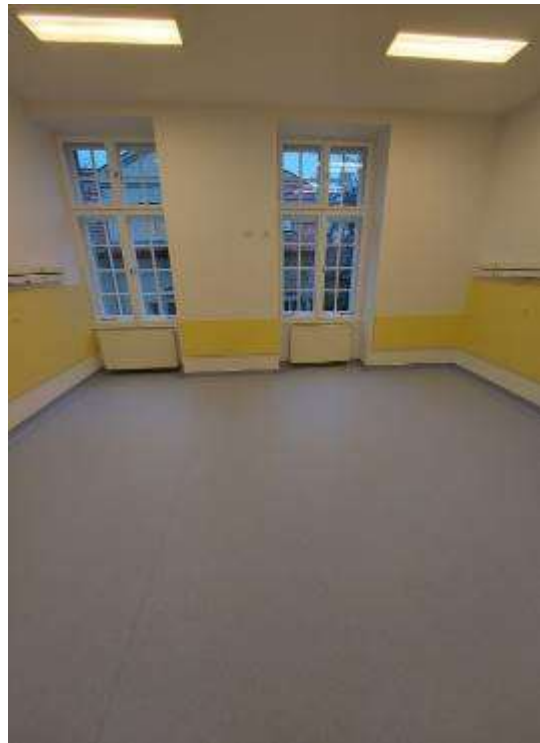
Országos Korányi Pulmonológiai



Országos Klinikai Idegtudományi Intézet



Országos Klinikai Idegtudományi Intézet



Országos Klinikai Idegtudományi Intézet

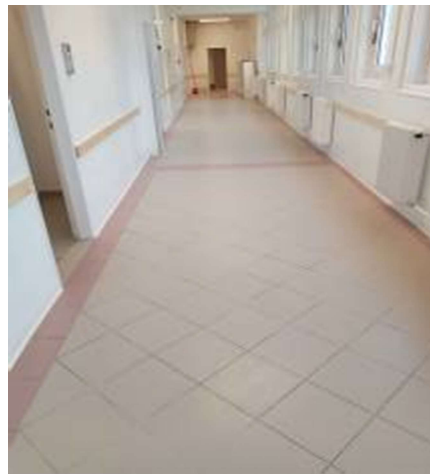




Péterfy Kórház



Péterfy Kórház



Szent Imre Egyetemi Oktatókórház





Jahn Ferenc Dél-pesti Kórház és Rendelőintézet



Jahn Ferenc Dél-pesti Kórház és Rendelőintézet



Annex 5 - Sample TOR for ESDD

Terms of Reference for ESDD

The following subsections provide a sample Terms of Reference (ToR) for a third party for carrying out due diligence. ESDD will be required for retroactively financed subprojects that involve civil works.

Overview of the completed subproject;
Outcomes of the preliminary E&S screening undertaken by KEF;
Outcomes of specialized studies undertaken prior to ESDD; and

Scope of ESDD.

Overview of subproject
To be included here

Objectives of the ESDD
To be included here

Reference Framework

The consultant shall undertake the ESDD in accordance with the following reference framework:
Applicable Hungarian regulatory framework on E&S issues;
Environmental and Social Framework of the AIIB, Amended 2019;

Consultant Qualifications

Focused Assessment Parameters

The ESDD will comprise the following steps:

Information Review: This should include a review of all relevant social, labour, health and safety and environmental related documents and information (i.e., environmental permits / licenses and associated applications, health and safety plan, stakeholder engagement plans, emergency response plan, consultation plans and documentation of consultations done till date, concession and construction contracts, any other additional environmental, health and safety studies, etc., and, subsequent to the site reconnaissance, review of any additional information obtained or collected.

Site Reconnaissance: A site investigation of the entire sub-project will be performed consisting of visual observation of relevant areas directly and indirectly affected by the sub-project, meetings with relevant individuals / entities associated with the sub-project to discuss the social, environmental issues, health and safety and labour issues, consultations with fence line communities and/or affected communities and obtaining any additional information required.

Discussions: These will be held at site level.

Report Preparation: Two documents will be required associated with the due diligence: 1) Key Issues Report (or Principal Findings Report), and
2) Detailed E&S Due Diligence Report.

Schedule

The Consultant shall submit the Key Issues Report within [x] working days from completion of site reconnaissance visit. The draft [Due Diligence] Report will be submitted by [insert date]. The final Report shall be submitted within 1 week after receiving comments from KEF on the draft report. All reports should be written and prepared in English or Hungarian and delivered in electronic format.

Sample Structure of ESDD Report

A typical ESDD report will need to cover the following at minimum.

1. Introduction: This section shall primarily detail:

Background to the Due Diligence

Primary Objective and Scope of the Assessment

Methodology adopted for the Assessment, and

Limitations to the Assessment

2. Project Overview: This section primarily entails the complete project, its various components, as well as the current status of the sub-project.

(i) Status of regulatory compliances against concession agreement, E&S permit conditions and applicable legislations

(ii) Provide overview existing E&S management systems

(iii) Provide details on land footprint, procurement details, status of R&R implementation

(iv) Include details on project utilities

(v) Provide details on ecological aspects, including presence of natural and critical habitat, status of compensatory afforestation, etc.

(vi) Other details to include – workforce, status of ongoing/ pending litigations, accident/ incident statistics

(vii) Include review of information available on the public domain regarding the project

(viii) Provide details of stakeholder engagement activities

3. Key Findings Section: This section incorporates the key findings and gaps that were observed and assessed from the documentation review and site assessment. The findings are based on the assessment of the project as per the applicable reference framework and guidelines pertaining to the same. A sample structure of a key findings table is provided below for reference.

ESDD Findings Table

Number	Requirement as per the applicable reference framework	Observations	Key findings and gaps	Recommendations

4. Confirmation on Project Categorisation: This section will discuss the parameters for categorisation of the subproject (Category A, B or C) in keeping with the reference framework.

5. Environmental and Social Action Plan: This section outlines the key mitigation measures and corrective actions as prescribed to the assessed gaps highlighted in the findings table. The ESAP will primarily incorporate:

Key Issues and Concerns Identified

Mitigation or Corrective Actions

Measurable outcome/ documentation

Responsibility of Holding Company and resources required

Timeline for completion and implementation of the corrective action

Budget or cost for corrective actions

A sample template for ESAP is provided below for reference:

Key issues and gaps	Corrective actions	Responsibility and resources	Measurable outcome	Timeline	Cost

Annex 6 - Environmental and Social Monitoring Report and Reporting Template

1. Implementation status of the overall project

Number of subprojects completed, number of subprojects still to be completed

Number of screenings completed

Number of high risk subprojects identified

Number of subprojects retroactively financed where ESDD was completed

2. Describe the project milestones during the reporting period and highlight any change from original scope, alignment, methodology and/or schedule

Subproject	Commencement date	Target date	Progress status	Remarks

3. Compliance with applicable regulations/standards

Describe any labour inspections, inspections by official bodies regarding design or other technical elements of the project

Compliance with environmental and social covenants from the AIIB loan agreement
[include loan agreement covenants on environment and social]

Compliance with ESMPF: Include a summary of how KEF is monitoring the compliance of contractors with applicable aspects of the ESMPF

4. Health and safety

[If there were any accidents, near-misses, or other incidents during the reporting period (or previously reported accident with ongoing rectification), provide the correction action undertaken. Include as appendices the work safety checklists, incident reports, and other relevant supporting documents]

	Number and position of persons involved	Location and date of incident	Description of incident	Root cause analysis	Corrective action
Fatality					
Non-fatality					
Injury					
Near-miss					
Illness					
Other incidents					

5. Stakeholder engagement

[summarize the stakeholder engagement activities and the results of the consultations conducted during the reporting period; assess if they follow the communication strategy or stakeholder engagement plan if any, update the SEP if needed]

6. Implementation of the grievance mechanism

[Include the implementation status of the grievance mechanism and the details of grievances received in the reporting period, if there are ongoing or new court cases include the details]

Annex 7 - AIIB Excluded Activity List

The Excluded Activity List defines activities and businesses within AIIB's Environmental and Social Exclusion List which the Bank does not finance directly or indirectly. These include:

1. Forced labourⁱ or harmful or exploitative forms of child labourⁱⁱ;
2. The production of, or trade in, any product or activity deemed illegal under national laws or regulations of the country in which the Project is located, or international conventions and agreements, or subject to international phase out or bans, such as:
 - a. Production of, or trade in, products containing polychlorinated biphenyl (PCBs).ⁱⁱⁱ
 - b. Production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans (Rotterdam Convention, Stockholm Convention).^{iv}
 - c. Production of, or trade in, ozone depleting substances subject to international phase out (Montreal Protocol).^v
3. Trade in wildlife or production of, or trade in, wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).^{vi}
4. Trans-boundary movements of waste prohibited under international law (Basel Convention).^{vii}
5. Production of, or trade in, weapons and munitions, including paramilitary materials.
6. Production of, or trade in, alcoholic beverages, excluding beer and wine ^{viii}
7. Production of, or trade in, tobacco.^{ix}
8. Gambling, casinos and equivalent enterprises ^x
9. Production of, trade in, or use of unbonded asbestos fibers ^{xi}
10. Activities prohibited by legislation of the country in which the Project is located or by international conventions relating to the protection of biodiversity resources or cultural resources, such as, Bonn Convention, Ramsar Convention, World Heritage Convention and Convention on Biological Diversity ^{xii}
11. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
12. Production or trade in wood or other forestry products other than from sustainably managed forests
13. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats
14. Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements (IMO, MARPOL, SOLAS and Paris MOU).^{xiii}

Notes and Remarks

- i. Forced labour means any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty (including any kind of forced or compulsory labour, such as indentured labour, bonded labour or similar labour-contracting arrangements, or labour by trafficked persons).
- ii. For purposes of this List, harmful or exploitative forms of child labour means the employment of children under the age of 18 for work which by its nature or the circumstances in which it is carried out is likely to jeopardize their health, safety or morals; but if the laws or regulations of the country in which the Project is located provide, in conformity with the International Labour Organization's Minimum Age Convention, 1973, that children at least 16 years of age may be employed for such work on condition that their health, safety and morals are fully protected and that they have received adequate specific instruction or vocational training in the relevant branch of activity, then child labour means employment of children for work that does not comply with these laws and regulations;
- iii. PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950 to 1985.
- iv. United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard. A list of pharmaceutical

products subject to phase outs or bans is available at <http://www.who.int>. A list of pesticides, herbicides and other hazardous substances subject to phase outs or bans is available at <http://www.pic.int>.

v. Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized “ozone holes.” The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents and fire protection agents, together with details of signatory countries and phase out target dates, is available from the United Nations Environment Programme, <http://www.unep.org/ozone/montreal.shtml>

vi. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). A list of CITES listed species is available from the CITES secretariat, <http://www.cites.org>.

vii. Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see <http://www.basel.int>.

viii. This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity’s primary operations.

ix. This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity’s primary operations.

x. This does not apply to Clients who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to the entity’s primary operations.

xi. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.

xii. Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention) - <http://www.cms.int/>; Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention) - <http://www.ramsar.org/>; Convention Concerning the Protection of the World Cultural and Natural Heritage - <http://whc.unesco.org/en/conventiontext/>; Convention on Biological Diversity - <https://www.cbd.int/>.

xiii. Non-compliance with International Maritime Organisation (IMO) requirements: tankers that do not have all required International Convention for the Prevention of Pollution from Ships (MARPOL), International Convention for the Safety of Life at Sea (SOLAS) certificates (including, without limitation, International Safety Management Code compliance), tankers banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase out under MARPOL regulation 13G. No single hull tanker over 25 years old should be used.

Annex 8 – Site Specific ESMP template

This Annex briefly summarises the necessary elements of an ESMP that might have to be developed for some of the subprojects. The ESMP serves as an umbrella document that integrates the findings of impact studies, the plans and other provisions for complying with the requirements of the standards that are applicable.

The ESMP should include the following content:

1. Project description including project activities, location, components
2. Brief reference to the legal framework in Hungary for environmental and social management and how the project ensures compliance
3. List of identified negative effects that specific project activities may cause and their significance
4. Planned measures to avoid or mitigate adverse environmental and social impacts including responsibilities, schedules, technical feasibility, cultural appropriateness, expected effectiveness
5. Reference to plans required by the standards and whether mitigation measures are included
6. Cost estimates for proposed mitigation measures
7. Description of implementation arrangements
8. Monitoring and reporting

Management plans that might be required based on the planned project activities include, but not limited to the following:

- construction waste management plan
- hospital waste management plan
- permits required for demolition activities and additional plans to handle asbestos if found in old buildings
- chance finds procedure and permit for works on cultural heritage buildings
- updated or temporary emergency response, life and fire safety plans
- community health and safety plan
- labour management plan
- site and task specific OHS plans
- construction traffic management plan
- management plan and procedures to handle hazardous materials