



Project Summary Information

Date of Document: March 20, 2020

Project Name	OSE InvIT
Document Code	PD000084-PSI-IND
Country	Republic of India
Sector / Subsector	Transport / Roads and Highways
Project Description	<p>Oriental Structural Engineers Private Limited (OSEPL) and its wholly owned subsidiary, Oriental Tollways Private Limited (OTPL), jointly referred to as the Sponsors, have set up an Infrastructure Investment Trust, a new investment vehicle namely Oriental InfraTrust (InvIT). The InvIT has acquired a portfolio of five operating road assets from the Sponsors and will now be responsible for the operation and maintenance of the five assets till the end of the remaining concession period pursuant to the concession agreement. The road assets were initially awarded to the Sponsors by the National Highways Authority of India (NHAI), the concessioning authority, under a build, operate and transfer (BOT) or design, build, finance, operate and transfer (DFBOT) model. The five road assets that have been acquired by the InvIT are:</p> <ul style="list-style-type: none"> ○ Nagpur Bypass project: an approximately 117km section of NH-7 including the Madhya Pradesh/Maharashtra border to Nagpur section and the Nagpur to Hyderabad section in Maharashtra; ○ Indore - Khalghat project: an approximately 72km section of NH-3 between Indore and Khalghat in Madhya Pradesh; ○ Etawah - Chakeri project: an approximately 160km section of NH-2 between Etawah and Chakeri in Uttar Pradesh; ○ Hungund - Hospet project: an approximately 97km section of NH-13 between Hungund and Hospet in Karnataka; and ○ Nagpur - Betul project: an approximately 175km section of NH-69 between Nagpur and Betul in Madhya Pradesh. <p>All the above road assets, other than the Nagpur Betul project, are operated on a toll basis. The Nagpur Betul project is operated on an annuity basis.</p> <p>The InvIT has appointed Indian Technocrat Limited as the investment manager, and OSEPL as the project manager and the major maintenance manager for the operation and maintenance of the road assets.</p>
Objective	<p>The objective of the Project is to mobilize long-term private institutional capital for financing roads and highways in India. The private capital mobilized will be invested in both greenfield infrastructure development and operational infrastructure assets.</p>

Expected Results	The expected results are: (a) demonstration of a proof-of-concept that infrastructure investment trust are a new type of financing vehicle and (b) redeployment of freed-up capital in development of greenfield infrastructure sector including roads and highways.
Environmental and Social Category	A
Environmental and Social Information	<p>The Project has been co-financed with the IFC and other financial institutions and has been prepared in accordance with the IFC's Policy on Environmental and Social Sustainability (IFC Policy) and Performance Standards on Environmental and Social Sustainability (IFC PSs) (2012). AIIB is satisfied that: (i) the IFC Policy and IFC PSs are consistent with AIIB's Articles of Agreement and are materially consistent with AIIB's Environmental and Social Policy (ESP) and relevant Environmental and Social Standards (ESSs) and (ii) the monitoring procedures that IFC has in place are appropriate for the Project. Consequently, as permitted by the ESP, AIIB will apply the IFC Policy and IFC PSs to this Project.</p> <p>The five road assets have been developed pursuant to the applicable Indian environmental and social regulatory requirements by the NHAI, which oversaw the preparation of the Environmental Impact Assessment (EIA) reports, and in selected instances, the Resettlement Action Plans (RAPs). The NHAI is responsible for securing the land, environmental clearances, managing encroachments and road safety. The roads being transferred to the InvIT are all operational roads and no further construction is envisaged under the concession agreement. Certain additional construction activities are currently under implementation on Hungund – Hospet road as part of change of scope of the concession agreement. These additional construction activities are accommodated within the existing right-of-way (RoW). All the roads will undergo routine and major maintenance as per the frequency defined in the concession agreement. The environmental and social (E&S) risks and impacts with respect to the assets are related to completion of any remaining construction activities and any future construction, and routine and major maintenance of the roads.</p> <p>The InvIT has completed and disclosed a third-party environmental and social due diligence (ESDD) of all the assets. The ESDD involved collection of data on land acquisition, E&S performance of the Project activities, identification of impacts on critical habitat and Scheduled Tribes (Indigenous Peoples) and legal compliance with Environmental, Health, Safety and Social (EHSS) national requirements.</p> <p>An InvIT level integrated Environmental and Social Action Plan (ESAP) was prepared for all the assets and future investments based on the findings of the ESDD and investors' E&S requirements, to ensure alignment of the Project with the applicable standards within agreed timeframes. The InvIT will ensure and monitor implementation of the commitments as per the timeline proposed therein and report on a regular basis to the investment manager.</p> <p>In case of the Nagpur Bypass road, the biodiversity assessments for the 37 km section passing through reserve forest land were recently completed and reviewed, and a critical habitat screening was undertaken.</p> <p>An EIA and RAP in accordance to national requirements were completed for Etawah - Chakeri, Nagpur - Betul and</p>

Nagpur Bypass roads, while only an EIA was completed for Indore - Khalghat. These documents (except for Etawah Chakeri) were reviewed as part of the ESDD process. Based on the findings of the ESDD, mitigation and enhancement measures to align with the IFC PSs were proposed by the third-party consultants for each of the roads and are included within the overarching integrated ESAP, which includes undertakings for the acquisition and management of future assets.

An Environmental and Social Management System (ESMS) will be prepared on the basis of the Sponsors' original Environmental Management Manual and other policies and procedures, and includes EHSS policies, eligibility and screening criteria in relation to E&S aspects for future assets, and processes and procedures in accordance with the respective national regulations, the requirements of the IFC Policy and IFC PSs and World Bank Group Environmental, Health and Safety (WBG EHS) Guidelines. This ESMS covers all project phases starting from ESDD to operation and management phase of the road assets for:

- Environmental and social risks, impacts identification, assessment, management and monitoring;
- Establishment and management of an EHSS organization and resources with clear responsibilities;
- Employment conditions, occupational health and safety, resource efficiency, pollution prevention, community health and safety management for the InvIT operations and its contractors' activities;
- Management of land acquisition, involuntary resettlement and restoration of livelihoods;
- Management of impacts on natural resources, biodiversity and preparation of management plans;
- Management of impacts on Scheduled Tribes and preparation of Scheduled Tribes development plans;
- Management of impacts on cultural heritage including through use of a chance find procedure; and
- Stakeholder engagement and establishment of a community grievance redress mechanism (GRM).

Provisions have been made for the hiring of sufficient EHSS expertise to supervise the implementation of the ESMS and continuously improve the performance of the InvIT.

Key existing environmental issues and mitigation measures. Temporary emissions to air during construction and maintenance from hot mix and batching plants, and noise emissions, wastewater discharge, and solid waste and pesticide management during operation have been managed in line with applicable regulatory requirements to date. The management of these impacts will be further strengthened with the implementation of the ESMS in accordance with the relevant WBG EHS Guidelines. Furthermore, the InvIT will strengthen resource efficiency measures such as reduction in use of water resource, captive renewable energy production at some locations (as practiced at the Nagpur Bypass road), and establishment of emission reduction targets for each road assets.

The expansion of all the five roads has entailed impacts on natural habitats in the form of forested land diversion. These impacts have been mitigated through compensation for trees felled and replanting in new forested areas of an equal area

or in degraded forested areas with a planting density twice that of the area taken for road construction. The execution of these offsets rests with the forest department, while the NHAI is responsible for covering the associated costs and the identification of land suitable for planting trees.

A 37.45 km historical stretch of the Nagpur Bypass road passes through the Reserve Forest land and is mostly contiguous (over 22 km) with the buffer zone of the Pench Tiger Reserve, screened as Critical Habitat for the presence of two IUCN critically endangered (CR) species of vultures (*Gyps bengalensis* and *Gyps indicus*), and three IUCN endangered (EN) species, i.e., tiger (*Panthera tigris*), wild dog (*Cuon alpinus*) and Indian pangolin (*Manis crassicaudata*). A total of about 49.2 ha of reserve land, which would be categorized as natural habitat, has been diverted for widening to 4-lanes. Only the tiger has been assessed to be potentially affected by the road. The Wildlife Institute of India (WII) has determined that the historical road already acts as a barrier for movement of most species potentially found in the road's area of influence, and recommended construction of bridges and underpasses as part of the road widening to reduce the level of deterrence and allow increased crossing of large mammals. The Project design includes mitigation measures recommended by WII. A critical habitat assessment and the corresponding action plan have been prepared and are being disclosed. Management and monitoring measures are being adopted by the InvIT to ensure the effectiveness of the mitigation measures in the form of a Biodiversity Action Plan and a Biodiversity Monitoring and Evaluation Plan for the Nagpur Bye road and any other future road that may be determined to intersect with critical habitat.

The InvIT will, prior to commencement of any future expansion, construction or forest land diversion in any of the existing and future road assets of the InvIT, undertake a full environmental and social impact assessment (ESIA) that meets the requirements of the IFC PSs including, where applicable, assessment and mitigation measures that meet the provisions of IFC PS6 on biodiversity conservation and sustainable management of natural resources.

Land acquisition and involuntary resettlement. The construction of the initial five assets included widening of the existing roads and construction of new road stretches, which induced land acquisition ranging from 100 hectares (Etawah - Chakeri), 520 hectares (Indore - Khalghat) and up to 725 hectares for the Nagpur - Betul road. These, mostly linear land acquisitions, have induced economic displacement of around 650 to over 15,000 titleholders per road, and in a few instances, physical resettlement of a dozen households or less (such as for the Indore - Khalghat road). The land acquisition was conducted by the NHAI, in most instances five to ten years ago, in compliance with the provision of the National Highways Act (1956). The ESDD findings determined that in all but one instance described below, the assets are deemed to have limited residual impacts on affected stakeholders, and thus do not present risk to the InvIT as per the criteria defined by the IFC in line with their application of PS5 (on land acquisition and involuntary resettlement) to this Project.

The Etawah - Chakeri road has been identified as one with residual land acquisition and/or recently acquired land. For this asset, a third-party retrospective Social Impact Assessment (SIA) will be undertaken, and a Livelihood Support Plan (LSP) will be prepared and implemented in accordance with PS5 and include provisions for informal settlers and other non-

titleholders. The InvIT will make all efforts to ensure retroactive implementation of the LSP, work with the Governmental agencies on a best effort basis to provide adequate livelihood support and oversee the implementation of the LSP by a competent partner to close the gaps. This will be confirmed by a third-party completion audit.

For all future assets identified as having acquired land less than a year before acquisition or having residual land acquisition and as mentioned in the ESAP, a detailed SIA and LSP preparation will be undertaken by third party consultants covering all project affected families, including titleholders and non-titleholders. For implementation of the LSP, the InvIT will hire suitably qualified implementation partners. The InvIT will hire qualified and experienced third-party consultants to monitor implementation of LSP.

Indigenous Peoples (referred to as Scheduled Tribes in India). The presence of Scheduled Tribes has been established near the Indore - Khalghat and Nagpur - Betul roads, which pass through Schedule V areas (the Fifth Schedule of the Constitution of India deals with administration and control of scheduled areas and Scheduled Tribes in these areas) and would require the application of the provisions of PS7 (on Indigenous Peoples). The acquisition of land occurred between 2006 and 2011 for Indore - Khalghat and 2011 and 2015 for Nagpur - Betul, and construction activities were completed between 2006 and 2017. Interviews with the authorities, the NHAI and affected Scheduled Tribes, a review of land acquisition records and an assessment against the PS7 criteria have established that there are no significant residual impacts on the Scheduled Tribes from the land acquisition, resettlement, construction and operation of these two roads. It was established that the land acquired from the Scheduled Tribes did not reduce their access to resources or land under traditional ownership and customary use and the resettlement of a few households within their original village did not sever their access to any land or resources or alter the social structure of their communities.

Any future land to be acquired in villages with Scheduled Tribes must be in accordance with PS7. Where Free, Prior and Informed Consent (FPIC) is applicable under PS7, the InvIT will confirm FPIC prior to land acquisition for future construction activities, including construction of wayside amenities, toll plaza, new alignment, or capacity augmentation.

Disclosure, consultation and grievance redress mechanism. Disclosure of the E&S instruments at the time of environmental clearance and land acquisition was conducted by the NHAI as per applicable regulatory requirements, entailing public hearings, publication of notices and lists of affected titleholders for land acquisition. In all instances, aggrieved persons had available to them three mechanisms to resolve their concerns: a GRM to contest the valuation process or compensation amount through arbitration with an NHAI appointed arbitrator, a mechanism to submit complaints to the District Collector and the possibility of litigation in court. This was confirmed through a review of records of closed and on-going cases. The project companies which holds the road assets regularly engage with community representatives, but records of such engagement are not uniform, and no engagement plan was available. As part of the ESDD of all the five roads, consultations were carried out with the affected landowners, existing encroachers whose structures are located within the RoW, Project workers, officials of revenue department, NHAI Project Implementation Unit and forest department (as relevant). The project companies have established a GRM, including the receipt, recording and assessment of

	<p>grievances from affected stakeholders (principally road users), and responses to these grievances, as verified during the ESDD, but that one lacks a timeframe for resolution. The ESAP requires that the Stakeholder Engagement Plans (SEP) and GRMs consistent with the applicable IFC PSs.</p> <p>For all existing and future roads with residual land acquisition, SEPs will be designed to ensure informed consultation and participation with populations affected by land acquisition for the road and will additionally cover engagement activities around design and implementation of social management plans. Further, at the InvIT level, as part of its ESMS, procedures for receiving and responding to external communication, concerns, grievances and information requests from members of the neighboring community. The requirement for the development and implementation of an asset-specific SEP will be applicable to all assets that the InvIT will acquire in future.</p> <p>The findings of the ESDD, the ESAP and IFC's detailed Environmental and Social Review Summary (ESRS) were disclosed in English at https://disclosures.ifc.org/#/projectDetail/ESRS/39354. On-going environmental and social monitoring results will be disclosed by the IFC and available through these sites. The Investment Manager of the InvIT can be contacted through https://orientalinfratrust.com/index.php/contact-us/.</p> <p>Monitoring and supervision. The Sponsors have acknowledged the findings of the ESDD and have committed to implement the IFC Policy requirements and applicable IFC PSs, including corrective actions and mitigation measures as defined in the ESAP. Relevant retrospective land acquisition studies will be completed for the Etawah - Chakeri road and the implementation of corresponding compensation and livelihood support measures will be verified through a third-party completion audit. The Sponsors are actively recruiting environmental and social resources at the InvIT, the investment Manager, the project manager, and at the project company level. The investors will receive regular updates on the implementation of the ESAP and ESMS. A semi-annual internal and annual external review will be conducted and submitted to the investors. The Bank will be participating in the review and approval of the InvIT EHSS policies and ESMS and will also conduct direct monitoring on a regular basis.</p> <p>For any future road assets which are to be considered for acquisition by the InvIT, the InvIT in consultation with the NHAI, will implement measures to ensure that land acquisition and encroachments within the RoW is carried out in accordance with PS5. The InvIT will also be required to confirm, where applicable, that Free, Prior and Informed Consent (FPIC) in accordance with PS7 has been obtained from Scheduled Tribes prior to land acquisition for construction related activities, and that a SEP and GRM are in place at the asset level before acquisition. The compliance of potential acquisition targets by the InvIT will be assessed by the InvIT prior to acquisition.</p>
Cost and Financing Plan	The investment by AIIB is in the form of equity in Indian Rupee equivalent of up to USD50 million in the units of the Oriental InfraTrust.
Borrower	Oriental InfraTrust
Sponsor	The Sponsors of the Project are OSEPL and its wholly owned subsidiary, OTPL. OSEPL is an infrastructure development

	and construction company with almost four decades of experience in the construction of roads and highways in India. OSEPL and OTPL holds investments in 13 highway concession projects which includes nine under operation and four under construction. Amongst the nine under operation, five have been transferred to the Oriental InfraTrust.
Date of First Disbursement	June 2019

Contact Points	AIIB	Oriental InfraTrust
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Date of Concept Decision	May 9, 2018	
Date of Final Review Decision	June 18, 2018	
Date of Board Approval	August 16, 2018	

Disclosure	The Board of Directors of the Bank approved deferral of disclosure of this Project Summary Information, as a derogation to the ESP in effect in 2018, in order to avoid contravening the Security Exchange Board of India's regulatory requirements in effect when the financing was approved by the Board.
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Independent Accountability Mechanism	AIIB's Project-affected People's Mechanism (PPM) will govern this Project. It has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the applicable environmental and social policy in situations when their concerns cannot be addressed satisfactorily through the Project-level GRM or the processes of AIIB's Management. For information on how to make submissions to the PPM, please visit the AIIB's PPM web page .
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