

# Environmental and Social Management System

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Environmental and Social Management System for ADB Line of Credit  
May 2014

## India: Clean Energy Finance Investment Program

Prepared by Indian Renewable Energy Development Agency Limited for the Asian Development Bank.

This environmental and social management system is a document of the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff, and may be preliminary in nature.

INDIAN RENEWABLE ENERGY DEVELOPMENT  
AGENCY

**Environmental and Social Management System for  
ADB Line of Credit**

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## ABBREVIATIONS

ADB	–	Asian Development Bank
DFI	–	development financial institutions
EIA		Environmental impact assessment
EMP		Environmental management plan
ESMS	–	Environmental and social management system
ESSP		Environmental and Social Safeguard Policy
ESSU	–	Environmental and social safeguard unit
E&S	–	environmental and social
IREDA		Indian Renewable Energy Development Agency
IPP		Indigenous peoples plan



## **ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM**

### **I. INTRODUCTION**

1. Indian Renewable Energy Development Agency Limited (IREDA) is a public limited government company established in 1987, under the administrative control of Ministry of New and Renewable Energy (MNRE). IREDA has been notified as a “Public Financial Institution” and registered as Non-Banking Financial Company (NFBC) with Reserve Bank of India (RBI). IREDA is the single largest renewable energy financier in India, with 27 years of sector experience. IREDA will onlend the ADB funds, as a part of its overall lending portfolio, to private sector renewable energy and energy efficiency subprojects in India, including small scale wind, biomass, small hydro, solar, cogeneration, and energy efficiency.

2. IREDA’s mandate is to minimize the energy sector’s negative environmental impact by promoting cleaner and more environmentally friendly technologies, and thus is committed to avoid and mitigate adverse environmental impacts, if any, resulting from the projects it finances. IREDA’s processes include checking environmental and social safeguards, but the existing system does not meet the ADB requirements. In order to identify and effectively address potential impacts from projects funded with the ADB line of credit, an Environment and Social Management System (ESMS) has been formulated, which is in compliance with Indian national laws and Asian Development Bank (ADB) Safeguard Policy Statement (SPS) 2009. This ESMS will guide IREDA’s actions to safeguard against adverse environmental and social impacts for sub-projects using ADB’s funds.

3. Project developers approach IREDA for financing at various stages of project preparation ranging from advanced states of project design to post-commissioning (for take-out financing). At the time of application, the project sites have been identified, fully studied, and the required clearances obtained, details of which are submitted as part of the application process. The applications are reviewed for technical and financial merit by the technical team without regard to which internal IREDA funding source might eventually be used to finance the project. After the initial appraisal, IREDA identifies potential lines of credit for which the subproject is eligible and begins the process of collecting any additional information required by specific lenders. This framework will apply to any subproject that utilizes the ADB funds.

### **II. ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY AND APPLICABLE REQUIREMENTS**

#### **A. Policy**

4. IREDA finances renewable energy and energy efficiency projects. As an environmentally informed and socially responsible financial institution, IREDA is committed to avoid or mitigate adverse environmental and social impacts, if any, of the projects in its portfolio.

5. For this purpose, IREDA has an Environmental and Social Safeguard Policy (ESSP), approved by the Chairman and Managing Director, IREDA on 20<sup>th</sup> May 2014 and states that to achieve a balance between developmental imperatives and environmental sustainability and social well-being in its operations, IREDA:

- (i) gives due importance to environmental and social (E&S) considerations in appraising and financing renewable energy and energy efficiency projects in order to avoid, minimize, and mitigate environmental and social adverse impacts and risks, if any; and

- (ii) is committed to comply with all relevant environmental and social policies, laws, and regulations of the Government of India (GOI) and states of India, and also remains responsive to E&S safeguard policy requirements of DFIs wherever DFI's line of credit is involved.

6. The ESSP is guided by IREDA's commitment to integrate environmental protection and social development into its mandate in a proactive manner in order to contribute to sustainable development. The ESSP takes note of environmental and social safeguard requirements of its financial partners and lenders, including multilateral and bilateral development financial institutions (DFIs).

7. The ESMS provides an enabling mechanism to IREDA to meet environmental and social safeguard requirements associated with projects that it finances. It defines roles, responsibilities, and provides procedures to avoid, minimize, and mitigate any direct, indirect, and potential:

- (i) adverse impacts/risks on the environment,
- (ii) adverse impacts and risks of involuntary resettlement, and
- (iii) adverse impacts on tribal peoples and their communities that may arise from the implementation of such projects.

8. The ESMS has been approved by the IREDA management and will be applied to all sub-projects using the ADB line of credit

## **B. Applicable Environmental and Social Safeguard Requirements**

9. IREDA will ensure that:

- (i) all subprojects using ADB funds are screened against the Prohibited Investment Activities List (PIAL) of the ADB Safeguard Policy Statement (Attachment 1);
- (ii) all subprojects using ADB funds with potential significant environmental and/or social impacts are reviewed and evaluated against Safeguard Requirements 1-3 of the ADB Safeguard Policy Statement (2009) (Attachment 2)<sup>1</sup>;
- (iii) all proposed subprojects are reviewed and evaluated against the national laws, regulations, and standards on environment, health, safety, involuntary resettlement and land acquisition, indigenous peoples/ scheduled tribes and physical cultural resources<sup>2</sup>.
- (iv) gender and development issues will be addressed. Specifically, the subproject will include (i) gender analysis as part of the environmental and social impact assessment, (ii) conduct meaningful consultations that include women and are tailored to the needs of disadvantaged and vulnerable groups; and
- (v) ensuring that the subproject's contracts with civil works contractors, subcontractors and other providers of goods and services include provisions to employ local labor, whenever possible, and ensure compliance with ADB's social protection requirements (Attachment 2).

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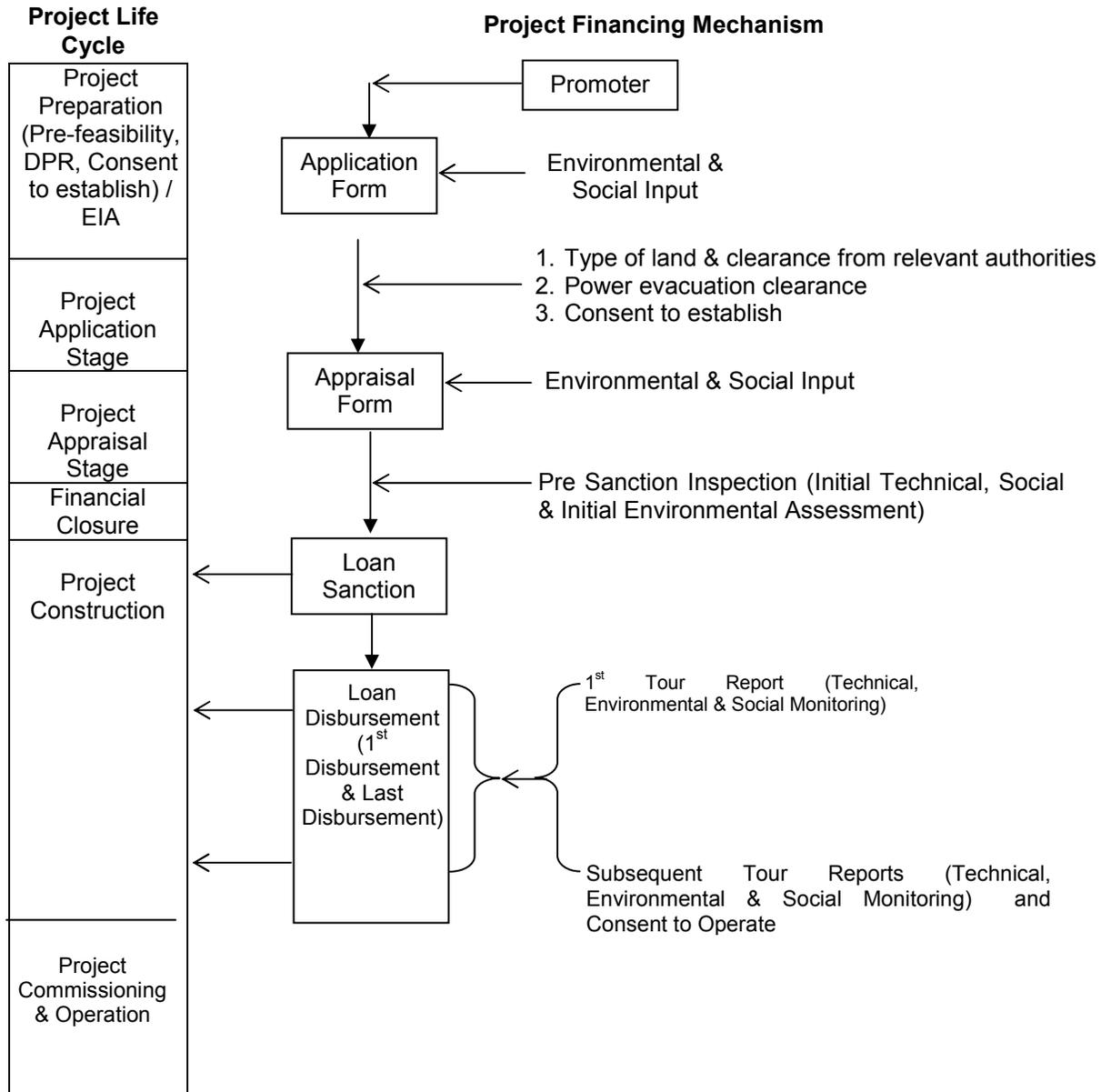
<sup>1</sup> Applies to ADB Category A projects.

<sup>2</sup> Physical cultural resources- Movable and immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archeological, paleontological, historical, architectural, religious, aesthetic or other cultural significance. Physical and cultural resources may be located in urban or rural settings and may be above or below ground or under water.

### III. CURRENT IREDA'S BUSINESS PROCESS AND SAFEGUARD REQUIREMENTS

10. IREDA has integrated verification of compliance with national and local laws related to environmental and social protection into their loan processing procedures. A mapping of project life cycle with IREDA's project funding mechanism is given in Figure 1, which includes existing input points for safeguard monitoring.

**Figure 1: Safeguard Inputs During IREDA's Project Financing Mechanism**



DPR = detailed project report; EIA = environmental impact assessment.

## **A. Environment**

11. IREDA checks all projects against compliance with environmental regulations. Under Indian law, solar, wind and energy efficiency projects generally do not require Environmental Impact Assessment (EIA), Environmental Management Plan (EMP) and public consultation procedures. Hydropower, cogeneration, and biomass projects above certain threshold require EIA, EMP and public consultation procedures.

### Step 1: Application Form

12. The project proponent submits a project application in the prescribed application format of IREDA. At present, IREDA's application indicates information required on environmental aspects. The application is submitted along with a detailed project report (DPR) to IREDA, which includes a chapter on environmental appraisal. If the project does not require EIA or EMP as per national law then IREDA checks whether "Consent to Establish" has been obtained by the project proponent from State Pollution Control Board and forest clearance if required.

### Step 2: Project Appraisal

13. Prior to putting up the project file for approval, IREDA officers undertake field visit to project sites at least one before sanction, once before first disbursement and once after Commissioning. At present, there are no clear guidelines for appraising the environmental safeguards issues in the project. Upon completion of the field visit, a project detailed inspection report is submitted.

### Step 3: Loan Sanction and Disbursement

14. IREDA's environmental safeguard due diligence is currently concentrated in this step of the project cycle. IREDA procedure requires permission from State Pollution Control Board, if required for the specific sector, before signing of loan agreement/disbursement of loan. As per current requirement permission from State Pollution Control Board is required for setting up of projects a) Cogeneration and Biomass projects b) Hydro projects.

### Step 4: Project construction

15. During project construction, the monitoring focus is mainly on technical aspects and on maintaining a timely construction schedule, which is linked to loan disbursement. The project proponent is expected to follow the law of the land, including environmental laws and norms; however, compliance monitoring is not done by IREDA

### Step 5: Project Operation

16. IREDA checks whether project proponent has obtained "Consent to Operate" from the State Pollution Control Board before the project becomes operational, in case of Biomass, Cogeneration and Hydro Projects.)

17. At present, IREDA does not require project proponents to implement a grievance redressal mechanism.

## **B. Social**

### Step 1: Application Form

18. The project proponent submits a project application in the prescribed application format of IREDA. The application is submitted along with a DPR to IREDA. At present, IREDA has no specific guidelines on inclusion of specific social safeguards, land acquisition and resettlement and rehabilitation (R&R) details in the DPR. IREDA requires project proponent to submit a 'No-Objection Certificate' of the local Gram Panchayat<sup>3</sup> for the project, if required as per respective state government policies. In addition, IREDA requires the project proponent to declare the employment generation details and socio & economic benefits/impact accruing out of the project.

#### Step 2: Project Appraisal

19. Prior to putting up the project file for approval, IREDA officers undertake field visit to project sites. At present, there are no clear guidelines for appraising the social safeguards issues during the site visit. Post-field visit, a detailed inspection report is submitted.

#### Step 3: Loan Sanction and Disbursement

20. IREDA's social safeguard due diligence is currently concentrated in this step of the project cycle. IREDA requires the promoter to submit the project land purchase document in original (to be in the name of the Project Proponent) and mortgage the same to IREDA before loan disbursement. In other words, possession of legal land title serves as collateral for the loan. This policy requires the project proponent to purchase the project land, transfer the land titles in their respective name, and submit the original land sale and purchase document to IREDA. IREDA has a well-established system for legal compliance on verifying land titles. The independent legal department verifies 30 years past ownership of land to be used for project purposes. Until the legal department clears the land title documentation, no disbursements can be made to the project proponent. This practice ensures that land with any conflict on legal title or related legal issues are not used for the project purposes.

In case of consortium financing, original land titles are kept with security trustee after verification by legal counsellor and not with IREDA. Further for projects with low-gestation period like wind, where land is purchased by land aggregator/developer of the project, disbursement is done prior to transfer of land title in the name of the borrower company. A reasonable timeline is provided for perfection of security for such projects financed either through consortium/co-financing mode or for sole financing.

#### Step 4: Project construction

21. During project construction, the monitoring focus is mainly on technical aspects and on maintaining a timely construction schedule, which is linked to loan disbursement. The project proponent is expected to follow the law of the land (including labor laws and norms). However, monitoring of the same is not done by IREDA. At present, IREDA does not require project proponents to implement a grievance redressal mechanism.

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<sup>3</sup> India's Gram Panchayats are governing bodies working at the village or small town level.

#### **IV. OBJECTIVES OF THE ESMS**

22. The objectives of the ESMS are to:

- (i) avoid any direct, indirect, and potential adverse environmental and social impacts/risks of projects that it supports;
- (ii) minimize or mitigate adverse environmental and social impacts/risks;
- (iii) ensure that minimization or mitigation of environmental and social impacts and risks meet the requirements of laws and regulations of GOI and states, and environmental and social safeguard requirements of ADB;
- (iv) guide IREDA and borrowers in preparing projects for appraisal by IREDA, and in monitoring, reporting, and in undertaking corrective actions, if any;
- (v) ensure that effective mechanisms are in place for safeguard compliance during project implementation, and to undertake corrective actions, if required; and
- (vi) develop institutional capacity among sub-borrowers for safeguard compliance.

#### **A. Gaps Between Current IREDA's and ADB Safeguard Requirements**

##### **1. Environment**

23. IREDA's current business practice ensures compliance with laws and regulations related to environmental safeguards. To bring IREDA's environmental safeguards practice in line with ADB's SPS2009 would require the institutionalization and strengthening described below.

- (i) IREDA's project screening and categorization process could be strengthened.
- (ii) IREDA could standardize the process across technologies and implement screening, project categorization based on the level of impacts, and due diligence procedures that follow international best practices. This could build on IREDA's current process of ensuring EIA/EMP preparation as per national guidelines, but with further evaluation of the EIA/EMP's quality.
- (iii) IREDA could ensure project proponents undertake meaningful consultations (prior & post) and adequate information dissemination along with proper disclosure to ensure the project affected persons are made aware of environmental impacts and mitigation measures.
- (iv) Adequate grievance redress mechanisms could be established to ensure that environmental safeguards concerns are addressed.
- (v) Monitoring and reporting activities could be established that are commensurate with the projects' risks and impacts.

##### **2. Social**

24. IREDA's current business practice ensures compliance with laws and regulations related to social safeguards. To bring IREDA's social safeguards practice in line with ADB's SPS2009 would require the institutionalization and strengthening described below.

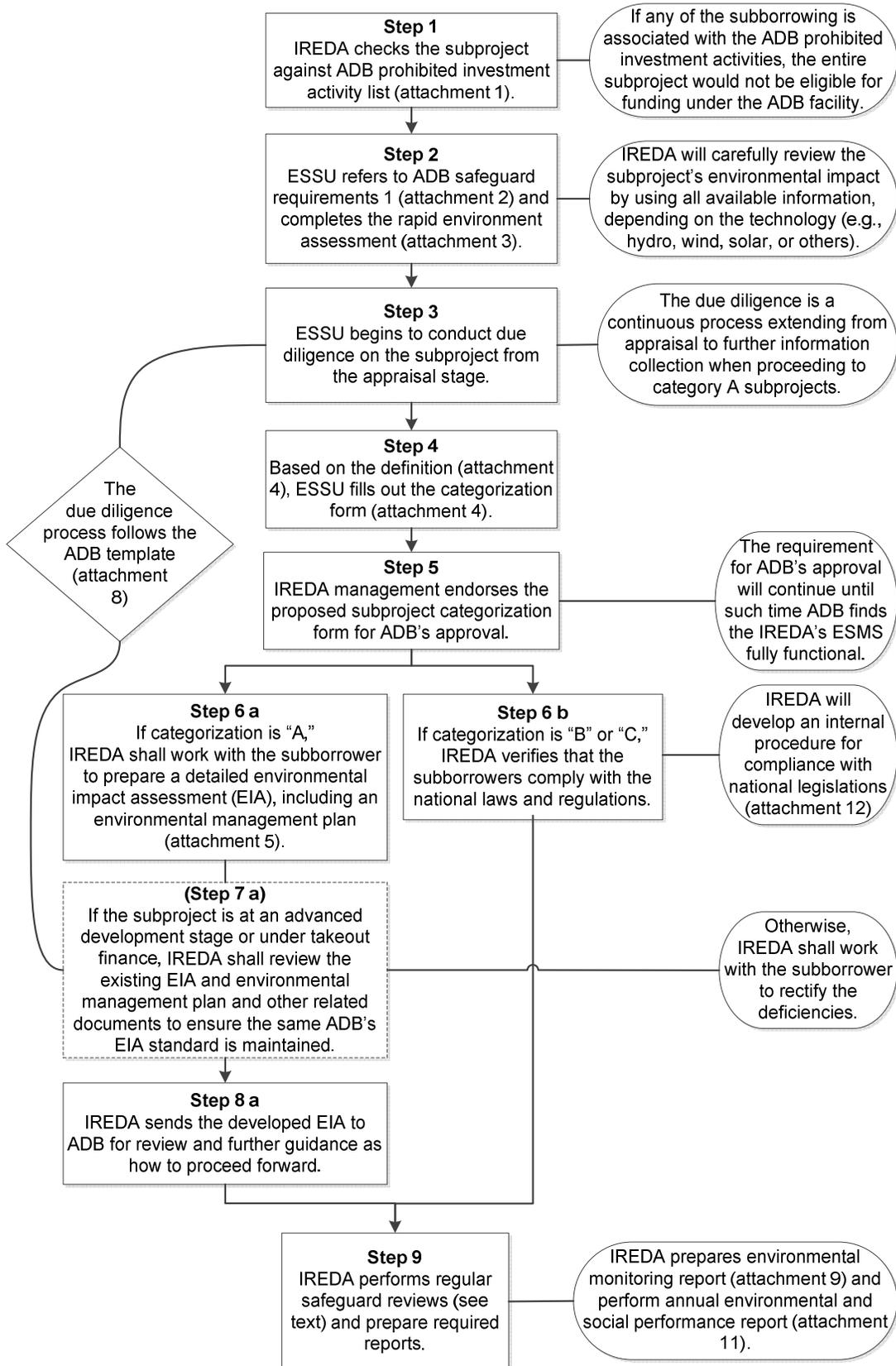
- (i) In cases of private land purchase, IREDA could request an impact assessment by socio economic status of the households with an associated livelihood development plan. In cases of land acquisition, IREDA could require project proponents to develop a resettlement plan. Impacts on both legal and non-titleholders could be considered during planning and implementation.

- (ii) In case of impacts on indigenous people, an indigenous peoples plan could be developed.
- (iii) IREDA could require that meaningful consultations and adequate information dissemination along with proper disclosure is undertaken by the project proponents whereby the project affected persons are made aware of their entitlements, especially the vulnerable.
- (iv) IREDA could develop procedures to ensure transparent, consistent and equitable negotiated settlement for subprojects. This would help ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
- (v) IREDA could require compensation and other resettlement entitlements are paid to affected persons before physical or economic displacement.
- (vi) IREDA could require adequate grievance redress mechanisms in place to ensure that the affected persons receive adequate compensation and assistance paying particular attention to the impacts on the vulnerable groups.
- (vii) IREDA could develop a monitoring and reporting procedure that is commensurate with the projects risks and impacts.

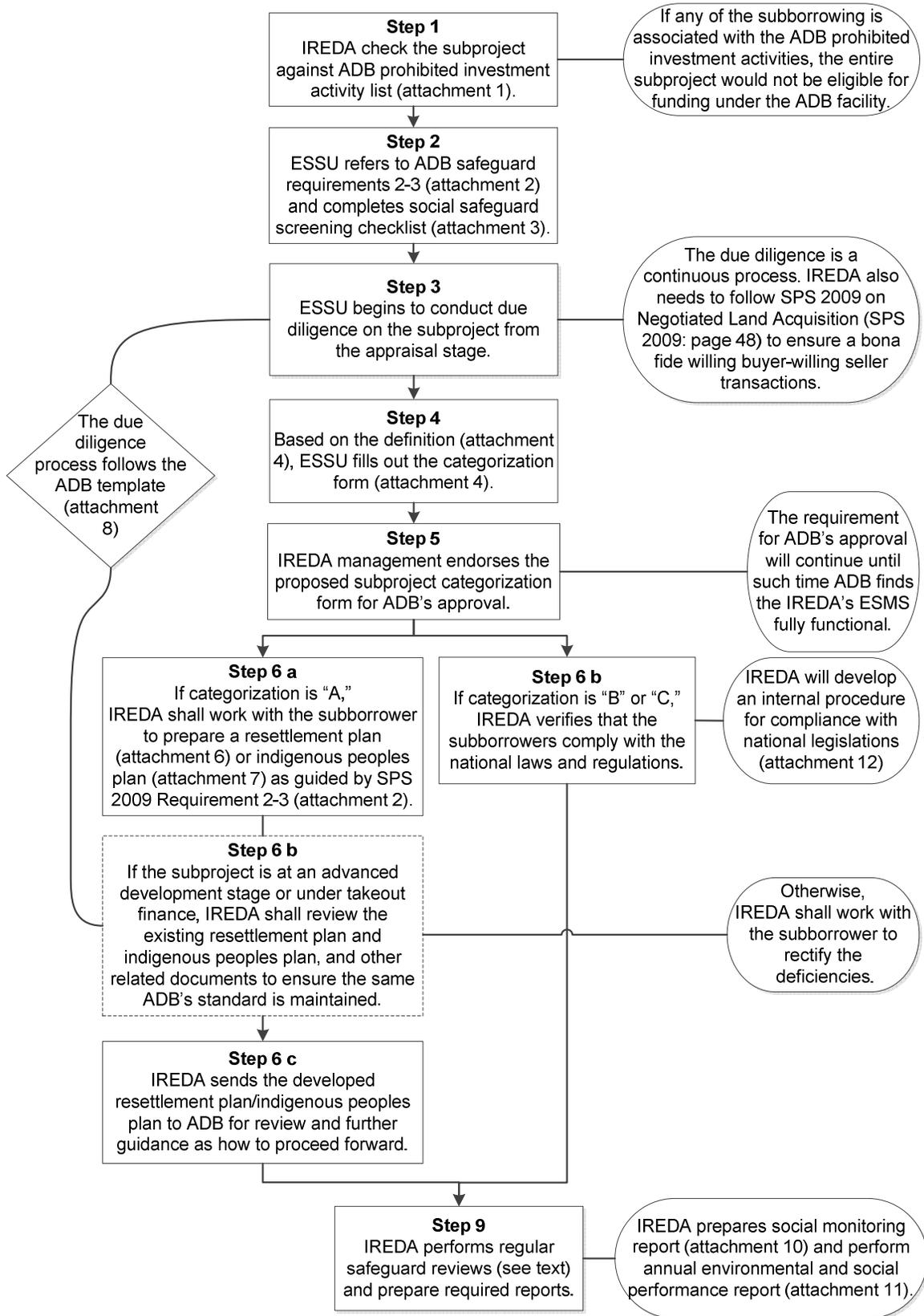
### **3. New Safeguard Management Requirements**

25. The ESMS is fully integrated with the project cycle of IREDA. The environmental and social due-diligence process described will get triggered when a project is being considered for use of the ADB line of credit. If compliance of all E&S safeguard requirements of ADB cannot be met, IREDA will not use the ADB line of credit for that project. For all subprojects financed under the ADB line of credit, the processes described in the ESMS will remain active until IREDA's exposure to the project is completed. The Environmental and Social Safeguard Procedures are shown in Charts 1 and 2, respectively. These include screening, categorization, due diligence, compliance monitoring, and reporting, all of which are described in the following sections.

**Chart 1: Environment Safeguard Procedures**



**Chart 2: Social Safeguard Procedures**



#### **4. Stage Wise Integration of Safeguard Procedures**

##### **a. The Application Stage**

##### **i. Screening and Categorization**

26. At an initial stage of identifying a subproject, IREDA will apply ADB's PIAL (Attachment 1). If the subproject involves a prohibited activity, the subproject will not be eligible for financing under the ADB facility. Otherwise, IREDA will indicate the applicable environmental and social safeguard requirements for the subproject.

27. At the subproject identification stage, IREDA will work with the subproject company to make a rapid assessment of its likely environmental and involuntary resettlement impacts and effects on indigenous peoples along with meaningful consultations with the concerned stakeholders. The attached environmental assessment checklist (Attachment 3) and social safeguard screening checklist (Attachment 4) are designed to guide IREDA in the rapid assessment of impacts. The checklists are used to determine the significance of potential environmental and/or social impacts associated with the subproject.

28. Once the checklists and the verification work are completed by IREDA, the subproject will be classified as one of the following categories: category A (with potential significant environmental and/or social impacts); category B (with less significant environmental and/or social impacts), and category C (with minimal or no impacts). The detailed categorization processes for environment and social are provided in the sections below.

29. IREDA will inform the subproject company of the applicable requirements as presented in Section II (B) and in Table 1. For subprojects with potential significant environmental and/or social impacts<sup>4</sup>, IREDA will advise the subproject company that (i) Safeguard Requirements 1-3 of the ADB Safeguard Policy Statement will apply, which cover the preparation of an EIA including EMP, resettlement plan (RP) and/or indigenous peoples plan (IPP); and (ii) the subproject company shall submit these reports to IREDA for review. IREDA will also submit these reports to ADB for review. Outlines for an EIA, RP, and IPP are provided in Attachments 5, 6, and 7, respectively.

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<sup>4</sup> Projects with potential significant environmental and/or social impacts are Category A projects as per ADB guidelines.

**Table 1: Safeguard Requirements**

<b>Category (Risk Rating)</b>	<b>Environmental Safeguards</b>	<b>Involuntary Resettlement Safeguards</b>	<b>Indigenous Peoples Safeguards</b>
Category A (with potential significant impacts)	Comply with (i) Safeguard Requirements 1 of the ADB Safeguard Policy Statement, including EIA preparation & submission, and (ii) national laws	Comply with (i) Safeguard Requirements 2 of the ADB Safeguard Policy Statement, including RP preparation & submission, and (ii) national laws	Comply with (i) Safeguard Requirements 3 of the ADB Safeguard Policy Statement, including IPP preparation & submission, and (ii) national laws
Category B (with less significant impacts)	Comply with national laws	Comply with national laws	Comply with national laws
Category C (with minimal or no impacts)	Comply with national laws	Comply with national laws	Comply with national laws

ADB = Asian Development Bank; EIA = environmental impact assessment, IPP = indigenous peoples plan; RP = resettlement plan.

30. IREDA shall provide all the safeguard categorization forms and the related checklists to ADB for concurrence before the sub loans can avail of funds from the ADB facility. Such a process shall continue until such time ADB finds that IREDA's ESMS is functioning to ADB's satisfaction. ADB shall reserve its rights to audit the subsequent safeguard categorization forms and the related checklists during the facility review missions.

## **ii. Environment Safeguard Screening**

31. IREDA shall first review the sub loan application and related detailed subproject reports to determine the nature of the sub lending and analyze the likely environmental impact. Then IREDA will begin conducting environmental due diligence, guided by the environment safeguard due diligence template (Attachment 8), to verify the available information on potential environmental impacts. Following the initial due diligence, IREDA shall complete a rapid environment assessment by using the general checklist or the specialized checklists (Attachment 3). If information gaps still exist, IREDA shall contact the subborrower for such information. The due diligence is an ongoing process and will deepen if category A subprojects are pursued.

32. The IREDA environment specialist will review the results of the rapid environmental assessment and recommend a categorization rating based on the ADB definitions (Attachment 11). The categorization is then recorded by using the environment and social categorization form (Attachment 4).<sup>5</sup> The environment categorization form needs to be endorsed by the IREDA compliance officer for IREDA management's approval.

33. If categorization is A, IREDA shall work with the sub borrower to prepare a detailed EIA, including an EMP (Attachment 5). During the process of EIA preparation consultations will be carried out during EIA field work and when the draft EIA report is available before project appraisal by ADB. The EIA shall be sent to ADB for review and further guidance as how to proceed forward. In the case the subproject is at an advanced development stage, IREDA shall review the existing EIA and EMP and other related documents including reports on public

<sup>5</sup> Additional references are provided in the ADB Safeguard Requirements 1: Environment, under the SPS 2009 (SPS page 30).

consultations conducted. If gaps with ADB's EIA standard exist, IREDA shall work with the subborrower to take additional steps to ensure that the ADB standard for an EIA is met.

34. For all projects, IREDA shall ensure that sub borrowers follow the national laws and regulations (Attachment 12).

35. In particular, IREDA shall ensure that sub-borrowers follow the EIA Notification 2006 requirements. For Category B sub-projects where the sector does not fall under the EIA Notification 2006 (e.g. wind and solar) then IREDA shall work with the sub-borrower to take additional steps to ensure that the environmental impacts of the sub-project are adequately assessed, any mitigation measures to ensure compliance with national legislation are incorporated, and meaningful public consultation and adequate information dissemination are undertaken whereby project affected persons are made aware of any environmental impacts, the mitigation measures to be adopted and opportunities for grievances to be redressed to ensure the same ADB standard for an environmental assessment report including EMP is met.

### iii. Social Safeguards Screening

36. IREDA shall first review the sub loan application and related detailed subproject reports to determine the nature of the sub lending and analyze the likely impact on involuntary resettlement and indigenous (tribal) people. IREDA will then begin conducting social safeguard due diligence, guided by the social safeguard due diligence template (Attachment 8) and including one or more site visits, to verify the available information on potential resettlement and indigenous (tribal) people impacts. Following the initial due diligence, IREDA shall complete social safeguard screening checklist (Attachment 3).<sup>6</sup> If information gaps still exist, IREDA shall contact the sub borrower for such information. The due diligence is an ongoing process and will deepen if category A subprojects are pursued.

37. The IREDA social specialist will review the results of social safeguard screening checklist and recommend the categorization ratings based on the ADB definitions (Attachment 3). This is then recorded by using the environment and social categorization form (Attachment 4).<sup>7</sup> The involuntary resettlement and indigenous (tribal) peoples categorizations need to be endorsed by the IREDA compliance officer for IREDA management's approval.

38. If involuntary resettlement categorization is A, IREDA shall work with the sub borrower to prepare a detailed resettlement plan (Attachment 6). The developed resettlement plan shall be sent to ADB for review and further guidance as how to proceed forward. In the case the subproject is at an advanced development stage, IREDA shall review the existing resettlement plan and other related documents. If gaps with ADB's resettlement plan standard exist, IREDA shall work with the sub borrower to take additional steps to ensure that the same ADB standard for a resettlement plan is met.

39. For all projects, IREDA shall ensure that sub borrowers follow the national laws and regulations related to resettlement and land acquisition (Attachment 12), including the new *Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (2013)*.

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<sup>6</sup> The ADB guideline on conducting social safeguard due diligence is provide on page 21 of the SPS 2009.

<sup>7</sup> Additional references are provided in the ADB Safeguard Requirements 2: Involuntary Resettlement under the SPS 2009 (SPS page 44) and ADB Safeguard Requirements 3: Indigenous People under the SPS 2009 (SPS page 55).

40. If indigenous peoples categorization is A, IREDA shall work with the sub borrower to prepare a detailed indigenous (tribal) peoples plan (Attachment 7). Further references are provided in the ADB Safeguard Requirements 3: Indigenous People under the SPS 2009 (Attachment 2). The developed indigenous peoples plan shall be sent to ADB for review and further guidance as how to proceed forward. In the case the subproject is at an advanced development stage, IREDA shall review the existing indigenous (tribal) peoples plan and other related documents. If gaps with ADB's indigenous (tribal) peoples plan standard exist, IREDA shall work with the sub borrower to take additional steps to ensure that the same ADB standard for an indigenous (tribal) peoples plan is met.

41. For all projects, IREDA shall ensure that sub borrowers follow the national laws and regulations related to indigenous (tribal) people (Attachment 12).

## **5. Project Appraisal and Loan Approval Stage**

### **a. Due Diligence**

42. The environmental and social safeguard specialists of IREDA will undertake environmental and social due diligence. Depending on the complexity of the subproject, due diligence can be a desk review based on the information received from project proponent (for category C subprojects), based on a site visit (for category B subprojects), or a full-scale review conducted by qualified staff in charge of environmental and social safeguards, or by consultant(s) (for category A subprojects). The subproject company must provide all requested information to IREDA, and should be able to demonstrate responsiveness with regard to the applicable environmental and social safeguard requirements. A due diligence report will be prepared for category A and B subprojects and the results of the due diligence will be reflected in the report to the subproject committee of IREDA, which will take into account these issues in approving the subproject. An outline of a due diligence report is provided in Attachment 8.

43. For a subproject using ADB funds and likely to be classified as category A for any of their environment, involuntary resettlement, or indigenous peoples impacts, IREDA will refer the subproject to ADB and provide relevant environmental and social information to ADB early in its due diligence process, and submit the draft EIA, RP, and/or IPP to ADB for review and clearance before the subproject is approved for use of funds from the ADB facility.<sup>8</sup> The draft EIA report will be made publicly available at least 120 days before the approval of the subproject, and the draft RP and draft IPP will be made publicly available before the approval of the subproject.

44. All subproject investment agreements will contain appropriate environmental and social covenants requiring subproject to be in compliance in all material respects with the applicable environmental and social safeguard requirements.

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<sup>8</sup> For a category A subproject involving facilities and/or business activities that already exist or are under construction, [Name of Bank] will require the subproject to undertake an environmental and/or social compliance audit, and submit the draft audit report to ADB for review and clearance before the subproject is approved. The draft audit report will be made publicly available at least 120 day before the approval of the subprojects. A typical environmental and/or social audit report includes the following major elements: (i) executive summary; (ii) facilities description, including both past and current activities; (iii) summary of national, local, and any other applicable laws, regulations, and standards; (iv) audit and site investigation procedure; (v) findings and areas of concern; and (vi) corrective action plan that provides the appropriate corrective actions for each area of concern, including costs and schedule.

## **B. Compliance Monitoring and Reporting**

45. After a category A or B subproject is approved, the environmental and social safeguard specialists (i) communicate with the subproject and confirms from time to time that the subproject company is undertaking the obligations of compliance with all applicable environmental and social safeguard requirements; and (ii) ensures that IREDA will promptly report to ADB any actual or potential breach of the compliance requirements after becoming aware of it. For a category A subproject, the environmental and social safeguard specialists will visit the site to monitor the implementation of EMP, RP, and IPP (as applicable).<sup>9</sup> And for category B subprojects monitoring requirements as per applicable national laws.

46. Environmental and social performance will be evaluated at least on a semi-annual basis (category A & higher risk category B projects should have more frequent monitoring). The benchmark for performance will be the ongoing compliance against the applicable environmental and social safeguard requirements. IREDA will ensure that the subproject company prepares and submits at least a semi-annual basis environmental and social monitoring report (Attachments 9 and 10), and will review and assess the subproject company's performance on environmental and social safeguard issues.

47. Based on the review of the monitoring reports for Category A and B subprojects prepared by Subproject Company, the safeguard manager will prepare environmental and social performance reports substantially in the form set out in Attachment 11, and submit it to the IREDA management and ADB.

48. If any of the safeguard requirements that are covenanted in the legal agreements are found not to be satisfactorily met, ADB requires the IREDA and/or subborrower to develop and implement an appropriate corrective action plan agreed upon with ADB to rectify unsatisfactory safeguard compliance. The subproject monitoring and reporting process shall continue until the closure of the ADB financing facility.

## **C. Information Disclosure**

49. IREDA will submit to ADB the following documents for disclosure on ADB's website:

- (i) For Category A projects, a draft full EIA (including the draft EMP) at least 120 days prior to project approval, and/or environmental assessment and review frameworks before project appraisal, where applicable;
- (ii) For Category A projects, the final EIA;
- (iii) a new or updated EIA (including the EMP) /IEE and corrective action plan prepared during project implementation, if any; and
- (iv) the environmental monitoring reports.
- (v) For Category A projects on involuntary resettlement a draft Resettlement plan ( RP) prior to project approval and social impact assessment and review frameworks before project appraisal, where applicable.
- (vi) For Category A projects on Indigenous people, a draft indigenous people plan ( IPP) prior to project approval.
- (vii) For category A projects final RP and IPP.

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<sup>9</sup> For a category A subproject involving facilities and/or business activities that already exist or are under construction, the Environmental and Social Safeguard Manager (or other designated staff) will visit the site to monitor the implementation of the corrective action plan, if any.

- (viii) A new, revised or updated RP, IPP and corrective action plan prepared during project implementation, if any, and
- (ix) Resettlement and indigenous peoples monitoring reports

50. IREDA will ensure that project proponent will provide relevant Safeguards (environmental and social) information, including information from the above documents in a timely manner, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. For illiterate people, other suitable communication methods will be used. These actions are meant for both category A and B projects.

#### **D. Grievance Redress Mechanism**

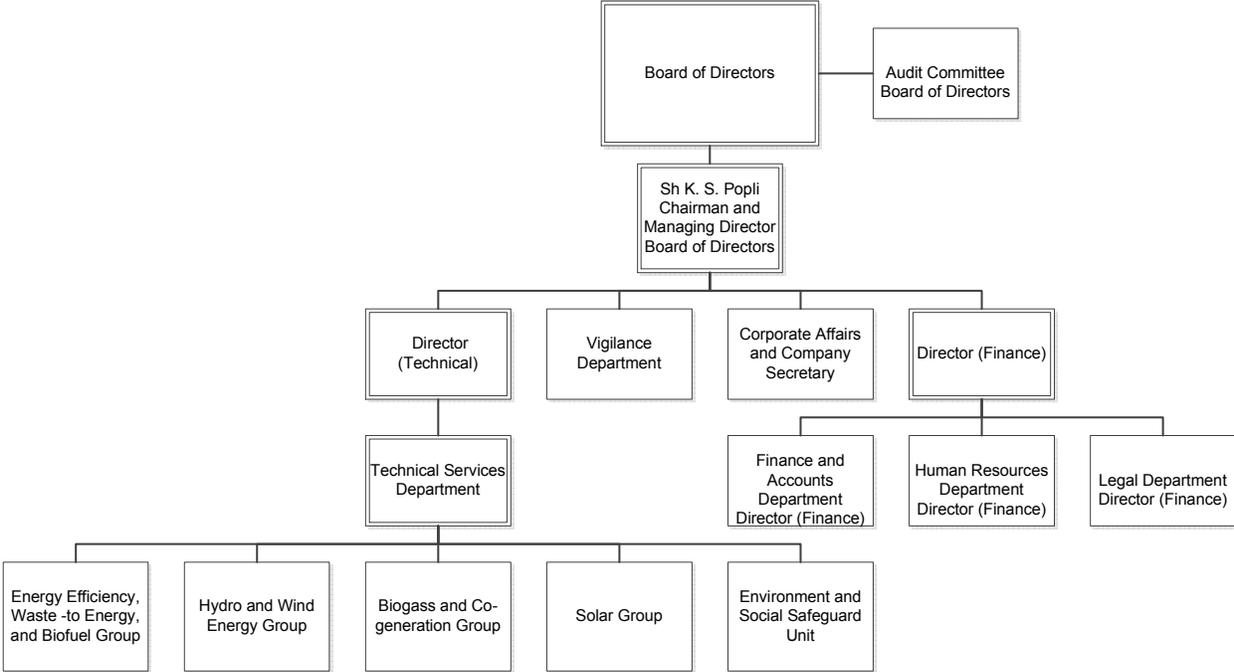
51. IREDA will ensure that project proponent will establish a mechanism to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the project's safeguards performance (both environmental and social). The affected people will be appropriately informed about the mechanism. Further, IREDA will verify that this mechanism shall address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution. These actions are for both category A and B projects. For category B projects the project proponent will follow all compliance under the national laws.

#### **V. ORGANIZATIONAL RESPONSIBILITIES, RESOURCES AND CAPACITY**

52. **Organization and Responsibilities.** A designated Environmental and Social Safeguards Unit (ESSU) has been established and also Compliance Officer (Assistant General Manager – Technical Services) has been appointed as a cross cutting unit covering all technical divisions as shown in chart 3.

53. The head of ESSU will be responsible for compliance with ESMS and ADB safeguard requirements. Such an arrangement may change in the future to improve compliances. The detailed organizational structure is as follows.

**Chart 3: Proposed Organizational Structure**



54. The ESSU will be integrated into the existing subloan evaluation and approval procedures. Under the ADB facility, however, the ESMS is not required to cover the environment and social safeguard compliance requirements for the entire IREDA lending operations. The ESMS must cover those subprojects financed by the ADB funds.

55. An ESSU manager has been nominated to head the ESSU, supported by one full-time environmental specialist and one full-time social safeguard specialist. The environmental specialist and social safeguard specialist will report to ESSU manager. The ESSU manager will report to director technical. The environmental and social safeguard specialists have the direct oversight for subprojects’ environmental and social issues, ensure that the agency-wide resources are made available for environmental and social management, and prepare and submit all organizational review and monitoring reports, including the semi-annual environmental and social report, to ADB. ESSU should also ensure that the ADB is notified if and when the responsible staff has been changed or replaced with new staff.

56. After a subproject application has been submitted, technical department reviews the application by estimating its likelihood to be financed by ADB funds, as determined by the nature of its technologies and potential environment and social safeguard impacts. When deemed appropriate for potential ADB financing, and during its normal course of subproject evaluation and credit approval, the subproject team will propose an initial environment and social safeguard categorization based on the available information. The subproject team (under the technical services department) will provide the necessary comments and sign off on the environment and social categorization form (Attachment 4), with the necessary backup documents. The subproject team will submit such a form to ESSU for review and approval.

57. If information gap exists, the technical services department's subproject team will help ESSU conduct the required due diligence from the initial appraisal stage, if necessary. A site visit is recommended. If not accepted, the ESSU has the right to reject the subproject's financing under the ADB facility, as ESSU is directly responsible for ensuring IREDA's safeguard compliance to the ADB facility. If accepted, ESSU will submit the categorization form (Attachment 4) to ESSU manager for approval, before submitting it to director of technical and IREDA compliance officer endorsement. Ideally, the technical department (subproject team) shall contact ESSU immediately after it deems a subproject appropriate for ADB financing, by sharing all the necessary information with the environment and social safeguard specialists.

58. **Resources and Capabilities.** The environmental and social safeguard specialists should work with management to ensure that adequate resources have been committed to allow for the effective implementation of this ESMS policy and procedures. IREDA should also maintain a pool of qualified environmental and social consultants who can be called upon to assist in conducting environmental and social reviews as appropriate.

59. The environmental and social specialists will work at IREDA and report to the Head, ESSU. The environmental specialist will have experience of 5 years or longer with Environmental Impact Assessments (EIAs) and Environmental Management Plans (EMPs) and obtaining environmental clearance at the center and state-levels for renewable energy projects. The social assessment specialist will have experience of 5 years or longer with Social Impact Assessments (SIAs), Resettlement Plans (RPs), and Tribal Development Plans (TDPs). In order to facilitate delivery of its mandate and the following services, ESSU will also be supported by the consultant pool. IREDA's ESSU will receive capacity building training in (i) screening prospective subprojects for environmental, IR, and tribal effects, (ii) plan preparation and appraisal, (iii) plan monitoring, and (iv) reporting.

**ATTACHMENT 1: ADB PROHIBITED INVESTMENT ACTIVITIES LIST (PIAL)**

The following do not qualify for Asian Development Bank financing:

- (i) production or activities involving harmful or exploitative forms of forced labor<sup>10</sup> or child labor;<sup>11</sup>
- (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals,<sup>12</sup> pesticides, and herbicides,<sup>13</sup> (b) ozone-depleting substances,<sup>14</sup> (c) polychlorinated biphenyls<sup>15</sup> and other hazardous chemicals,<sup>16</sup> (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,<sup>17</sup> and (e) transboundary trade in waste or waste products;<sup>18</sup>
- (iii) production of or trade in weapons and munitions, including paramilitary materials;
- (iv) production of or trade in alcoholic beverages, excluding beer and wine;<sup>19</sup>
- (v) production of or trade in tobacco;<sup>10</sup>
- (vi) gambling, casinos, and equivalent enterprises;<sup>10</sup>
- (vii) production of or trade in radioactive materials,<sup>20</sup> including nuclear reactors and components thereof;
- (viii) production of, trade in, or use of unbonded asbestos fibers;<sup>21</sup>
- (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- (x) 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.

<sup>10</sup> Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

<sup>11</sup> Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" ([www.ilo.org](http://www.ilo.org)).

<sup>12</sup> A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

<sup>13</sup> A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

<sup>14</sup> A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

<sup>15</sup> A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

<sup>16</sup> A list of hazardous chemicals is available at <http://www.pic.int>.

<sup>17</sup> A list is available at <http://www.cites.org>.

<sup>18</sup> As defined by the Basel Convention; see <http://www.basel.int>.

<sup>19</sup> This does not apply to subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

<sup>20</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

<sup>21</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

## **ATTACHMENT 2: SAFEGUARD REQUIREMENTS 1: ENVIRONMENT<sup>1</sup>**

### **A. Introduction**

1. Safeguard Requirements 1 outlines the requirements that borrowers/clients are required to meet when delivering environmental safeguards for projects supported by the Asian Development Bank (ADB). It discusses the objectives and scope of application, and underscores the requirements for undertaking the environmental assessment process. These requirements include assessing impacts, planning and managing impact mitigations, preparing environmental assessment reports, disclosing information and undertaking consultation, establishing a grievance mechanism, and monitoring and reporting. The document also includes particular environmental safeguard requirements pertaining to biodiversity conservation and sustainable management of natural resources, pollution prevention and abatement, occupational and community health and safety, and conservation of physical cultural resources. The applicability of particular requirements is established through the environmental assessment process and compliance with the requirements is achieved through implementation of environmental management plans agreed to by ADB and the borrower/client.

### **B. Objectives**

2. The objectives are to ensure the environmental soundness and sustainability of projects, and to support the integration of environmental considerations into the project decision-making process.

### **C. Scope of Application**

3. The requirements apply to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects, and their components regardless of the source of financing, including investment projects funded by a loan; and/or a grant; and/or other means, such as equity and/or guarantees (hereafter broadly referred to as projects).

### **D. Requirements**

#### **1. Environmental Assessment**

4. Environmental assessment is a generic term used to describe a process of environmental analysis and planning to address the environmental impacts and risks associated with a project. At an early stage of project preparation, the borrower/client will identify potential direct, indirect, cumulative and induced environmental impacts on and risks to physical, biological, socioeconomic, and physical cultural resources and determine their significance and scope, in consultation with stakeholders, including affected people and concerned nongovernment organizations (NGOs). If potentially adverse environmental impacts and risks are identified, the borrower/client will undertake an environmental assessment as early as possible in the project cycle. For projects with potentially significant adverse impacts that are diverse, irreversible, or unprecedented, the borrower/client will examine alternatives to the project's location, design, technology, and components that would avoid, and, if avoidance is

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<sup>1</sup> In this attachment, the term "projects" refers to subprojects financed in part or in full by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company".

not possible, minimize adverse environmental impacts and risks. The rationale for selecting the particular project location, design, technology, and components will be properly documented, including, cost-benefit analysis, taking environmental costs and benefits of the various alternatives considered into account. The "no project" alternative will be also considered.

5. The assessment process will be based on current information, including an accurate project description, and appropriate environmental and social baseline data. The environmental assessment will consider all potential impacts and risks of the project on physical, biological, socioeconomic (occupational health and safety, community health and safety, vulnerable groups and gender issues, and impacts on livelihoods through environmental media [Attachment 3, paragraph 6]) and physical cultural resources in an integrated way. The project's potential environmental impacts and risks will be reviewed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to environmental matters, including host country obligations under international law.

6. Impacts and risks will be analyzed in the context of the project's area of influence. This area of influence encompasses (i) the primary project site(s) and related facilities that the borrower/client (including its contractors) develops or controls, such as power transmission corridors, pipelines, canals, tunnels, access roads, borrow pits and disposal areas, and construction camps; (ii) associated facilities that are not funded as part of the project (funding may be provided separately by the borrower/client or by third parties), and whose viability and existence depend exclusively on the project and whose goods or services are essential for successful operation of the project; (iii) areas and communities potentially affected by cumulative impacts from further planned development of the project, other sources of similar impacts in the geographical area, any existing project or condition, and other project-related developments that are realistically defined at the time the assessment is undertaken; and (iv) areas and communities potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that might occur without the project or independently of the project. Environmental impacts and risks will also be analyzed for all relevant stages of the project cycle, including preconstruction, construction, operations, decommissioning, and post-closure activities such as rehabilitation or restoration.

7. The assessment will identify potential transboundary effects, such as air pollution, increased use or contamination of international waterways, as well as global impacts, such as emission of greenhouse gases and impacts on endangered species and habitats.

8. The environmental assessment will examine whether particular individuals and groups may be differentially or disproportionately affected by the project's potential adverse environmental impacts because of their disadvantaged or vulnerable status, in particular, the poor, women and children, and Indigenous Peoples. Where such individuals or groups are identified, the environmental assessment will recommend targeted and differentiated measures so that adverse environmental impacts do not fall disproportionately on them.

9. Depending on the significance of project impacts and risks, the assessment may comprise a full-scale environmental impact assessment (EIA) for category A projects, an initial environmental examination (IEE) or equivalent process for category B projects, or a desk review for category C projects. An EIA report includes the following major elements: (i) executive summary, (ii) description of the project, (iii) description of the environment (with comprehensive baseline data), (iv) anticipated environmental impacts and mitigation measures, (v) analysis of alternatives, (vi) environmental management plan(s), (vii) consultation and information

disclosure, and (viii) conclusion and recommendations. An IEE, with its narrower scope, may be conducted for projects with limited impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

10. When the project involves existing activities or facilities, relevant external experts will perform environmental audits to determine the existence of any areas where the project may cause or is causing environmental risks or impacts. If the project does not foresee any new major expansion, the audit constitutes the environmental assessment for the project. A typical environmental audit report includes the following major elements: (i) executive summary; (ii) facilities description, including both past and current activities; (iii) summary of national, local, and any other applicable environmental laws, regulations, and standards; (iv) audit and site investigation procedure; (v) findings and areas of concern; and (vi) corrective action plan that provides the appropriate corrective actions for each area of concern, including costs and schedule.

11. When the project involves the development of or changes to policies, plans, or programs that are likely to have significant environmental impacts that are regional or sectoral, strategic environmental assessment will be required. A strategic environmental assessment report will include (i) an analysis of the scenario, (ii) an assessment of long-term and indirect impacts, (iii) a description of the consultation process, and (iv) an explanation of option selection.

## **2. Environmental Planning and Management**

12. The borrower/client will prepare an environmental management plan (EMP) that addresses the potential impacts and risks identified by the environmental assessment. The EMP will include the proposed mitigation measures, environmental monitoring and reporting requirements, emergency response procedures, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Where impacts and risks cannot be avoided or prevented, mitigation measures and actions will be identified so that the project is designed, constructed, and operated in compliance with applicable laws and regulations and meets the requirements specified in this document. The level of detail and complexity of the environmental planning documents and the priority of the identified measures and actions will be commensurate with the project's impacts and risks. Key considerations include mitigation of potential adverse impacts to the level of "no significant harm to third parties", the polluter pays principle, the precautionary approach, and adaptive management.

13. If some residual impacts are likely to remain significant after mitigation, the EMP will also include appropriate compensatory measures (offset) that aim to ensure that the project does not cause significant net degradation to the environment. Such measures may relate, for instance, to conservation of habitat and biodiversity, preservation of ambient conditions, and greenhouse gas emissions. Monetary compensation in lieu of offset is acceptable in exceptional circumstances, provided that the compensation is used to provide environmental benefits of the same nature and is commensurate with the project's residual impact.

14. The EMP will define expected outcomes as measurable events to the extent possible and will include performance indicators or targets that can be tracked over defined periods. It will be responsive to changes in project design, such as a major change in project location or route, or in technology, unforeseen events, and monitoring results.

15. At times, a third party's involvement will influence implementation of the EMP. A third party may be, inter alia, a government agency, a contractor, or an operator of an associated facility. When the third-party risk is high and the borrower/client has control or influence over the actions and behavior of the third party, the borrower/client will collaborate with the third party to achieve the outcome consistent with the requirements for the borrower/client. Specific actions will be determined on a case-by-case basis.

16. The borrower/client will use qualified and experienced experts to prepare the environmental assessment and the EMP. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation.

### **3. Information Disclosure**

17. The borrower/client will submit to ADB the following documents for disclosure on ADB's website:

a draft full EIA (including the draft EMP) at least 120 days prior to project approval, and/or environmental assessment and review frameworks before project appraisal, where applicable; the final EIA/IEE; a new or updated EIA/IEE and corrective action plan prepared during project implementation, if any; and the environmental monitoring reports.

18. The borrower/client will provide relevant environmental information, including information from the documents in paragraph 17 in a timely manner, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. For illiterate people, other suitable communication methods will be used.

### **4. Consultation and Participation**

19. The borrower/client will carry out meaningful consultation with affected people and other concerned stakeholders, including civil society, and facilitate their informed participation. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle;<sup>2</sup> (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The consultation process and its results are to be documented and reflected in the environmental assessment report.

### **5. Grievance Redress Mechanism**

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<sup>2</sup> For environment category A projects, such consultations will necessarily include consultations at the early stage of EIA field work and when the draft EIA report is available during project preparation, and before project appraisal by ADB.

20. The borrower/client will establish a mechanism to receive and facilitate resolution of affected peoples' concerns, complaints, and grievances about the project's environmental performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project. It should address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution. The mechanism should not impede access to the country's judicial or administrative remedies. The affected people will be appropriately informed about the mechanism.

## **6. Monitoring and Reporting**

21. The borrower/client will monitor and measure the progress of implementation of the EMP. The extent of monitoring activities will be commensurate with the project's risks and impacts. In addition to recording information to track performance, the borrower/client will undertake inspections to verify compliance with the EMP and progress toward the expected outcomes. For projects likely to have significant adverse environmental impacts, the borrower/client will retain qualified and experienced external experts or qualified NGOs to verify its monitoring information. The borrower/client will document monitoring results, identify the necessary corrective actions, and reflect them in a corrective action plan. The borrower/client will implement these corrective actions and follow up on these actions to ensure their effectiveness.

22. The borrower/client will prepare periodic monitoring reports that describe progress with implementation of the EMP and compliance issues and corrective actions, if any. The borrower/client will submit at least semi-annual monitoring reports during construction for projects likely to have significant adverse environmental impacts, and quarterly monitoring reports for highly complex and sensitive projects. For projects likely to have significant adverse environmental impacts during operation, reporting will continue at the minimum on a semi-annual basis. Such periodic reports will be posted in a location accessible to the public. Project budgets will reflect the costs of monitoring and reporting requirements.

## **7. Unanticipated Environmental Impacts**

23. Where unanticipated environmental impacts become apparent during project implementation, the borrower/client will update the environmental assessment and EMP or prepare a new environmental assessment and EMP to assess the potential impacts, evaluate the alternatives, and outline mitigation measures and resources to address those impacts.

## **8. Biodiversity Conservation and Sustainable Natural Resource Management**

24. The borrower/client will assess the significance of project impacts and risks on biodiversity<sup>3</sup> and natural resources as an integral part of the environmental assessment process specified in paragraphs 4–10. The assessment will focus on the major threats to biodiversity, which include destruction of habitat and introduction of invasive alien species, and on the use of natural resources in an unsustainable manner. The borrower/client will need to identify measures to avoid, minimize, or mitigate potentially adverse impacts and risks and, as a last resort, propose compensatory measures, such as biodiversity offsets, to achieve no net loss or

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<sup>3</sup> The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

a net gain of the affected biodiversity.

**a. Modified Habitats**

25. In areas of modified habitat, where the natural habitat has apparently been altered, often through the introduction of alien species of plants and animals, such as in agricultural areas, the borrower/client will exercise care to minimize any further conversion or degradation of such habitat, and will, depending on the nature and scale of the project, identify opportunities to enhance habitat and protect and conserve biodiversity as part of project operations.

**b. Natural Habitats**

26. In areas of natural habitat,<sup>4</sup> the project will not significantly convert or degrade<sup>5</sup> such habitat, unless the following conditions are met:

No alternatives are available.

A comprehensive analysis demonstrates that the overall benefits from the project will substantially outweigh the project costs, including environmental costs.

Any conversion or degradation is appropriately mitigated.

27. Mitigation measures will be designed to achieve at least no net loss of biodiversity. They may include a combination of actions, such as post-project restoration of habitats, offset of losses through the creation or effective conservation of ecologically comparable areas that are managed for biodiversity while respecting the ongoing use of such biodiversity by Indigenous Peoples or traditional communities, and compensation to direct users of biodiversity.

**c. Critical Habitats**

28. No project activity will be implemented in areas of critical habitat<sup>6</sup> unless the following requirements are met:

There are no measurable adverse impacts, or likelihood of such, on the critical habitat which could impair its high biodiversity value or the ability to function.

The project is not anticipated to lead to a reduction in the population of any recognized endangered or critically endangered species<sup>7</sup> or a loss in area of the habitat concerned such that the persistence of a viable and representative host ecosystem be compromised.

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<sup>4</sup> Land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions.

<sup>5</sup> Significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) the modification of a habitat that substantially reduces the habitat's ability to maintain viable populations of its native species. Significant conversion may include, for example, land clearing; replacement of natural vegetation (for example, by crops or tree plantations); permanent flooding (by a reservoir for instance); drainage, dredging, filling, or canalization of wetlands; or surface mining.

<sup>6</sup> Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value, including habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or that are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic, or cultural importance to local communities. Critical habitats include those areas either legally protected or officially proposed for protection, such as areas that meet the criteria of the World Conservation Union classification, the Ramsar List of Wetlands of International Importance, and the United Nations Educational, Scientific, and Cultural Organization's world natural heritage sites.

Any lesser impacts are mitigated in accordance with paragraph 27.

29. When the project involves activities in a critical habitat, the borrower/client will retain qualified and experienced external experts to assist in conducting the assessment.

**d. Legally Protected Areas**

30. In circumstances where some project activities are located within a legally protected area, in addition to the requirement specified in paragraph 28, the borrower/client will meet the following requirements:

- (i) Act in a manner consistent with defined protected area management plans.
- (ii) Consult protected area sponsors and managers, local communities, and other key stakeholders on the proposed project.
- (iii) Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

**e. Invasive Alien Species**

31. The borrower/client will not intentionally introduce any new alien species (that is, species not currently established in the country or region of the project) unless carried out in accordance with the existing regulatory framework for such introduction, if such a framework is present, or unless the introduction is subject to a risk assessment (as part of the environmental assessment) to determine the potential for invasive behavior. Under no circumstances must species known to be invasive be introduced into new environments. The borrower/client will undertake assessment of the possibility of accidental or unintended introduction of such invasive alien species and identify measures to minimize the potential for release.

**f. Management and Use of Renewable Natural Resources**

32. Renewable natural resources will be managed in a sustainable manner. Sustainable resource management is management of the use, development, and protection of resources in a way, or at a rate, that enables people and communities, including Indigenous Peoples, to provide for their current social, economic, and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations. This includes safeguarding the life-supporting capacity of air, water, and soil ecosystems. Where possible, the borrower/client will demonstrate the sustainable management of resources through an appropriate system of independent certification.

**9. Pollution Prevention and Abatement**

33. During the design, construction, and operation of the project the borrower/client will apply pollution prevention and control technologies and practices consistent with international good practice, as reflected in internationally recognized standards such as the World Bank Group's *Environment, Health and Safety Guidelines*.<sup>8</sup> These standards contain performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from these levels and measures, the borrower/client will achieve whichever is

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<sup>7</sup> As defined by the World Conservation Union's Red List of Threatened Species or as defined in any national legislation.

<sup>8</sup> World Bank Group, 2007. *Environmental, Health, and Safety General Guidelines*. Washington, DC.

more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the borrower/client will provide full and detailed justification for any proposed alternatives that are consistent with the requirements presented in this document.

**a. Pollution Prevention, Resource Conservation, and Energy Efficiency**

34. The borrower/client will avoid, or where avoidance is impossible, will minimize or control the intensity or load of pollutant emission and discharge. In addition the borrower/client will examine and incorporate in its operations resource conservation and energy efficiency measures consistent with the principles of cleaner production. When the project has the potential to constitute a significant source of emissions in an already degraded area, strategies that help improve ambient conditions, such as evaluating alternative project locations and considering emissions offsets, will be introduced.

**b. Wastes**

35. The borrower/client will avoid, or where avoidance is not possible, will minimize or control the generation of hazardous and nonhazardous wastes and the release of hazardous materials resulting from project activities. Where waste cannot be recovered or reused, it will be treated, destroyed, and disposed of in an environmentally sound manner. If the generated waste is considered hazardous, the client will explore reasonable alternatives for its environmentally sound disposal considering the limitations applicable to its transboundary movement.<sup>9</sup> When waste disposal is conducted by third parties, the borrower/client will use contractors that are reputable and legitimate enterprises licensed by the relevant regulatory agencies.

**c. Hazardous Materials**

36. The borrower/client will avoid the manufacture, trade, and use of hazardous substances and materials subject to international bans or phaseouts because of their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer<sup>10</sup> and will consider the use of less hazardous substitutes for such chemicals and materials.

**d. Pesticide Use and Management**

37. The environmental assessment will ascertain that any pest and/or vector management activities related to the project are based on integrated pest management approaches and aim to reduce reliance on synthetic chemical pesticides in agricultural and public health projects. The borrower/client's integrated pest/vector management program will entail coordinated use of pest and environmental information along with available pest/vector control methods, including cultural practices, biological, genetic and, as a last resort, chemical means to prevent unacceptable levels of pest damage. The health and environmental risks associated with pest management should be minimized with support, as needed, to institutional capacity development, to help regulate and monitor the distribution and use of pesticides and enhance the application of integrated pest management.

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<sup>9</sup> Consistent with the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes.

<sup>10</sup> Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer.

38. The borrower/client will not use products that fall in World Health Organization Recommended Classification of Pesticides by Hazard Classes Ia (extremely hazardous) and Ib (highly hazardous) or Class II (moderately hazardous), if the project host country lacks restrictions on distribution and use of these chemicals, or if they are likely to be accessible to personnel without proper training, equipment, and facilities to handle, store, apply and dispose of these products properly. The borrower/client will handle, store, apply and dispose of pesticides in accordance with international good practice such as the Food and Agricultural Organization's International Code of Conduct on the Distribution and Use of Pesticides.

#### **e. Greenhouse Gas Emissions**

39. The borrower/client will promote the reduction of project-related anthropogenic greenhouse gas emissions in a manner appropriate to the nature and scale of project operations and impacts. During the development or operation of projects that are expected to or currently produce significant quantities of greenhouse gases,<sup>11</sup> the borrower/client will quantify direct emissions from the facilities within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. The borrower/client will conduct quantification and monitoring of greenhouse gas emissions annually in accordance with internationally recognized methodologies.<sup>12</sup> In addition, the borrower/client will evaluate technically and financially feasible and cost-effective options to reduce or offset project-related greenhouse gas emissions during project design and operation, and pursue appropriate options.

### **10. Health and Safety**

#### **a. Occupational Health and Safety**

40. The borrower/client will provide workers<sup>13</sup> with a safe and healthy working environment, taking into account risks inherent to the particular sector and specific classes of hazards in the borrower's/client's work areas, including physical, chemical, biological, and radiological hazards. The borrower/client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring during the course of work by (i) identifying and minimizing, so far as reasonably practicable, the causes of potential hazards to workers; (ii) providing preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) providing appropriate equipment to minimize risks and requiring and enforcing its use; (iv) training workers and providing them with appropriate incentives to use and comply with health and safety procedures and protective equipment; (v) documenting and reporting occupational accidents, diseases, and incidents; and (vi) having emergency prevention, preparedness, and response arrangements in place.

41. The borrower/client will apply preventive and protective measures consistent with international good practice, as reflected in internationally recognized standards such as the World Bank Group's *Environment, Health and Safety Guidelines* (footnote 7).

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<sup>11</sup> Even though the significance of a project's contribution to greenhouse gas emissions varies between industry sectors, the significance threshold to be considered for these requirements is generally 100,000 tons of carbon dioxide equivalent per year for the aggregate emissions of direct sources and indirect sources associated with electricity purchased for own consumption.

<sup>12</sup> Estimation methodologies are provided by the Intergovernmental Panel on Climate Change (IPCC), various international organizations, and relevant host country agencies.

<sup>13</sup> Including nonemployee workers engaged by the borrower/client through contractors or other intermediaries to work on project sites or perform work directly related to the project's core functions.

**b. Community Health and Safety**

42. The borrower/client will identify and assess the risks to, and potential impacts on, the safety of affected communities during the design, construction, operation, and decommissioning of the project, and will establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. These measures will favor the prevention or avoidance of risks and impacts over their minimization and reduction. Consideration will be given to potential exposure to both accidental and natural hazards, especially where the structural elements of the project are accessible to members of the affected community or where their failure could result in injury to the community. The borrower/client will avoid or minimize the exacerbation of impacts caused by natural hazards, such as landslides or floods, that could result from land use changes due to project activities.

43. The borrower/client will inform affected communities of significant potential hazards in a culturally appropriate manner. The borrower/client will be prepared to respond to accidental and emergency situations. This preparation will include response planning document(s) that addresses the training, resources, responsibilities, communications, procedures, and other aspects required to respond effectively to emergencies associated with project hazards. Appropriate information about emergency preparedness and response activities, resources, and responsibilities will be disclosed to affected communities.

44. When structural elements or components, such as dams, tailings dams, or ash ponds, are situated in high-risk locations and their failure or malfunction may threaten the safety of communities, the borrower/client will engage qualified and experienced experts, separate from those responsible for project design and construction, to conduct a review as early as possible in project development and throughout project design, construction, and commissioning.

**11. Physical Cultural Resources**

45. The borrower/client is responsible for siting and designing the project to avoid significant damage to physical cultural resources.<sup>14</sup> Such resources likely to be affected by the project will be identified, and qualified and experienced experts will assess the project's potential impacts on these resources using field-based surveys as an integral part of the environmental assessment process specified in paragraphs 4–10.

46. When a project may affect physical cultural resources, the borrower/client will consult with affected communities who use, or have used them within living memory, for long-standing cultural purposes to identify physical cultural resources of importance and to incorporate the views of the affected communities on such resources into the borrower's/client's decision-making process. Consultation will also involve relevant national or local regulatory agencies that are entrusted with protecting physical cultural resources. The findings are disclosed as part of, and in the same manner as, the environmental assessment report, except when such disclosure would compromise or jeopardize the safety or integrity of the physical cultural resources.

47. When the project is likely to have adverse impacts on physical cultural resources, the borrower/client will identify appropriate measures for avoiding or mitigating these impacts as

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<sup>14</sup> Defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings and may be above or below ground or under water. Their cultural interest may be at the local, provincial, national, or international level.

part of the environmental planning process specified in paragraphs 12–16. These measures may range from avoidance to full site protection to selective mitigation, including salvage and documentation, in cases where a portion or all of the physical cultural resources may be lost.

48. When the proposed location of a project is in areas where physical cultural resources are expected to be found as determined during the environmental assessment process, chance finds procedures will be included in the EMP. Chance finds shall not be disturbed until an assessment by a competent specialist is made and actions consistent with these requirements are identified.

49. The project will not remove any physical cultural resources unless the following conditions are met:

- (i) No alternatives to removal are available.
- (ii) The overall benefits of the project substantially outweigh the anticipated cultural heritage loss from removal.
- (iii) Any removal is conducted in accordance with relevant provisions of national and/or local laws, regulations, and protected area management plans and national obligations under international laws, and employs the best available techniques.

## **SAFEGUARD REQUIREMENTS 2: INVOLUNTARY RESETTLEMENT<sup>1</sup>**

### **A. Introduction**

1. ADB experience indicates that involuntary resettlement under development projects, if unmitigated, could give rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable, and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. ADB therefore seeks to avoid involuntary resettlement wherever possible; minimize involuntary resettlement by exploring project and design alternatives; enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and improve the standards of living of the affected poor and other vulnerable groups.

2. Safeguard Requirements 2 outlines the requirements that borrowers/clients are required to meet in delivering involuntary resettlement safeguards to projects supported by the Asian Development Bank (ADB). It discusses the objectives, scope of application, and underscores the requirements for undertaking the social impact assessment and resettlement planning process, preparing social impact assessment reports and resettlement planning documents, exploring negotiated land acquisition, disclosing information and engaging in consultations, establishing a grievance mechanism, and resettlement monitoring and reporting.

### **B. Objectives**

3. The objectives are to avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons<sup>2</sup> in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

### **C. Scope of Application**

4. The requirements apply to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects, and their components regardless of the source of financing, including investment projects funded by a loan; and/or a grant; and/or other means, such as equity and/or guarantees (hereafter broadly referred to as projects). The requirements also cover involuntary resettlement actions conducted by the borrower/client in anticipation of ADB support.

5. The involuntary resettlement requirements apply to full or partial, permanent or temporary physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. Resettlement is considered involuntary when displaced individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases where (i) lands are acquired

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<sup>1</sup> In this attachment, the term "projects" refers to subprojects by a subproject financed in part or in full by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company".

<sup>2</sup> In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

through expropriation based on eminent domain; and (ii) lands are acquired through negotiated settlements, if expropriation process would have resulted upon the failure of negotiation.

6. If potential adverse economic, social, or environmental impacts from project activities other than land acquisition (including involuntary restrictions on land use, or on access to legally designated parks and protected areas) are identified, such as loss of access to assets or resources or restrictions on land use, they will be avoided, or at least minimized, mitigated, or compensated for, through the environmental assessment process. If these impacts are found to be significantly adverse at any stage of the project, the borrower/client will be required to develop and implement a management plan to restore the livelihood of affected persons to at least pre-project level or better.

## **D. Requirements**

### **1. Compensation, Assistance and Benefits for Displaced Persons**

7. Displaced persons in a project area could be of three types: (i) persons with formal legal rights to land lost in its entirety or in part; (ii) persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws; and (iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land. The involuntary resettlement requirements apply to all three types of displaced persons.

8. The borrower/client will provide adequate and appropriate replacement land and structures or cash compensation at full replacement cost for lost land and structures, adequate compensation for partially damaged structures, and relocation assistance, if applicable, to those persons described in paragraph 7(i) and 7(ii) prior to their relocation. For those persons described in paragraph 7(iii), the borrower/client will compensate them for the loss of assets other than land, such as dwellings, and also for other improvements to the land, at full replacement cost. The entitlements of those under paragraph 7(iii) is given only if they occupied the land or structures in the project area prior to the cutoff date for eligibility for resettlement assistance.

9. Preference will be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based. These strategies may include resettlement on public land, or on private land acquired or purchased for resettlement. Whenever replacement land is offered, displaced persons are provided with land for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the land taken. If land is not the preferred option of the displaced persons, or sufficient land is not available at a reasonable price, non-land-based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost. The lack of land will be demonstrated and documented to the satisfaction of ADB.

10. The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any. Where market conditions are absent or in a formative stage, the borrower/client will consult with the displaced persons and host populations to obtain adequate information about recent land transactions, land value by types, land titles, land use, cropping patterns and crop production, availability of land in the project

area and region, and other related information. The borrower/client will also collect baseline data on housing, house types, and construction materials. Qualified and experienced experts will undertake the valuation of acquired assets. In applying this method of valuation, depreciation of structures and assets should not be taken into account.

11. In the case of physically displaced persons, the borrower/client will provide (i) relocation assistance, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, and civic infrastructure and community services as required; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) opportunities to derive appropriate development benefits from the project.

12. In the case of economically displaced persons, regardless of whether or not they are physically displaced, the borrower/client will promptly compensate for the loss of income or livelihood sources at full replacement cost. The borrower/client will also provide assistance such as credit facilities, training, and employment opportunities so that they can improve, or at least restore, their income-earning capacity, production levels, and standards of living to pre-displacement levels. The borrower/client will also provide opportunities to displaced persons to derive appropriate development benefits from the project. The borrower/client will compensate economically displaced people under paragraph 7(iii) for lost assets such as crops, irrigation infrastructure, and other improvements made to the land (but not for the land) at full replacement cost. In cases where land acquisition affects commercial structures, affected business owners are entitled to (i) the costs of reestablishing commercial activities elsewhere; (ii) the net income lost during the transition period; and (iii) the costs of transferring and reinstalling plant, machinery, or other equipment. Business owners with legal rights or recognized or recognizable claims to land where they carry out commercial activities are entitled to replacement property of equal or greater value or cash compensation at full replacement cost.

13. Involuntary resettlement should be conceived of and executed as part of a development project or program. In this regard, the best strategy is to provide displaced persons with opportunities to share project benefits in addition to providing compensation and resettlement assistance. Such opportunities would help prevent impoverishment among affected persons, and also help meet the ethical demand for development interventions to spread development benefits widely. Therefore borrowers/clients are encouraged to ascertain specific opportunities for engaging affected persons as project beneficiaries and to discuss how to spread such opportunities as widely as possible among affected persons in the resettlement plan.

14. The borrower/client will ensure that no physical displacement or economic displacement will occur until (i) compensation at full replacement cost has been paid to each displaced person for project components or sections that are ready to be constructed; (ii) other entitlements listed in the resettlement plan have been provided to displaced persons; and (iii) a comprehensive income and livelihood rehabilitation program, supported by an adequate budget, is in place to help displaced persons improve, or at least restore, their incomes and livelihoods. While compensation is required to be paid before displacement, full implementation of the resettlement plan might take longer. If project activities restrict land use or access to legally designated parks and protected areas, such restrictions will be imposed in accordance with the timetable outlined in the resettlement plan agreed between the borrower/client and ADB.

## **2. Social Impact Assessment**

15. The borrower/client will conduct socioeconomic survey(s) and a census, with appropriate socioeconomic baseline data to identify all persons who will be displaced by the project and to

assess the project's socioeconomic impacts on them. For this purpose, normally a cut-off date will be established by the host government procedures. In the absence of such procedures, the borrower/client will establish a cut-off date for eligibility. Information regarding the cutoff date will be documented and disseminated throughout the project area. The social impact assessment (SIA) report will include (i) identified past, present and future potential social impacts, (ii) an inventory of displaced persons<sup>3</sup> and their assets,<sup>4</sup> (iii) an assessment of their income and livelihoods, and (iv) gender-disaggregated information pertaining to the economic and sociocultural conditions of displaced persons. The project's potential social impacts and risks will be assessed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to involuntary resettlement matters, including host country obligations under international law.

16. As part of the social impact assessment, the borrower/client will identify individuals and groups who may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. Where such individuals and groups are identified, the borrower/client will propose and implement targeted measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in relation to sharing the benefits and opportunities resulting from development.

### **3. Resettlement Planning**

17. The borrower/client will prepare a resettlement plan, if the proposed project will have involuntary resettlement impacts. The objective of a resettlement plan is to ensure that livelihoods and standards of living of displaced persons are improved, or at least restored to pre-project (physical and/or economic) levels and that the standards of living of the displaced poor and other vulnerable groups are improved, not merely restored, by providing adequate housing, security of land tenure and steady income and livelihood sources. The resettlement plan will address all relevant requirements specified in Safeguard Requirements 2, and its level of detail and comprehensiveness of the resettlement plan will be commensurate with the significance of involuntary resettlement impacts.

18. A resettlement plan will be based on the social impact assessment and through meaningful consultation with the affected persons. A resettlement plan will include measures to ensure that the displaced persons are (i) informed about their options and entitlements pertaining to compensation, relocation, and rehabilitation; (ii) consulted on resettlement options and choices; and (iii) provided with resettlement alternatives. During the identification of the impacts of resettlement and resettlement planning, and implementation, the borrower/client will pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultation, information disclosure, and grievance mechanisms, to ensure that both men and women receive adequate and appropriate compensation for their lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards.

19. The borrower/client will analyze and summarize national laws and regulations pertaining to land acquisition, compensation payment, and relocation of affected persons in the resettlement plan. The borrower/client will compare and contrast such laws and regulations with

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<sup>3</sup> A population record of all displaced persons by their residence based on the census. If a census is not conducted prior to project appraisal and the resettlement plan is based on a sample survey, an updated resettlement plan will be prepared based on a census of displaced persons after the detailed measurement survey has been completed but before any land acquisition for the project.

<sup>4</sup> The asset inventory is a preliminary record of affected or lost assets at the household, enterprise, or community level.

ADB's involuntary resettlement policy principles and requirements. If a gap between the two exists, the borrower/client will propose a suitable gap-filling strategy in the resettlement plan in consultation with ADB.

20. All costs of compensation, relocation, and livelihood rehabilitation will be considered project costs. To ensure timely availability of required resources, land acquisition and resettlement costs may be considered for inclusion in ADB financing. Resettlement expenditure is eligible for ADB financing if incurred in compliance with ADB's safeguard policy statement and with ADB-approved resettlement planning documents. If ADB funds are used for resettlement costs, such expenditure items will be clearly reflected in the resettlement plan.

21. The borrower/client will include detailed measures for income restoration and livelihood improvement of displaced persons in the resettlement plan. Income sources and livelihoods affected by project activities will be restored to pre-project levels, and the borrower/client will make every attempt to improve the incomes of displaced persons so that they can benefit from the project. For vulnerable persons and households affected, the resettlement plan will include measures to provide extra assistance so that they can improve their incomes in comparison with pre-project levels. The resettlement plan will specify the income and livelihoods restoration strategy, the institutional arrangements, the monitoring and reporting framework, the budget, and the time-bound implementation schedule.

22. The information contained in a resettlement plan may be tentative until a census of affected persons has been completed. Soon after the completion of engineering designs, the borrower/client will finalize the resettlement plan by completing the census and inventories of loss of assets. At this stage, changes to the resettlement plan take the form of revising the number of displaced persons, the extent of land acquired, the resettlement budget, and the timetable for implementing the resettlement plan. The entitlement matrix of the resettlement plan may be updated at this stage to reflect the relevant changes but the standards set in the original entitlement matrix cannot be lowered when the resettlement plan is revised and finalized. The borrower/client will ensure that the final resettlement plan (i) adequately addresses all involuntary resettlement issues pertaining to the project, (ii) describes specific mitigation measures that will be taken to address the issues, and (iii) ensures the availability of sufficient resources to address the issues satisfactorily.

23. Projects with significant involuntary resettlement impacts will need adequate contingency funds to address involuntary resettlement impacts that are identified during project implementation. The borrower/client will ensure that such funds are readily available. Moreover, the borrower/client will consult with displaced persons identified after the formulation of the final resettlement plan and inform them of their entitlements and relocation options. The borrower/client will prepare a supplementary resettlement plan, or a revised resettlement plan, and will submit it to ADB for review before any contracts are awarded.

24. The borrower/client will use qualified and experienced experts to prepare the social impact assessment and the resettlement plan. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation.

#### **4. Negotiated Land Acquisition**

25. Safeguard Requirements 2 does not apply to negotiated settlements, unless expropriation would result upon the failure of negotiations. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly.

The borrower/client is encouraged to acquire land and other assets through a negotiated settlement wherever possible, based on meaningful consultation with affected persons, including those without legal title to assets. A negotiated settlement will offer adequate and fair price for land and/or other assets. The borrower/client will ensure that any negotiations with displaced persons openly address the risks of asymmetry of information and bargaining power of the parties involved in such transactions. For this purpose, the borrower/client will engage an independent external party to document the negotiation and settlement processes. The borrower/client will agree with ADB on consultation processes, policies, and laws that are applicable to such transactions; third-party validation; mechanisms for calculating the replacement costs of land and other assets affected; and record-keeping requirements.

## **5. Information Disclosure**

26. The borrower/client will submit the following documents to ADB for disclosure on ADB's website:

- (i) a draft resettlement plan and/or resettlement framework endorsed by the borrower/client before project appraisal;
- (ii) the final resettlement plan endorsed by the borrower/client after the census of affected persons has been completed;
- (iii) a new resettlement plan or an updated resettlement plan, and a corrective action plan prepared during project implementation, if any; and
- (iv) the resettlement monitoring reports.

27. The borrower/client will provide relevant resettlement information, including information from the documents in paragraph 26 in a timely manner, in an accessible place and in a form and language(s) understandable to affected persons and other stakeholders. For illiterate people, suitable other communication methods will be used.

## **6. Consultation and Participation**

28. The borrower/client will conduct meaningful consultation with affected persons, their host communities, and civil society for every project identified as having involuntary resettlement impacts. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The borrower/client will pay particular attention to the need of disadvantaged or vulnerable groups, especially those below the poverty line, the landless, the elderly, female headed households, women and children, Indigenous Peoples, and those without legal title to land.

## **7. Grievance Redress Mechanism**

29. The borrower/client will establish a mechanism to receive and facilitate the resolution of affected persons' concerns and grievances about physical and economic displacement and other project impacts, paying particular attention to the impacts on vulnerable groups. The grievance redress mechanism should be scaled to the risks and adverse impacts of the project.

It should address affected persons' concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to the affected persons at no costs and without retribution. The mechanism should not impede access to the country's judicial or administrative remedies. The borrower/client will inform affected persons about the mechanism.

## **8. Monitoring and Reporting**

30. The borrower/client will monitor and measure the progress of implementation of the resettlement plan. The extent of monitoring activities will be commensurate with the project's risks and impacts. In addition to recording the progress in compensation payment and other resettlement activities, the borrower/client will prepare monitoring reports to ensure that the implementation of the resettlement plan has produced the desired outcomes. For projects with significant involuntary resettlement impacts, the borrower/client will retain qualified and experienced external experts or qualified NGOs to verify the borrower's/client's monitoring information. The external experts engaged by the borrower/client will advise on safeguard compliance issues, and if any significant involuntary resettlement issues are identified, a corrective action plan will be prepared to address such issues. Until such planning documents are formulated, disclosed and approved, the borrower/client will not proceed with implementing the specific project components for which involuntary resettlement impacts are identified.

31. The borrower/client will prepare semi-annual monitoring reports that describe the progress of the implementation of resettlement activities and any compliance issues and corrective actions. These reports will closely follow the involuntary resettlement monitoring indicators agreed at the time of resettlement plan approval. The costs of internal and external resettlement monitoring requirements will be included in the project budget.

## **9. Unanticipated Impacts**

32. If unanticipated involuntary resettlement impacts are found during project implementation, the borrower/client will conduct a social impact assessment and update the resettlement plan or formulate a new resettlement plan covering all applicable requirements specified in this document.

## **10. Special Considerations for Indigenous Peoples**

33. The borrower/client will explore to the maximum extent possible alternative project designs to avoid physical relocation of Indigenous Peoples that will result in adverse impacts on their identity, culture, and customary livelihoods. If avoidance is impossible, in consultation with ADB, a combined Indigenous Peoples plan and resettlement plan could be formulated to address both involuntary resettlement and Indigenous Peoples issues. Such a combined plan will also meet all relevant requirements specified under Safeguard Requirements 3.

## **SAFEGUARD REQUIREMENTS 3: INDIGENOUS PEOPLES<sup>1</sup>**

### **A. Introduction**

1. The United Nations Declaration on the Rights of Indigenous Peoples was adopted by the United Nations General Assembly in September 2007. Many countries in Asia and the Pacific have voted in favor of this nonbinding declaration. The Asian Development Bank (ADB) recognizes the rights of Indigenous Peoples to direct the course of their own development. Indigenous Peoples do not automatically benefit from development, which is often planned and implemented by those in the mainstream or dominant population in the countries in which they live. Special efforts are needed to engage Indigenous Peoples in the planning of development programs that affect them, in particular, development programs that are supposedly designed to meet their specific needs and aspirations. Indigenous Peoples are increasingly threatened as development programs infringe into areas that they traditionally own, occupy, use, or view as ancestral domain.

2. Safeguard Requirements 3 outlines the requirements that borrowers/clients are required to meet in delivering Indigenous Peoples safeguards to projects supported by ADB. It discusses the objectives and scope of application, and underscores the requirements pertaining to (i) undertaking the social impact assessment and planning process; (ii) preparing social impact assessment reports and planning documents; (iii) disclosing information and undertaking consultation, including ascertaining consent of affected Indigenous Peoples community to selected project activities; (iv) establishing a grievance mechanism; and (v) monitoring and reporting. This set of policy requirements will safeguard Indigenous Peoples' rights to maintain, sustain, and preserve their cultural identities, practices, and habitats and to ensure that projects affecting them will take the necessary measures to protect these rights.

### **B. Objectives**

3. The objective is to design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them.

### **C. Scope of Application**

4. The requirements apply to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects, and their components regardless of the source of financing, including investment projects funded by a loan; and/or a grant; and/or other means, such as equity and/or guarantees (hereafter broadly referred to as projects). The requirements also cover actions conducted by the borrower/client in anticipation of ADB projects.

5. Within Asia and the Pacific, individual indigenous communities reflect tremendous diversity in their cultures, histories, and current circumstances. The contexts in which such peoples live are varied and changing and no universally accepted definition of Indigenous Peoples exists. Indigenous Peoples may be referred to in different countries by such terms as indigenous ethnic minorities, indigenous cultural communities, aboriginals, hill tribes, minority nationalities, scheduled tribes, or tribal groups. Such groups can be considered Indigenous

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<sup>1</sup> In this attachment, the term "projects" refers to subprojects by a subproject financed by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company".

Peoples for operational purposes when they possess the characteristics listed in paragraph 6.

6. For operational purposes, the term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:

- (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
- (iv) a distinct language, often different from the official language of the country or region.

7. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account.

8. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance remains eligible for coverage under this policy.

9. The Indigenous Peoples safeguards are triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as their ancestral domain.

## **D. General Requirements**

### **1. Consultation and Participation**

10. The borrower/client will undertake meaningful consultation with affected Indigenous Peoples to ensure their informed participation in (i) designing, implementing, and monitoring measures to avoid adverse impacts on them or, when avoidance is not possible, to minimize, mitigate, and compensate for such effects; and (ii) tailoring project benefits that accrue to them in a culturally appropriate manner. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The consultation process and its results will be documented and reflected in the Indigenous Peoples plan (IPP).

11. To carry out meaningful consultation with affected Indigenous Peoples, the borrower/client will establish a context-specific strategy for inclusive and participatory consultation, including approaches of identifying appropriate Indigenous Peoples representatives, and consultation methods appropriate to the social and cultural values of the affected Indigenous Peoples communities. The borrower/client will pay special attention to the concerns of indigenous women and youth.

12. When the borrower/client and the affected Indigenous Peoples have serious differences and disagreements in relation to the project, its components, or the IPP, the borrower/ client will undertake good faith negotiations to resolve such differences and disagreements.

## **2. Social Impact Assessment**

13. When screening by ADB confirms likely impacts on Indigenous Peoples, the borrower/client will retain qualified and experienced experts to carry out a full social impact assessment (SIA), and if impacts on Indigenous Peoples are identified, the borrower/client will prepare an IPP in conjunction with the feasibility study. The project's potential social impacts and risks will be assessed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to Indigenous Peoples matters, including host country obligations under international law.

14. Based on the screening, a field-based SIA will be conducted either as part of the feasibility study or as a stand-alone activity. The SIA will, in a gender-sensitive manner, in consultation with Indigenous Peoples communities, identify the project-affected Indigenous Peoples and the potential impacts of the proposed project on them. The SIA will provide a baseline socioeconomic profile of the indigenous groups in the project area and project impact zone; assess their access to and opportunities to avail themselves of basic social and economic services; assess the short- and long-term, direct and indirect, and positive and negative impacts of the project on each group's social, cultural, and economic status; assess and validate which indigenous groups will trigger the Indigenous Peoples policy principles; and assess the subsequent approaches and resource requirements for addressing the various concerns and issues of projects that affect them.

15. The level of detail and comprehensiveness of the SIA will be proportional to the complexity of the proposed project and commensurate with the nature and scale of the proposed project's potential effects on Indigenous Peoples, whether positive or negative.

## **3. Indigenous Peoples Planning**

16. If the screening and SIA indicate that the proposed project will have impacts, positive and/or negative, on Indigenous Peoples, the borrower/client will prepare an IPP in the context of the SIA and through meaningful consultation with the affected Indigenous Peoples communities. The IPP will set out the measures whereby the borrower/client will ensure (i) that affected Indigenous Peoples receive culturally appropriate social and economic benefits; and (ii) that when potential adverse impacts on Indigenous Peoples are identified, these will be avoided to the maximum extent possible. Where this avoidance is proven to be impossible, based on meaningful consultation with indigenous communities, the IPP will outline measures to minimize, mitigate, and compensate for the adverse impacts. The level of detail and comprehensiveness of IPPs will vary depending on the specific project and the nature of impacts to be addressed. The borrower/client will integrate the elements of the IPP into the project's design.

17. If Indigenous Peoples are the sole or the overwhelming majority of direct project beneficiaries,<sup>2</sup> and when only positive impacts are identified, the elements of an IPP could be included in the overall project design in lieu of preparing a separate IPP. In such cases, the

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<sup>2</sup> This may be the case in certain developing countries such as Pacific island nations.

project document will include a summary of about how the project complies with Indigenous Peoples safeguards. In particular, it will explain how the requirements for meaningful consultation are fulfilled and how the accrual of benefits has been integrated into the project design.

18. The borrower/client will update the IPP following the completion of detailed engineering design and detailed measurement surveys. The updated IPP will closely follow the award of contract packages and the implementation time schedules of each project component or subproject. Mitigating measures to avoid adverse impacts on Indigenous Peoples and measures to enhance culturally appropriate development benefits will be adjusted, but the agreed outcomes as specified in the draft IPP will not be lowered or minimized. If new groups of Indigenous Peoples are identified prior to submission of the final IPP to ADB, meaningful consultation will be undertaken with them also.

19. The borrower/client will use qualified and experienced experts to prepare the social impact assessment and IPP. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation. Any highly complex and sensitive projects affecting Indigenous Peoples will require an Indigenous Peoples expert on the advisory panel.

#### **4. Information Disclosure**

20. The borrower/client will submit to ADB the following documents to disclose on ADB's website:

- (i) a draft IPP and/or Indigenous Peoples planning framework, including the social impact assessment, endorsed by the borrower/client, before appraisal;
- (ii) the final IPP upon completion;
- (iii) a new or updated IPP and a corrective action plan prepared during implementation, if any; and
- (iv) the monitoring reports.

21. The borrower/client will provide relevant information, including information from the above documents in a timely manner, in an accessible place and in a form and language(s) understandable to the affected Indigenous Peoples and other stakeholders. If the Indigenous Peoples are illiterate, other appropriate communication methods will be used.

#### **5. Grievance Redress Mechanism**

22. The borrower/client will establish a mechanism to receive and facilitate resolution of the affected Indigenous Peoples communities' concerns, complaints, and grievances. The grievance mechanism will be scaled to the impacts of the project. It should address concerns and complaints promptly, using an understandable and transparent process that is culturally appropriate, gender responsive, and accessible to the affected Indigenous Peoples communities at no cost and without retribution. The mechanism should not impede access to the country's judicial or administrative remedies. The affected Indigenous Peoples communities will be appropriately informed about the mechanism.

#### **6. Monitoring and Reporting**

23. The borrower/client will monitor and measure the progress of implementation of the IPP. The extent of monitoring activities will be commensurate with the project's risks and impacts. In

addition to recording information to track performance, the borrower/client should use dynamic mechanisms, such as inspections and audits, to verify compliance with requirements and progress toward achieving the desired outcomes. For projects with significant adverse impacts on Indigenous Peoples, the borrower/client will retain qualified and experienced external experts or qualified nongovernment organizations to verify monitoring information. The external experts engaged by the borrower/client will advise on compliance issues, and if any significant Indigenous Peoples issues are found, the borrower/client will prepare a corrective action plan or an update to the approved IPP. The borrower/client will implement the corrective actions and follow up on these actions to ensure their effectiveness.

24. The borrower/client will prepare periodic monitoring reports on the progress of IPP implementation, highlighting compliance issues and corrective actions, if any. The borrower/client will submit semi-annual monitoring reports. The costs of monitoring requirements will be reflected in project budgets.

## **7. Unanticipated Impacts**

25. If unanticipated impacts on Indigenous Peoples become apparent during project implementation, such as a change in the project's footprint, the borrower/client will carry out a social impact assessment and update the IPP or formulate a new IPP covering all applicable requirements specified in this document.

## **E. Special Requirements**

### **1. Ancestral Domains and Lands and Related Natural Resources**

26. Indigenous Peoples are closely tied to land, forests, water, wildlife, and other natural resources, and therefore special considerations apply if the project affects such ties. In this situation, when carrying out the social impact assessment and preparing the IPP, the borrower/client will pay particular attention to the following:

- (i) the customary rights of the Indigenous Peoples, both individual and collective, pertaining to ancestral domains, lands, or territories that they traditionally own or customarily use or occupy, and where access to natural resources is vital to the sustainability of their cultures and livelihood systems;
- (ii) the need to protect such ancestral domains, lands, and resources against illegal intrusion or encroachment;
- (iii) the cultural and spiritual values that the Indigenous Peoples attribute to such lands and resources;
- (iv) the Indigenous Peoples' natural resources management practices and the long-term sustainability of such practices; and
- (v) the need to rehabilitate the livelihood systems of Indigenous Peoples who have been evicted from their lands.

27. If the project involves activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, such as land titling projects, or the acquisition of such lands, the borrower/client will integrate an action plan for the legal recognition of customary rights to such lands, territories, and ancestral domains in the IPP. The action plan is normally carried out before project implementation, but in some cases it may need to be formulated concurrently with the project itself. Such legal recognition may take the following forms:

- (i) full legal recognition of existing customary land tenure systems of Indigenous Peoples, or
- (ii) conversion of customary usage rights to communal and/or individual ownership rights.

28. If neither option is possible under national law, the IPP will include an action plan for legal recognition of perpetual or long-term renewable custodial or user rights.

29. In addition, for projects with potential impacts on Indigenous Peoples, the borrower/client will ensure their meaningful consultation and facilitate their informed participation on matters affecting them directly, such as proposed mitigation measures, sharing of project benefits and opportunities, and implementation arrangements.

### **Consent of Affected Indigenous Peoples Communities**

30. Indigenous Peoples may be particularly vulnerable when project activities include (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. In deciding whether to proceed with a project involving such project activities, the borrower/client will seek the consent of affected Indigenous Peoples communities.

31. For purposes of policy application, consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for the project activities listed in paragraph 30. Such broad community support may exist even if some individuals or groups object to the project activities.

32. Where broad community support has been ascertained, the borrower/client will provide documentation that details the process and outcomes of consultations with Indigenous Peoples and Indigenous Peoples' organizations, including (i) the findings of the SIA; (ii) the process of meaningful consultation with the affected Indigenous Peoples communities; (iii) the additional measures, including project design modification, that may be required to address adverse impacts on the Indigenous Peoples and to provide them with culturally appropriate project benefits; (iv) the recommendations for meaningful consultation with and participation by Indigenous Peoples communities during project implementation, monitoring, and evaluation; and (v) the content of any formal agreements reached with Indigenous Peoples communities and/or Indigenous Peoples' organizations. The borrower/client will submit documentation of the engagement process to ADB for review and for ADB's own investigation to assure itself of the existence of broad community support for the project activities. ADB will not finance the project if such support does not exist.

33. When the borrower/client and the affected Indigenous Peoples have major disagreements relating to the design, the IPP, or the implementation of the activities relating to commercial development of the cultural resources, physical displacement of Indigenous Peoples, and/or to commercial development of natural resources, the borrower/client will adopt a process of good faith negotiations for resolving such differences and disagreements.

34. **Commercial Development of Cultural Resources.** If the project involves the commercial development of Indigenous Peoples' cultural resources and knowledge, the borrower/client will ensure that the affected communities are informed of (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on Indigenous Peoples' livelihoods, environment, and use of such resources. The IPP will reflect the nature and content of agreements and will include arrangements to ensure that Indigenous Peoples receive an equitable share of the benefits to be derived from such commercial development in a culturally appropriate way.

35. **Physical Displacement of Indigenous Peoples.** The borrower/client will explore to the maximum extent possible alternative project designs to avoid physical displacement of Indigenous Peoples that will result in adverse impacts on their identity, culture, and customary livelihoods. In exceptional circumstances, when avoidance is impossible, the borrower/client will prepare an IPP that could be combined with a resettlement plan. Such a combined plan needs to be compatible with the Indigenous Peoples' cultural preferences and will include a land-based resettlement strategy. Where possible, the plan will allow the affected Indigenous Peoples to return to the lands and territories they traditionally owned or customarily used or occupied if the reasons for their relocation cease to exist. The plan should include provisions to rehabilitate such lands, if needed.

36. **Commercial Development of Natural Resources.** If the project involves the commercial development of natural resources (such as minerals, hydrocarbons, forests, water, or hunting or fishing grounds) within customary lands under use by Indigenous Peoples, the borrower/client will ensure that the affected communities are informed of (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources. The borrower/client will include in the IPP arrangements to enable the Indigenous Peoples to receive in a culturally appropriate manner an equitable share of the benefits to be derived from such commercial development that is at least equal to or higher than that of any other affected landowners.

### 3. Indigenous Peoples and Development

37. In furtherance of the objectives to benefit Indigenous Peoples, developing member countries can ask ADB to support them in their development planning and poverty reduction strategies by providing financial assistance for a variety of initiatives, such as the following:

- (i) strengthen local legislation to establish legal recognition of the customary or traditional land tenure systems of Indigenous Peoples;
- (ii) enhance participation by Indigenous Peoples in the development process by incorporating their perspectives into the design of development programs and poverty reduction strategies and providing them with opportunities to benefit more fully from development programs through policy and legal reforms, capacity building, and meaningful consultations, participation, and empowerment;
- (iii) support the development priorities of Indigenous Peoples through programs developed by governments in cooperation with Indigenous Peoples;
- (iv) address the gender and intergenerational issues that exist among many Indigenous Peoples, including the special needs of indigenous women, youth, and children;
- (v) prepare participatory profiles of Indigenous Peoples to document their culture,

demographic structure, gender and intergenerational relations, and social organization, institutions, production systems, religious beliefs, and resource use patterns;

- (vi) strengthen the capacity of Indigenous Peoples communities and Indigenous Peoples' organizations to prepare, implement, monitor, and evaluate development programs;
- (vii) strengthen the capacity of government agencies responsible for providing development services to Indigenous Peoples;
- (viii) preserve and respect indigenous knowledge, including strengthening intellectual property rights; and
- (ix) facilitate partnerships among the government, Indigenous Peoples' organizations, civil society organizations, and the private sector to promote Indigenous Peoples' development programs.

## **ATTACHMENT 3: RAPID ENVIRONMENTAL ASSESSMENT (REA) CHECKLISTS**

General Checklist

Hydropower

Solar Energy

Wind Energy

Thermal Power Plants

### Rapid Environmental Assessment (REA) Checklist

**Country:**

**Subproject Title:**

**Date:**

SCREENING QUESTIONS	Yes	No	REMARKS
<b>A. Subproject Siting</b>			
Is the Subproject area adjacent to or within any of the following environmentally sensitive areas?			
Cultural heritage site	<input type="checkbox"/>	<input type="checkbox"/>	
Legally protected Area (core zone or buffer zone)	<input type="checkbox"/>	<input type="checkbox"/>	
Wetland	<input type="checkbox"/>	<input type="checkbox"/>	
Mangrove	<input type="checkbox"/>	<input type="checkbox"/>	
Estuarine	<input type="checkbox"/>	<input type="checkbox"/>	
Special area for protecting biodiversity	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Potential Environmental Impacts</b>			
Will the Subproject cause...			
impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?	<input type="checkbox"/>	<input type="checkbox"/>	
disturbance to precious ecology (e.g. sensitive or protected areas)?	<input type="checkbox"/>	<input type="checkbox"/>	
alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site?	<input type="checkbox"/>	<input type="checkbox"/>	
deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?	<input type="checkbox"/>	<input type="checkbox"/>	
increased air pollution due to subproject construction and operation?	<input type="checkbox"/>	<input type="checkbox"/>	
noise and vibration due to subproject construction or operation?	<input type="checkbox"/>	<input type="checkbox"/>	
involuntary resettlement of people? (physical displacement and/or economic displacement)	<input type="checkbox"/>	<input type="checkbox"/>	
disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?	<input type="checkbox"/>	<input type="checkbox"/>	

SCREENING QUESTIONS	Yes	No	REMARKS
poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's and HIV/AIDS) from workers to local populations?	<input type="checkbox"/>	<input type="checkbox"/>	
creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents?	<input type="checkbox"/>	<input type="checkbox"/>	
social conflicts if workers from other regions or countries are hired?	<input type="checkbox"/>	<input type="checkbox"/>	
large population influx during subproject construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?	<input type="checkbox"/>	<input type="checkbox"/>	
risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during subproject construction and operation?	<input type="checkbox"/>	<input type="checkbox"/>	
risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?	<input type="checkbox"/>	<input type="checkbox"/>	
community safety risks due to both accidental and natural causes, especially where the structural elements or components of the subproject are accessible to members of the affected community or where their failure could result in injury to the community throughout subproject construction, operation and decommissioning?	<input type="checkbox"/>	<input type="checkbox"/>	
generation of solid waste and/or hazardous waste?	<input type="checkbox"/>	<input type="checkbox"/>	
use of chemicals?	<input type="checkbox"/>	<input type="checkbox"/>	
generation of wastewater during construction or operation?	<input type="checkbox"/>	<input type="checkbox"/>	

### A Checklist for Preliminary Climate Risk Screening

**Country/Project Title:**

**Sector :**

**Subsector:**

**Division/Department:**

Screening Questions		Score	Remarks <sup>42</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed, etc.)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

<sup>42</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Prepared by:** \_\_\_\_\_

**Rapid Environmental Assessment (REA) Checklist**

**Country:**

**Subproject Title:**

**DATE::**

**A. Basic Project Design Data**

- 1. Dam height, m = \_\_\_\_\_
- 2. Surface area of reservoir, (ha) = \_\_\_\_\_
- 3. Estimated number of people to be displaced = \_\_\_\_\_
- 4. Rated power output, (MW) = \_\_\_\_\_

**Other Considerations:**

- 1. Water storage type:  reservoir  run of river  pumped storage
- 2. River diversion scheme:  trans-basin diversion  in-stream flow regulation  
 in-stream diversion
- 3. Type of power demand to address:  peak load  base load

SCREENING QUESTIONS	Yes	No	REMARKS
<b>B. Subproject Location</b>			
Is the dam and/or subproject facilities adjacent to or within any of the following areas?			
Unregulated river			
Undammed river tributaries below the proposed dam			
Unique or aesthetically valuable land or water form			
Special area for protecting biodiversity			
Protected Area			
Buffer zone of protected area			
Primary forest			
Range of endangered or threatened animals			
Area used by indigenous peoples			
Cultural heritage site			
Wetland			
Mangrove			
Estuary			
<b>C. Potential Environmental Impacts</b>			
<b>Will the Subproject cause...</b>			
short-term construction impacts such as soil erosion, deterioration of water and air quality, noise and vibration from construction equipment?			
disturbance of large areas due to material quarrying?			
disposal of large quantities of construction spoils?			
clearing of large forested area for ancillary facilities and access road?			
impounding of a long river stretch?			
dryness (less than 50% of dry season mean flow) over a long downstream river stretch?			
construction of permanent access road near or through forests?			
creation of barriers for migratory land animals			
loss of precious ecological values due to flooding of agricultural/forest areas, and wild lands and wildlife habitat; destruction of fish spawning/breeding and nursery grounds?			

SCREENING QUESTIONS	Yes	No	REMARKS
deterioration of downstream water quality due to anoxic water from the reservoir and sediments due to soil erosion?			
significant diversion of water from one basin to another?			
alternating dry and wet downstream conditions due to peaking operation of powerhouse?			
significant modification of annual flood cycle affecting downstream ecosystem, people's sustenance and livelihoods?			
loss or destruction of unique or aesthetically valuable land or water forms?			
proliferation of aquatic weeds in reservoir and downstream impairing dam discharge, irrigation systems, navigation and fisheries, and increasing water loss through transpiration?			
scouring of riverbed below dam?			
downstream erosion of recipient river in trans-basin diversion?			
increased flooding risk of recipient river in trans-basin diversion?			
decreased groundwater recharge of downstream areas?			
draining of downstream wetlands and riparian areas?			
decline or change in fisheries below the dam due to reduced peak flows and floods, submersion of river stretches and resultant destruction of fish breeding and nursery grounds, and water quality changes?			
loss of migratory fish species due to barrier imposed by the dam?			
formation of sediment deposits at reservoir entrance, creating backwater effect and flooding and waterlogging upstream?			
significant disruption of river sediment transport downstream due to trapping in reservoir?			
environmental risk due to potential toxicity of sediments trapped behind the dams?			
increased saltwater intrusion in estuary and low lands due to reduced river flows?			

SCREENING QUESTIONS	Yes	No	REMARKS
significant induced seismicity due to large reservoir size and potential environmental hazard from catastrophic failure of the dam?			
cumulative effects due to its role as part of a cascade of dams/ reservoirs?			
depletion of dissolved oxygen by large quantities of decaying plant material, fish mortality due to reduced dissolved oxygen content in water, algal blooms causing successive and temporary eutrophication, growth and proliferation of aquatic weeds?			
risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during subproject construction and operation?			
large population influx during subproject construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
creation of community slums following construction of the hydropower plant and its facilities?			
social conflicts if workers from other regions or countries are hired?			
uncontrolled human migration into the area, made possible by access roads and transmission lines?			
disproportionate impacts on the poor, women, children or other vulnerable groups?			
community health and safety risks due to the transport, storage, and use and/or disposal of materials likely to create physical, chemical and biological hazards?			
risks to community safety due to both accidental and natural hazards, especially where the structural elements or components of the subproject (e.g.,dams) are accessible to members of the affected community or where their failure could result in injury to the community throughout subproject construction, operation and decommissioning?			

### A Checklist for Preliminary Climate Risk Screening

**Country/Project Title:**

**Sector :**

**Subsector:**

**Division/Department:**

<b>Screening Questions</b>		<b>Score</b>	<b>Remarks<sup>43</sup></b>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

<sup>43</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

**Rapid Environmental Assessment (REA) Checklist**

**Country:**

**Subproject Title:**

**DATE::**

Screening Questions	Yes	No	Remarks
<b>A. Project Siting</b> Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
Physical cultural heritage site			
Located in or near to legally protected area			
Located in or near to special habitats for biodiversity (modified or natural habitats)			
Wetland			
Mangrove			
Estuarine			
Offshore (marine)			
<b>B. Potential Environmental Impacts</b> Will the Project cause...			
large scale land disturbance and land use impacts specially due to diversion of productive lands?			
involuntary resettlement of people? (physical displacement and/or economic displacement)			
disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
noise, vibration and dust from construction activities?			
an increase in local traffic during construction?			
environmental disturbances such as soil erosion, land contamination, water quality deterioration, air pollution, noise and vibrations during construction phase?			
aesthetic degradation and property value loss due to establishment of plant and ancillary facilities?			
changes in flow regimes of the water intake from surface water or underground wells due to abstraction for cooling purposes?			

Screening Questions	Yes	No	Remarks
pollution of water bodies and aquatic ecosystem from wastewater treatment plant, from cooling towers, and wash-water during operation?			
a threat to bird or bat life from colliding with the project facilities and/or being burned by concentrated solar rays?			
industrial liquid (dielectric fluids, cleaning agents, and solvents) and solid wastes (lubricating oils, compressor oils, and hydraulic fluids) generated during construction and operations likely to pollute land and water resources?			
Soil/water contamination due to use of hazardous materials or disposal of broken or damaged solar cells (photovoltaic technologies contain small amounts of cadmium, selenium and arsenic ) during installation, operation and decommissioning?			
noise disturbance during operation due to the proximity of settlements or other features?			
visual impacts due to reflection from solar collector arrays resulting in glint or glare?			
large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
social conflicts between local laborers and those from outside the area?			
risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during construction, installation, operation, and decommission?			
risks to community health and safety due to the transport, storage, and use and/or disposal of materials and wastes such as explosives, fuel and other chemicals during construction, and operation?			
community safety risks due to both accidental and natural causes, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			

### A Checklist for Preliminary Climate Risk Screening

**Country/Project Title:** \_\_\_\_\_

**Sector :** \_\_\_\_\_

**Subsector:** \_\_\_\_\_

**Division/Department:** \_\_\_\_\_

Screening Questions		Score	Remarks <sup>44</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_  
 \_\_\_\_\_

**Prepared by:** \_\_\_\_\_

<sup>44</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

**Rapid Environmental Assessment (REA) Checklist**

**Country:**

**Subproject Title:**

**Date:**

SCREENING QUESTIONS			REMARKS
<b>A. Subproject Siting</b>			
Is the Subproject area adjacent to or within any of the following environmentally sensitive areas?			
Cultural heritage site			
Protected Area			
Wetland			
Mangrove			
Estuarine			
Offshore (marine)			
Buffer zone of protected area			
Special area for protecting biodiversity			
<b>B. Potential Environmental Impacts</b>			
Will the Subproject cause...			
encroachment on precious ecology resulting in loss or damage to terrestrial or aquatic habitats (e.g., wetlands or sensitive or protected areas) or species of conservation significance?			
encroachment on historical/cultural monuments or areas?			
dislocation or involuntary resettlement of people?			
disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
risks and vulnerabilities related to occupational health and safety due to physical, chemical and biological hazards during subproject construction and operation?			
noise and vibration due to blasting and other civil works?			
an increase in local traffic during construction?			

SCREENING QUESTIONS			REMARKS
decrease in value of land in the area due to noise, the degradation of environmental aesthetics or other nuisances?			
short-term ecological disturbances such as soil erosion, water quality deterioration (surface and groundwater), air pollution, noise and vibrations from construction equipment?			
alteration of surface water flows by towers, roads or other facilities, resulting in erosion and stream sedimentation?			
disturbance of sensitive marine ecosystems from the installation of offshore towers and submarine cables?			
a threat to bird or bat life from turbine and tower collision (particularly waterbirds)?			
noise disturbance during operation due to the proximity of settlements or other features?			
disruption of radar or telecommunications from electromagnetic interference?			
aviation or navigation hazard from turbines?			
hazards to traffic on major roads near the wind farm due to the location of turbines causing driver distraction?			
facilitation of access to protected areas by roads or the transmission line corridor?			
shadow flicker in nearby settlements or at other important local sites?			
large population influx during subproject construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
social conflicts if workers from other regions or countries are hired?			
risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?			
community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the subproject are accessible to members of the affected community or where their failure could result in injury to the community throughout subproject construction, operation and decommissioning?			

### A Checklist for Preliminary Climate Risk Screening

**Country/Project Title:**

**Sector :**

**Subsector:**

**Division/Department:**

Screening Questions		Score	Remarks <sup>45</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s) ?		
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

<sup>45</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_  
\_\_\_\_\_

**Prepared by:** \_\_\_\_\_

**Rapid Environmental Assessment (REA) Checklist**Country: Subproject Title: DATE:: 

SCREENING QUESTIONS	Yes	No	REMARKS
<b>A. Project Siting</b> Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
Cultural heritage site			
Protected Area			
Wetland			
Mangrove			
Estuarine			
Buffer zone of protected area			
Special area for protecting biodiversity			
<b>B. Potential Environmental Impacts</b> Will the Project cause...			
impairment of historical/cultural monuments and other areas, and loss/damage to these sites?			
encroachment into precious ecosystem (e.g. sensitive habitats like protected forest areas or terrestrial wildlife habitats?			
dislocation or involuntary resettlement of people?			
disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
aesthetic degradation and property value loss due to establishment of plant and ancillary facilities?			
risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
noise and dust from construction activities?			
short-term soil erosion and silt runoff due to construction?			

SCREENING QUESTIONS	Yes	No	REMARKS
fugitive dust during transportation, unloading, storage, and processing of coal, and polluted runoff from coal storage?			
risk of oil spills, which could pollute surface and groundwater and soil?			
hazards in gas pipeline operation and gas storage at power plant sites?			
changes in flow regimes downstream of the water intake due to abstraction for cooling purposes?			
pollution of water bodies and aquatic ecosystem from wastewater treatment plant for boiler feed, bleed-off from cooling towers, boiler blowdown and wash-water, and effluent from ash pond?			
air pollution from fuel gas discharged into the atmosphere?			
public health and safety hazards due to solid waste disposal in sanitary landfills (see Matrix of Impacts and Measures for Solid Waste Disposal)?			
large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
social conflicts if workers from other regions or countries are hired?			
risks community safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?			
community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project (e.g. ash pond) are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			

**A Checklist for Preliminary Climate Risk Screening**

**Country/Project Title:**

**Sector :**

**Subsector:**

**Division/Department:**

Screening Questions		Score	Remarks <sup>46</sup>
<b>Location and Design of project</b>	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?		
<b>Materials and Maintenance</b>	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
<b>Performance of project outputs</b>	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high risk project.

**Result of Initial Screening (Low, Medium, High):** \_\_\_\_\_

**Other Comments:** \_\_\_\_\_  
\_\_\_\_\_

**Prepared by:** \_\_\_\_\_  
\_\_\_\_\_

<sup>46</sup> If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.





## 2. Indigenous Peoples Impact Screening Checklist

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
<b>Indigenous Peoples Identification</b>				
1. Are there socio-cultural groups present in or use the subproject area who may be considered as "tribes" (hill tribes, schedules tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the subproject area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the subproject area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				
7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
<b>B. Identification of Potential Impacts</b>				
9. Will the subproject directly or indirectly benefit or target Indigenous Peoples?				

<b>KEY CONCERNS</b> (Please provide elaborations on the Remarks column)	<b>YES</b>	<b>NO</b>	<b>NOT KNOWN</b>	<b>Remarks</b>
10. Will the subproject directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the subproject affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the subproject be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
<b>C. Identification of Special Requirements</b> <i>Will the subproject activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples ?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples ?				

**D. Anticipated subproject impacts on Indigenous Peoples**

<b>Subproject component/ activity/ output</b>	<b>Anticipated positive effect</b>	<b>Anticipated negative effect</b>
<b>1.</b>		
<b>2.</b>		

<b>3.</b>		
<b>4.</b>		
<b>5.</b>		

## **ATTACHMENT 4: DEFINITION OF ADB ENVIRONMENT AND SOCIAL SAFEGUARD CATEGORIZATION**

**Environment.** A project's environment category is determined by the category of its most environmentally sensitive component, including direct, indirect, induced, and cumulative impacts. Each proposed project is scrutinized as to its type, location, scale, sensitivity and the magnitude of its potential environmental impacts. The level of detail and comprehensiveness of the EIA or IEE are commensurate with the significance of the potential impacts and risks. The definition of the environmental categorization is defined as follows:

**Category A.** A proposed project is classified as category A if it is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An environmental impact assessment, including an environmental management plan, is required.

**Category B.** A proposed project is classified as category B if its potential adverse environmental impacts are less adverse than those of category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects.

**Category C.** A proposed project is classified as category C if it is likely to have minimal or no adverse environmental impacts. No environmental assessment is required although environmental implications need to be reviewed.

**Involuntary Resettlement.** A project's involuntary resettlement category is determined by the category of its most sensitive component in terms of involuntary resettlement impacts. The involuntary resettlement impacts of an ADB-supported project are considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). The level of detail and comprehensiveness of the resettlement plan are commensurate with the significance of the potential impacts and risks. The definition of the involuntary resettlement categorization is defined as follows:

**Category A.** A proposed project is classified as category A if it is likely to have significant involuntary resettlement impacts. A resettlement plan, including assessment of social impacts, is required.

**Category B.** A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant.

**Category C.** A proposed project is classified as category C if it has no involuntary resettlement impacts. No further action is required.

**Indigenous People.** A project's indigenous peoples category is determined by the category of its most sensitive component in terms of impacts on indigenous peoples. The significance of impacts of an ADB-supported project on indigenous peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socioeconomic status; (c) cultural and communal integrity; (d) health, education, livelihood, and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of vulnerability of the affected indigenous peoples community. The level of detail and comprehensiveness of the indigenous people plan are commensurate with the significance of potential impacts on indigenous peoples. The definition of the indigenous people categorization is defined as follows:

**Category A.** A proposed project is classified as category A if it is likely to have significant impacts on Indigenous Peoples. An Indigenous Peoples plan (IPP), including assessment of social impacts, is required.

**Category B.** A proposed project is classified as category B if it is likely to have limited impacts on Indigenous Peoples.

**Category C.** A proposed project is classified as category C if it is not expected to have impacts on Indigenous Peoples. No further action is required.

**ENVIRONMENTAL / SOCIAL CATEGORIZATION FORM**

<b>A. Instructions</b>		
<p>The project team completes and submits this form to the Environment and Social Safeguard Unit (ESSU) for endorsement and for approval by the Chief Compliance Officer (CCO).</p> <p>The classification of a project is a continuing process. If there is a change in the project components or/and site that may result in category change, the concerned unit must submit a new form and requests for recategorization, and endorsement by ESSU. The old form is attached for reference.</p> <p>The project team indicates if the project requires broad community support (BCS) of tribal peoples communities. BCS is required when project activities involve (a) commercial development of the cultural resources and knowledge of indigenous peoples, (b) physical displacement from traditional or customary lands; and (c) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual use that define the identity and community of indigenous peoples.</p>		
<b>B. Project Data</b>		
Borrower:		Financing Amount:
Technology:		Address/Contact:
<b>C. Subject</b>		
<input type="checkbox"/> Environment	<input type="checkbox"/> Involuntary Resettlement	<input type="checkbox"/> Indigenous (Tribal) People
<b>C. Categorization</b>		
<input type="checkbox"/> New		<input type="checkbox"/> Re-categorization — Previous Category
<input type="checkbox"/> Category A	<input type="checkbox"/> Category B	<input type="checkbox"/> Category C
<b>D. Basis for Categorization/ Recategorization</b> (pls. attach documents):		
[ ]	Checklist and Type of Check List: _____	
[ ]	Project and/or Site Description: _____	
[ ]	Other (e.g., due diligence): _____	
<b>E. Comments</b>		
Technical Team		ESSU Comments
<b>F. Approval</b>		
<b>Proposed by:</b>		<b>Endorsed by:</b>
Technical Team Leader		Head, ESSU
Date:		Date:
<b>Endorsed by:</b>		<b>Approved by (Optional):</b>
		<b>ADB Concurrency</b>
Director of Technical		Compliance Officer (if different)
Date:		Date:

## **ATTACHMENT 5: OUTLINE OF AN ENVIRONMENTAL IMPACT ASSESSMENT REPORT FOR SUBPROJECTS**

An environmental assessment report is required for all environment category A subprojects. Its level of detail and comprehensiveness is commensurate with the significance of potential environmental impacts and risks. A typical EIA report contains the following major elements, and an IEE may have a narrower scope depending on the nature of the subproject. The substantive aspects of this outline will guide the preparation of environmental impact assessment reports, although not necessarily in the order shown.

### **Executive Summary**

This section describes concisely the critical facts, significant findings, and recommended actions.

### **Policy, Legal, and Administrative Framework**

This section discusses the applicable safeguard requirements, including ADB's requirements and national laws, regulations and standards on environment, health, safety, involuntary resettlement and land acquisition, indigenous peoples, and physical cultural resources.

### **Description of the Subproject**

This section describes the proposed subproject; its major components; and its geographic, ecological, social, and temporal context, including any associated facility required by and for the subproject (for example, access roads, power plants, water supply, quarries and borrow pits, and spoil disposal). It normally includes drawings and maps showing the subproject's layout and components, the subproject site, and the subproject's area of influence.

### **Description of the Environment (Baseline Data)**

This section describes relevant physical, biological, and socioeconomic conditions within the study area. It also looks at current and proposed development activities within the subproject's area of influence, including those not directly connected to the subproject. It indicates the accuracy, reliability, and sources of the data.

### **Anticipated Environmental Impacts and Mitigation Measures**

This section predicts and assesses the subproject's likely positive and negative direct and indirect impacts to physical, biological, socioeconomic (including occupational health and safety, community health and safety, vulnerable groups and gender issues, and impacts on livelihoods through environmental media, and physical cultural resources in the subproject's area of influence, in quantitative terms to the extent possible; identifies mitigation measures and any residual negative impacts that cannot be mitigated; explores opportunities for enhancement; identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions and specifies topics that do not require further attention; and examines global, transboundary, and cumulative impacts as appropriate.

### **Analysis of Alternatives**

This section examines alternatives to the proposed subproject site, technology, design, and operation—including the no subproject alternative—in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. It also states the basis for selecting the particular subproject design proposed and, justifies recommended emission levels and approaches to pollution prevention and abatement.

### **Information Disclosure, Consultation, and Participation**

This section:

- (i) describes the process undertaken during subproject design and preparation for engaging stakeholders, including information disclosure and consultation with affected people and other stakeholders;
- (ii) summarizes comments and concerns received from affected people and other stakeholders and how these comments have been addressed in subproject design and mitigation measures, with special attention paid to the needs and concerns of vulnerable groups, including women, the poor, and Indigenous Peoples; and
- (iii) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for carrying out consultation with affected people and facilitating their participation during subproject implementation.

### **H. Grievance Redress Mechanism**

This section describes the grievance redress framework (both informal and formal channels), setting out the time frame and mechanisms for resolving complaints about environmental performance.

### **I. Environmental Management Plan**

This section deals with the set of mitigation and management measures to be taken during subproject implementation to avoid, reduce, mitigate, or compensate for adverse environmental impacts (in that order of priority). It may include multiple management plans and actions. It includes the following key components (with the level of detail commensurate with the subproject's impacts and risks):

- (i) Mitigation:
  - (a) identifies and summarizes anticipated significant adverse environmental impacts and risks;
  - (b) describes each mitigation measure with technical details, including the type of impact to which it relates and the conditions under which it is required (for instance, continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; and
  - (c) provides links to any other mitigation plans (for example, for involuntary resettlement, Indigenous Peoples, or emergency response) required for the subproject.
- (ii) Monitoring:
  - (a) describes monitoring measures with technical details, including parameters to be measured, methods to be used, sampling locations, frequency of

measurements, detection limits and definition of thresholds that will signal the need for corrective actions; and

(b) describes monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and document the progress and results of mitigation.

(iii) Implementation arrangements:

(a) specifies the implementation schedule showing phasing and coordination with overall subproject implementation;

(b) describes institutional or organizational arrangements, namely, who is responsible for carrying out the mitigation and monitoring measures, which may include one or more of the following additional topics to strengthen environmental management capability: technical assistance programs, training programs, procurement of equipment and supplies related to environmental management and monitoring, and organizational changes; and

(c) estimates capital and recurrent costs and describes sources of funds for implementing the environmental management plan.

(iv) Performance indicators: describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods.

## **J. Conclusion and Recommendation**

This section provides the conclusions drawn from the assessment and provides recommendations.

## **ATTACHMENT 6: OUTLINE OF A RESETTLEMENT PLAN FOR SUBPROJECTS**

A resettlement plan is required for all subprojects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

### **A. Executive Summary**

This section provides a concise statement of subproject scope, key survey findings, entitlements and recommended actions.

### **B. Subproject Description**

This section provides a general description of the subproject, discusses subproject components that result in land acquisition, involuntary resettlement, or both and identify the subproject area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

### **C. Scope of Land Acquisition and Resettlement**

This section:

- (i) discusses the subproject's potential impacts, and includes maps of the areas or zone of impact of subproject components or activities;
- (ii) describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment subproject;
- (iii) summarizes the key effects in terms of assets acquired and displaced persons; and
- (iv) provides details of any common property resources that will be acquired.

### **D. Socioeconomic Information and Profile**

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including:

- (i) define, identify, and enumerate the people and communities to be affected;
- (ii) describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- (iii) discuss the subproject's impacts on the poor, indigenous and/or ethnic minorities, and other vulnerable groups; and
- (iv) identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

### **E. Information Disclosure, Consultation, and Participation**

This section:

- (i) identifies subproject stakeholders, especially primary stakeholders;

- (ii) describes the consultation and participation mechanisms to be used during the different stages of the subproject cycle;
- (iii) describes the activities undertaken to disseminate subproject and resettlement information during subproject design and preparation for engaging stakeholders;
- (iv) summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;
- (v) confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and
- (vi) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during subproject implementation.

## **F. Grievance Redress Mechanisms**

This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

## **G. Legal Framework**

This section:

- (i) describes national and local laws and regulations that apply to the subproject and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed.
- (ii) describes the legal and policy commitments from the executing agency for all types of displaced persons;
- (iii) outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided.
- (iv) describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

## **H. Entitlements, Assistance and Benefits**

This section:

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and.
- (iii) outlines opportunities for affected persons to derive appropriate development benefits from the subproject.

## **I. Relocation of Housing and Settlements**

This section:

- (i) describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);

- (ii) describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- (iii) provides timetables for site preparation and transfer;
- (iv) describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- (v) outlines measures to assist displaced persons with their transfer and establishment at new sites;
- (vi) describes plans to provide civic infrastructure; and
- (vii) explains how integration with host populations will be carried out.

## **J. Income Restoration and Rehabilitation**

This section:

- (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include subproject benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
- (iii) outlines measures to provide social safety net through social insurance and/or project special funds;
- (iv) describes special measures to support vulnerable groups;
- (v) explains gender considerations; and
- (vi) describes training programs.

## **K. Resettlement Budget and Financing Plan**

This section:

- (i) provides an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation.
- (ii) describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items).
- (iii) includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs.
- (iv) includes information about the source of funding for the resettlement plan budget.

## **L. Institutional Arrangements**

This section:

- (i) describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- (ii) includes institutional capacity building program, including technical assistance, if required;
- (iii) describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
- (iv) describes how women's groups will be involved in resettlement planning and management.

**M. Implementation Schedule**

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the subproject schedule of civil works construction, and provide land acquisition process and timeline.

**N. Monitoring and Reporting**

This section describes the mechanisms and benchmarks appropriate to the subproject for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.

## **ATTACHMENT 7: OUTLINE OF AN INDIGENOUS PEOPLES PLAN FOR SUBPROJECTS**

An Indigenous Peoples plan (IPP) is required for all subprojects with impacts on Indigenous Peoples. Its level of detail and comprehensiveness is commensurate with the significance of potential impacts on Indigenous Peoples. The substantive aspects of this outline will guide the preparation of IPPs, although not necessarily in the order shown.

### **A. Executive Summary of the Indigenous Peoples Plan**

This section concisely describes the critical facts, significant findings, and recommended actions.

### **B. Description of the Subproject**

This section provides a general description of the subproject; discusses subproject components and activities that may bring impacts on Indigenous Peoples; and identify subproject area.

### **C. Social Impact Assessment**

This section:

- (i) reviews the legal and institutional framework applicable to Indigenous Peoples in subproject context.
- (ii) provides baseline information on the demographic, social, cultural, and political characteristics of the affected Indigenous Peoples communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend.
- (iii) identifies key subproject stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples at each stage of subproject preparation and implementation, taking the review and baseline information into account.
- (iv) assesses, based on meaningful consultation with the affected Indigenous Peoples communities, the potential adverse and positive effects of the subproject. Critical to the determination of potential adverse impacts is a gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Indigenous Peoples communities given their particular circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live.
- (v) includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the subproject and its impact on their social, economic, and cultural status.
- (vi) identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the subproject.

### **D. Information Disclosure, Consultation and Participation**

This section:

- (i) describes the information disclosure, consultation and participation process with the affected Indigenous Peoples communities that was carried out during subproject preparation;
- (ii) summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in subproject design;
- (iii) in the case of subproject activities requiring broad community support, documents the process and outcome of consultations with affected Indigenous Peoples communities and any agreement resulting from such consultations for the subproject activities and safeguard measures addressing the impacts of such activities;
- (iv) describes consultation and participation mechanisms to be used during implementation to ensure Indigenous Peoples participation during implementation; and
- (v) confirms disclosure of the draft and final IPP to the affected Indigenous Peoples communities.

#### **E. Beneficial Measures**

This section specifies the measures to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate, and gender responsive.

#### **F. Mitigative Measures**

This section specifies the measures to avoid adverse impacts on Indigenous Peoples; and where the avoidance is impossible, specifies the measures to minimize, mitigate and compensate for identified unavoidable adverse impacts for each affected Indigenous Peoples groups.

#### **G. Capacity Building**

This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the subproject area; and (b) Indigenous Peoples organizations in the subproject area to enable them to represent the affected Indigenous Peoples more effectively.

#### **H. Grievance Redress Mechanism**

This section describes the procedures to redress grievances by affected Indigenous Peoples communities. It also explains how the procedures are accessible to Indigenous Peoples and culturally appropriate and gender sensitive.

#### **I. Monitoring, Reporting and Evaluation**

This section describes the mechanisms and benchmarks appropriate to the subproject for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

**J. Institutional Arrangement**

This section describes institutional arrangement responsibilities and mechanisms for carrying out the various measures of the IPP. It also describes the process of including relevant local organizations and NGOs in carrying out the measures of the IPP.

**K. Budget and Financing**

This section provides an itemized budget for all activities described in the IPP.

## **ATTACHMENT 8: SUGGESTED OUTLINE OF ENVIRONMENTAL AND SOCIAL DUE DILIGENCE REPORT**

### **Introduction**

- (i) Subproject description: title, type of subproject, location and setting, amount, size (production capacity, number of staff, etc.)
- (ii) Environmental and social categorization and rationale
- (iii) Applicable Environmental and Social Requirements. See Section II B of [Name of Fund]'s ESMS )

### **Scope of review and methodology**

- (i) Documents reviewed (e.g., environmental assessment reports, involuntary resettlement plan, indigenous peoples plan, or environmental and social compliance audit reports, copies of permits/licenses)
- (ii) Methodology adopted (Site visit, inspection report, etc.)

### **Compliance and liability (by relevant safeguard requirements applicable for the specific subproject, examine environmental and social issues and compliance)**

Examine issues in terms of environmental, involuntary resettlement and indigenous peoples impacts, mitigation measures to address these issues (or corrective action plan for existing facilities) and compliance status with applicable ADB environmental and social safeguard requirements and national laws, regulations, and standards:

#### **Environmental Safeguards**

- (i) appropriate identification of major anticipated environmental impacts and risks
- (ii) adequacy of environmental assessment (for category A subprojects, including the adequacy of alternative analysis)
- (iii) compliance status with applicable requirements on (i) information disclosure, (ii) consultation with affected people and other stakeholders, (iii) occupational and community health and safety, biodiversity conservation and sustainable natural resource management, and physical cultural resources
- (iv) adequacy of mitigation measures and EMP (mitigation measures, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any

Post construction phase report on i) number of trees felling due to projects, compensatory afforestation status, any gap or improvement ii) rehabilitation of borrow areas, iii) soil erosion control measures, embankment protection measures, iv) re development of quarry areas, v) restoration of camp sites and plant sites, vi) any enhancement of community assets, vii) provision of any facility out of public demand

During operation phase report on i) compliance status of EMP ii) environmental monitoring reports iii) institutional arrangement in place for implementation and monitoring of EMP iv) plantation maintenance measures v) impact on sensitive receptors

#### **Involuntary Resettlement Safeguards**

- (i) appropriate identification of major anticipated involuntary resettlement impacts and risks (including both physical displacement and economic displacement)
- (ii) adequacy of assessment of social impacts, information disclosure and consultation with affected people and other stakeholders
- (iii) adequacy of compensation and benefits for displaced persons
- (iv) adequacy of resettlement plan (measures to enhance or restore the livelihoods of displaced persons, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any
- (v) private sector responsibilities under government-manages resettlement

#### Indigenous Peoples Safeguards

- (i) appropriate identification of major anticipated impacts on Indigenous Peoples (including potential impacts on traditional or customary lands under use; relocation of Indigenous Peoples from traditional and customary lands, and impacts on cultural resources)
- (ii) adequacy of information disclosure and meaningful consultation
- (iii) broad community support, where applicable
- (iv) adequacy of measures to avoid adverse impacts
- (v) adequacy of Indigenous Peoples plan (benefit sharing, measures to mitigate and minimize adverse impacts, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any

#### Adequacy of grievance redress mechanism arrangements

Recommend mitigation measures, or corrective action plans, if gaps are identified

Provide details on local employment generated during construction as well as operation phase.

Report on CSR (corporate social responsibility) activities undertaken.

For existing facilities including subprojects under construction, examine whether the subproject company paid pollution charges or fines/penalties for non-compliance in the last two years in accordance with national laws, whether the subproject company is exposed to potentially significant liabilities, such as those arising from known or suspected land/groundwater contamination, major accidents and incidents related to the company's past or ongoing operations, health and work safety measures, community severance issues, and state further actions required/planned by the subproject, in particular actions to address any non-compliance problems and liabilities. Also examine whether there are complaints from the public or local communities on the subproject company's environmental and social performance.

State any risk control or mitigation measures to be taken by the subproject, such as conditions, loan covenants or monitoring and reporting requirements

#### **Other subproject specific issues, if any**

#### **Conclusion and Recommendations**

## **ATTACHMENT 9: SUGGESTED SCOPE FOR AN ENVIRONMENTAL MONITORING REPORT**

### **A. Subproject Name and Summary Information**

- (i) Location
- (ii) Scale/size/capacity
- (iii) Reporting period covered by this monitoring report (month/year)
- (iv) Specification of subproject stage (design, construction, operation or closure stage)
- (v) Key developments and any major changes in subproject location and design, if any

### **B. Relevant Environmental Permits or Compliance Certificates**

- (i) Issued by government agency(ies) (include name of agency)
- (ii) Issuance dates and duration of validity
- (iii) Permit conditions and renewal requirements
- (iv) Other standards and/or certificates (e.g., ISO 14000 Environmental Management Systems and Standards)

### **C. Grievance Redress Mechanism**

- (i) Date established and description of organizational arrangements
- (ii) Complaints, grievance, or protests received from local communities, recorded dates and organizations involved, actions taken to resolve grievances; any outstanding issues and proposed measures for resolution

### **D. Occupational and Community Health and Safety**

- (i) Training programs carried out
- (ii) Incidents<sup>47</sup> recorded, including date, scale of damage and injury<sup>48</sup>, if any; authorities in charge of investigation/recording, and media or community reactions, if any; action taken to respond to the incident; and any outstanding issues and proposed measures
- (iii) Other health and safety events or out-reach activities

### **E. Environmental Management Capacity**

- (i) Number of staff, qualifications and experience in environmental management
- (ii) Awareness of: (i) environmental issues, (ii) health and safety, (iii) national environmental laws and regulations, and (iv) applicable ADB's environmental safeguard requirements
- (iii) Training programs carried out
- (iv) Assessment of environmental management capacity needs (including planned capacity building programs)

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<sup>47</sup> Including incidents that have caused damage on the environment or to human health, and/or attracted attention of outside parties (e.g., fire, explosion, chemical or oil spill, and pollution release).

<sup>48</sup> Including fatalities, serious injuries (requiring emergency treatment or hospitalization), lost time accidents (requiring more than one day off work to recover), and incidents involving compensation claims.

**F. Stakeholder Consultation**

- (i) Details of information disclosure and consultations, if any, with affected people, local communities, civil society groups, and other stakeholders
- (ii) Details of approach/methodology on addressing the concerns and issues raised at consultations

**G. Compliance with Applicable Environmental Safeguard Requirements as Defined in Section II B of IREDA's ESMS**

Implementation of EMP (citing changes in the EMP, where warranted) at construction or operation phase, focusing on mitigation measures and monitoring program. Attach copies of monitoring reports. If standards or thresholds are exceeded, specify the corrective actions implemented or to be implemented.

**H. Other Information and Feedback**

Please list any other information that the Fund should be aware of. This may relate to broader environmental matters, community initiatives within your company, positive media or NGO attention, training activities, management system initiatives or cost savings through process efficiency, environment-friendly processes.

**Name and Signature**

Name:

Date:

Position:

Phone:

Signature:

E-mail:

## **ATTACHMENT 10: SUGGESTED SCOPE FOR A SOCIAL SAFEGUARD MONITORING REPORT**

### **A. Introduction**

- (i) Brief subproject description

### **B. Physical Progress of Subproject Components with Resettlement and Indigenous Peoples Impacts**

- (i) List of subproject components with resettlement and indigenous peoples impacts and progress updates (including engineering progress, and ground clearing, land acquisition and structure demolition progress)

### **C. Scope of Resettlement Impacts and and/or Impacts on Indigenous Peoples**

- (i) Actual scope of land acquisition and resettlement (including the methodology to determine the actual scope of land acquisition and resettlement, and comparison with the scope of impacts in resettlement plan(s))
- (ii) Actual impacts on Indigenous Peoples (including the methodology to determine the actual scope of impacts on Indigenous Peoples, and comparison with the scope of impacts in Indigenous Peoples plan(s))

### **D. Institutional Arrangements**

- (i) Key organizations involved in resettlement plan and/or IPP implementation
- (ii) Progress of activities implemented by other organizations
- (iii) Specific implementation arrangements for Indigenous Peoples

### **E. Compensation Rates, Payment and Assistance Delivery**

- (i) Compensation rates for land, resettlement subsidies, standing crops, and trees
- (ii) Compensation for buildings and allowances for relocation
- (iii) Allocation and utilization of resettlement compensation
- (iv) Payment delivery to affected village groups and individuals
- (v) Assistance delivery to affected Indigenous Peoples

### **F. Status of Land Acquisition, Resettlement, and Reconstruction**

- (i) Housing relocation and reconstruction
- (ii) Provision of replacement agricultural and/or commercial land
- (iii) Restoration of affected public infrastructure and facilities
- (iv) Restoration of land used for construction-related activities
- (v) Implementation progress of income restoration activities
- (vi) Support to vulnerable groups
- (vii) Implementation progress of specific measures for affected Indigenous Peoples

### **G. Status of Provisions for Indigenous Peoples**

- (i) Culturally appropriate beneficial measures for each affected IP groups
- (ii) Mitigative measures for each affected IP groups
- (iii) Capacity Building measures for IP communities in the subproject area

- (iv) Broad community support, where required

**H. Consultation and Disclosure Activities and Grievance Procedures**

- (i) Consultations on compensation standards and fees, relocation options, etc.
- (ii) Specific consultations conducted with Indigenous Peoples on the subproject, its impacts and assistance to Indigenous Peoples
- (iii) Any good faith negotiation to resolve major disagreements with Indigenous Peoples
- (iv) Grievances received and actions taken to address them

**H. Grievance Redress Mechanism**

- (i) Date established and description of organizational arrangements
- (ii) Grievances reported and resolution processes (e.g., nature of grievance, recorded dates and organizations involved, actions taken to resolve grievances, and media or community reactions (if any))

**I. Compliance with Applicable Social Safeguard Requirements as Defined in the Section II B of [Name of Fund]’s ESMS**

**J. Concerns and Work Plan**

Concerns encountered, solutions provided and good practices established  
 Work plan (staffing, training, and work schedules)

**Name and Signature**

Name:	Date:
Position:	Phone:
Signature:	E-mail

### ATTACHMENT 11: OUTLINE OF AN ENVIRONMENTAL AND SOCIAL PERFORMANCE REPORT

Please provide responses to the questions below. Please include additional sheets or attachments as required to provide details on questions that have been answered Yes. The Fund is required to submit the performance report to ADB.

<b>Name of Organization</b>			
<b>Completed by (name):</b>			
<b>Position in organization:</b>		<b>Date:</b>	
<b>Reporting period</b>	<b>From:</b>	<b>To:</b>	

**A. Portfolio Information for ADB line of credit**

<b>Report Covering Period:</b>	
<b>From:</b>	<b>To:</b>

Name of Subproject	Tenor of loan (months)	Value of exposure (US\$ mn)	Sub sector	Safeguard category			Any outstanding environmental and IR and IP issues during reporting period and actions taken to address the issues
				Env	IR	IP	

**B. Environmental and Social Management System (ESMS)**

Policies & Processes	Yes/No	
Have there been any updates to the ESMS or policy and procedures adopted by your organization during the reporting period?		<b>If yes, please provide a copy of the updates including dates and reasons for the same.</b>
Has senior management signed off on the updated policy/procedure?		<b>If yes, please provide the date and internal communication indicating the same.</b>
Has your organization appointed staff tasked to implement the ESMS?		<b>IF yes, please provide information on number of staff and qualification (experience and education background) to implment the ESMS.</b>
Please give details of any transactions		

rejected due to environmental and/or social concerns.		
Please state any difficulties and/or constraints related to the implementation of the ESMS.		
Please describe how you ensure that your subproject companies and their subprojects are operated in compliance with the national laws and regulations and applicable ADB's requirements.		
Please give details of any material social and environmental issues associated with clients during the reporting period in particular.		
In case the existing ESMS is not fully functional, what are the action plan being implemented by your organization?		Please provide information or cite recommendation made by ADB's review mission to improve the ESMS and its implementation.
<b>Capacity</b>	<b>Yes/No</b>	
Please provide the name and contact information of the Environmental Officer or Coordinator who has the overall responsibility for the implementation of ESMS.		<b>Please describe the training or learning activities the Environmental/Social Officer or Coordinator attended during the year.</b>
Please provide current staffing of other core ESMS persons in the organization involved with ESMS implementation.		<b>Please describe the training provided to the ESMS persons and other team members during the year.</b>
What was the budget allocated to the ESMS and its implementation during the year?		<b>Please provide budget details including staff costs and training as well as any actual costs.</b>
<b>Monitoring</b>	<b>Yes/No</b>	
Do you receive environmental and social monitoring reports from subproject companies that you finance?		If yes, please describe and provide supporting documents including any social and environmental considerations if applicable.
Do you check for ongoing compliance of your subproject companies with national regulation and any other requirements?		<b>If yes, please describe the process including any social and environmental considerations if applicable.</b>
Please describe how you monitor the subproject company and their subproject's social and environmental performance.		Please describe and provide supporting documents such as environmental and social monitoring reports and please provide information on the number of subprojects where a field visit was conducted by staff to review aspects including social and environmental issues.
Please provide details of any accidents/litigation/complaints/regulatory notices and fines: Any incidents of non-compliance with the applicable Environmental and		

Social Requirements Covenants/conditionalities imposed by the Fund Manager to the subproject company as a result of any non-compliance		
<b>Reporting</b>	<b>Yes/No</b>	
Is there an internal process to report on social and environmental issues to Senior management?		If yes, please explain the process, reporting format and frequency and actions taken if any.
Do you prepare any social and environmental reports: For other multilateral agencies Other stakeholders E&S reporting in the Report Sustainability reports		If yes, please provide copies of these reports.

### C. Subprojects Using ADB Funds

Please provide information about all new subprojects using ADB funds approved during this reporting period.

Name of Subproject Company:	
Subproject location:	
Sub sector:	
Value of exposure (US\$ mn):	
Safeguard category:	Environment: Involuntary Resettlement: Indigenous Peoples:
Were any environmental and social due diligence undertaken and by your organization?	If yes, provide information on due diligence activities, such as desk review of safeguard documents, and field visit, and by whom.
Any environmental assessment report (including environmental management plan), involuntary resettlement plan, or indigenous peoples plan, or audit reports reviewed by your organization?	If yes, please provide the names of documents reviewed.
What were the main environmental, involuntary resettlement and indigenous peoples issues associated with this subproject that were identified through due diligence conducted by your organization, and how were the issues dealt with (i.e., outcome of due diligence)?	
Did you discuss with the subproject the applicable	

environmental and social safeguard requirements and their implementation?	
For category A subprojects, were safeguards related documents such as EIA, RP and IPP, or audit reports made publicly available, in addition to posting on ADB's website?	If yes, please provide website link and the date the documents were uploaded.
Were any conditions or covenants related to environmental and social issues made along with the investment?	If yes, please briefly describe.
Does the subproject comply with applicable government requirements?	
Does the subproject comply with applicable ADB safeguard requirements?	

**ATTACHMENT 12: RELEVANT INDIAN LAWS AND REGULATION**

Year	Regulations	Responsible Agency	Details
<b>Environment Acts</b>			
1884	Explosive Act amended 2008	Chief Controller, The Petroleum and Explosives Safety Organisation, Government of India	Occupational Health & Safety aspects related to handling & Usage of Explosives
1934	Petroleum Act	Chief Controller, The Petroleum and Explosives Safety Organisation, Government of India	Occupational Health & Safety aspects related to handling & Usage of Petroleum
1927	Indian Forest Act	State governments forest settlement officers	To consolidate acquisition of common property such as forests.
1948	Factories Act	Occupational Health & Safety	Directorate of Factories, State Government
1972	Wildlife Protection Act, amended in 2002	Wildlife advisory boards, central zoo authorities	To protect wildlife.
1974	Water (Prevention and Control of Pollution) Act, amended in 1988	Central and state pollution control boards	To provide for the prevention and control of water pollution and enhancing the quality of water.
1980	Forest Conservation Act, amended in 1988	Central government	To halt India's rapid deforestation and resulting environmental degradation.
1981	Air (Prevention and Control of Pollution) Act, amended in 1987	Central and state pollution control boards	To provide for prevention, control and abatement of air pollution.
1986	Environment (Protection) Act, amended in 1991	Central government and state departments of environment	To provide for the protection and improvement of the environment.
1988	Motor Vehicle Act,	Emission from vehicles	Department of Transport
1991	The Public Liability Insurance Act	Accidents on-site	District Administration
1999	Environment (Siting for Industrial Projects) Rules	Ministry of Environment and Forests and state pollution control board	(i) Prohibition for setting up of certain industries, (ii) establishment of new industries with certain conditions, (iii) restrictions on the industries near certain monuments and (iv) establishment of new industries around archaeological monuments.
2002	Biological Diversity Act	State Biodiversity Boards in 28 states along with 31,574 biological management committees across India.	A federal legislation enacted by the Parliament of India for preservation of biological diversity in India, and provides mechanism for equitable sharing of benefits arising out use of traditional biological resources and knowledge. The Act was enacted to meet the obligations under Convention on Biological Diversity, to which India is a party.
2010	National Green Tribunal Act	Indian judicial system	a federal legislation enacted by the Parliament of India, under India's constitutional provision of Article 21, which assures the citizens of India the right to a healthy environment. The tribunal itself is a special fast-track court to handle the expeditious disposal of the cases pertaining to environmental issues.
<b>Environment Rules</b>			
1981	Static & Mobile Pressure Vessels (Unfired) Rules	Chief Controller, The Petroleum and Explosives	Occupational Health & Safety aspects related to handling & Usage of Static & Mobile Pressure

Year	Regulations	Responsible Agency	Details
		Safety Organisation, Government of India	Vessels (Unfired)
1996	Chemical Accidents (Emergency Planning, Preparedness and Response) Rules,	Ministry of Environment & Forest / State Pollution Control Board	These rules concern chemical accidents - any accident involving a sudden or unintended occurrence while handling any hazardous chemicals resulting in continuous, intermittent or repeated exposure to death, or injury to, any person or damage to any property. Schedules 2 and 3 of the Rules list the threshold quantities and names of the various chemicals to which they are applicable.
1989	The Manufacture, Storage and Import of Hazardous Chemicals Rules	Ministry of Environment & Forest / State Pollution Control Board	The rules aims at controlling pollution from Handling of hazardous chemicals in construction activities
1998	The Biomedical Waste (Management and Handling) Rules, amended 2003	Ministry of Environment & Forest / State Pollution Control Board	These rules apply to all projects which generate, collect, receive, store, transport, treat, dispose, or handle bio medical waste in any form. They deal with the various categories of biomedical waste, segregation, packaging, transportation, storage and disposal of such waste.
1999	Environment (Siting for Industrial Projects) Rules	Ministry of Environment & Forest / State Pollution Control Board	These are the various environmental guidelines mandated by the MoEF for siting of industries. Topics addressed include (i) prohibition for setting up of certain industries, (ii) establishment of new units with certain conditions, (iii) restrictions on the units in Taj Trapezium and (iv) establishment of new units around archaeological monuments.
2000	Noise Pollution (Control and Regulation) Rules, latest amended 2010	Ministry of Environment & Forest / State Pollution Control Board / Department of Factories	The rules aims at controlling noise pollution from Plants, equipment and vehicles
2001	The Batteries (Management and Handling) Rules, ,amended 2010	Ministry of Environment & Forest / State Pollution Control Board	These rules shall apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of lead acid batteries or components thereof. The rules delineate the responsibility of the consumer, (the category under which infrastructure project sites using plants, equipment and vehicles would fall) namely that they must ensure that used batteries are not disposed of in any manner other than depositing with a dealer, manufacturer, importer, assembler, registered recycler, reconditioner or at designated collection centres.
2004	The Gas Cylinder Rules	Chief Controller of Explosives Govt. Of India	Occupational Health & Safety aspects related to handling & Usage of Gas Cylinders
2008	The Hazardous Wastes (Management, Handling and Transboundary	Ministry of Environment & Forest / State Pollution Control Board	The rules aim at controlling pollution from Handling of hazardous chemicals in construction activities

Year	Regulations	Responsible Agency	Details
	Movement) Rules, Notification, amended 2009		
<b>Environment Notification</b>			
From 1989 to Till Date	Notifications concerning Ecosensitive Zones	Ministry of Environment & Forest / State Pollution Control Board	The MoEF has prohibited and/or restricted specified industrial activities in certain areas of the country. These zones are also called ecosensitive zones and are: Matheran and surrounding region; Mahabaleswar Panchgani region; Pachmarhi region; Taj Trapezium Zone; Dahanu Taluka, District Thane, Maharashtra; Numaligarh, East of Kaziranga; Aravalli Range; Doon Valley (Uttar Pradesh); Murud-Janjira, Raigadh District, Maharashtra; Kalesar National Park, Yamunanagar district, Haryana; Kalesar Wildlife Sanctuary, Yamunanagar district, Haryana; Kholhi Raitan Wildlife Sanctuary, Panchkula District, Haryana; Bir Shikargarh Wildlife Sanctuary, Panchkula District, Haryana; Nahar Wildlife Sanctuary, Rewari District, Haryana; Chhilchhila Wildlife Sanctuary, Kurukshetra District, Haryana; Abubsaheer Wildlife Sanctuary, Sirsa District, Haryana; Bhindawas Wildlife Sanctuary, Jhajjar District, Haryana; Khaparwas Wildlife Sanctuary, Jhajjar District, Haryana; Mount Abu, Sirohi District, Rajasthan; Sultanpur National Park, Gurgaon District, Haryana
2006	EIA Notification dt. 14 <sup>th</sup> September	Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central Government.	Prior Environmental Clearance on new projects or activities, or on the expansion or modernization of existing projects or activities based on their potential environmental impacts as indicated in the Schedule to the notification, being undertaken in any part of India.
2011	Notifications concerning Coastal Regulation Zones	Ministry of Environment & Forest / CRZ Authority / State Pollution Control Board	The notifications aim at regulating activities in the CRZs. The Central Government, with a view to ensure livelihood security to the fisher communities and other local communities, living in the coastal areas, to conserve and protect coastal stretches, its unique environment and its marine area and to promote development through sustainable manner based on scientific principles taking into account the dangers of natural hazards in the coastal areas, sea level rise due to global warming, does hereby, declare the coastal stretches of the country and the water area upto its territorial water limit, excluding the islands of Andaman and Nicobar and Lakshadweep and the marine areas surrounding these islands upto its territorial limit, as Coastal Regulation Zone (hereinafter referred to as the CRZ) and restricts the setting up and expansion of any industry, operations or processes and manufacture or handling or

Year	Regulations	Responsible Agency	Details
			storage or disposal of hazardous substances as specified in the Hazardous Substances (Handling, Management and Transboundary Movement) Rules, 2009 in the aforesaid CRZ.
<b>Involuntary Resettlement</b>			
2013	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act	Ministry of Rural Development, Department of Land Resources	A legislation that regulates land acquisition and provides laid down rules for granting compensation, rehabilitation and resettlement to the affected persons in India.
<b>Indigenous (Tribal) People</b>			
1950	Constitution of India (Fifth Schedule)	Various ministries	This provides for the administration and control of scheduled areas and scheduled tribes (areas and tribes needing special protection due to disadvantageous conditions).
1989	Scheduled Caste and Scheduled Tribe (Prevention of Atrocities) Act	Ministry of Social Justice and Empowerment	The law is to free Indian society from blind and irrational adherence to traditional beliefs and to establish a bias free society. The law is to deliver justice to scheduled caste and tribe communities through affirmative action in order to enable them to live in society with dignity and self-esteem and without fear, violence or suppression from the dominant castes.
2006	The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act	Ministry of Tribal Affairs	The law concerns the rights of forest-dwelling communities to land and other resources, denied to them over decades as a result of the continuance of colonial forest laws in India.
2013	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act	Ministry of Rural Development, Department of Land Resources	Same as above.