

# **ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK**

**(Updated in February - 2016)**



## **India Infrastructure Finance Company Limited (IIFCL)**

**(A Govt. of India Enterprise)**

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## ABBREVIATIONS

ADB	-	Asian Development Bank
CMD	-	Chairman and Managing Director
COD	-	Commercial Operation Date
CRZ	-	Costal Regulation Zone
CTE	-	Consent to Establish
CTO	-	Consent to Operate
DFIs	-	Development Financial Institutions
DMD	-	Deputy Managing Director
EA	-	Environmental Assessment
EC	-	Environmental Clearance
EDD	-	Environmental Due Diligence
EIA	-	Environmental Impact Assessment
EMP	-	Environment Management Plan
EPC	-	Engineering, Procurement, Construction
ESSF	-	Environment and Social Safeguards Framework
ESF	-	Environmental Safeguards Framework
E&S	-	Environmental and Social
ESSP	-	Environment and Social Safeguards Policy
ESMU	-	Environment and Social Safeguards Management Unit
FI	-	Financial Intermediary
GOI	-	Government of India
IEE	-	Initial Environmental Examination
IIFCL	-	India Infrastructure Finance Company Limited
IR	-	Involuntary Resettlement
IP	-	Indigenous People
MOEF&CC	-	Ministry of Environment, Forests and Climate Change
MOU	-	Memorandum of Understanding
O&M	-	Operation & Maintenance
PAP	-	Project-affected person
PC	-	Project Cycle
PIAL	-	Prohibited Investment Activities List
PPP	-	Public Private Participation
RAP	-	Resettlement Action Plan
RP	-	Resettlement Plan
SEIAA	-	State/Union Territory Environmental Impact Assessment Agency
SIA	-	Social Impact Assessment
SPCB	-	State Pollution Control Board
SSF	-	Social Safeguards Framework
SIFTI	-	Scheme for Infrastructure Financing through IIFCL
SPV	-	Special Purpose Vehicle
TDP	-	Tribal Development Plan
TOR	-	Terms of Reference

## 1. INTRODUCTION

1. The India Infrastructure Finance Company Limited (IIFCL) was incorporated on 5<sup>th</sup> January 2006, under the Companies Act 1956, as a fully Government of India owned company. The IIFCL is an apex financial intermediary for developing and financing commercially viable infrastructure projects and facilities in India through the following modalities:

- (i) Long-term debt;
- (ii) Refinance to banks and public financial institutions for loans granted by them;
- (iii) Take-out financing;
- (iv) Subordinate debt;
- (v) Credit enhancement; and
- (vi) Any other mode approved by the Ministry of Finance from time to time.

2. Projects in the following sectors are eligible for IIFCL's financing:

**Table 1 : Sectors Eligible for IIFCL Financing**

Sl. No.	Sector	Subsector
1.	Transport	Roads and bridges Ports <sup>1</sup> Inland waterways Airport Railway tracks, tunnels, viaducts, bridges <sup>2</sup> Urban public transport (except rolling stock in case of urban road transport)
2.	Energy	Electricity generation Electricity transmission Electricity distribution Oil pipelines Oil/gas/liquefied natural Gas (LNG) storage facility <sup>3</sup> Gas pipelines <sup>4</sup>
3.	Water sanitation	Solid waste management Water supply pipelines Water treatment plants Sewage collection, treatment and disposal system Irrigation (dams, channels, embankments etc.) Storm water drainage system Slurry Pipe Lines
4.	Communication	Telecommunication (fixed network) <sup>5</sup> Telecommunication towers Telecommunication & Telecom Services

Sl. No.	Sector	Subsector
5.	Social and commercial infrastructure	Education institutions (capital stock) Hospitals (capital stock) <sup>5</sup> Three-star or higher category classified hotels located outside cities with population of more than one million Common infrastructure for industrial parks, SEZ, tourism facilities and agriculture markets Fertilizer (Capital investment) Post-harvest storage infrastructure for agricultural and horticultural produce including cold storage Hotels with project cost of more than Rs. 200 crores each in any place in India and of any star rating <sup>8</sup> Terminal markets Soil-testing laboratories; Cold Chain <sup>7</sup> Convention Centers with project cost of more than Rs.300 crore each <sup>8</sup>

#### Notes

1. *Includes Capital Dredging*
  2. *Includes supporting terminal infrastructure such as loading/unloading terminals, stations and buildings*
  3. *Includes strategic storage of crude oil*
  4. *Includes city gas distribution network*
  5. *Includes optic fibre / cable networks which provide broadband / internet*
  6. *Includes Medical Colleges, Para Medical Training Institutes and Diagnostics Centres*
  7. *Includes cold room facility for farm level pre-cooling, for preservation or storage of agriculture and allied produce, marine products and meat.*
  8. *Applicable with prospective effect from 29.11.2013; available for eligible projects for a period of 3 years; Eligible costs exclude cost of land & lease charges but include interest during construction.*
3. The IIFCL shall finance only commercially viable projects. Viable projects may also include those projects that will become viable after receiving viability gap funding under a government scheme. The above list of sectors will be kept in line with the clause 5.2 (c) related with Eligibility Criteria of Projects in Scheme for Infrastructure Financing through IIFCL (SIFTI) and its subsequent modifications, if any.
4. In order to be eligible for funding under the “Scheme for Financing Viable Infrastructure Projects through the India Infrastructure Finance Company Limited” (the Scheme), a project should meet the following criteria:
- (i) The project will be implemented (i.e., developed, financed, and operated for the project term) by:
    - (a) A public sector company
    - (b) A private sector company selected under a Private-Public Partnership (PPP) initiative
    - (c) A private sector company

- (ii) Provided that the Special Purpose Vehicle (SPV) will assign overriding priority to PPP projects that are implemented by private sector companies, selected through a competitive bidding process.
- (iii) Provided further that IIFCL can lend directly to projects set up by private companies subject to the following conditions:
  - (a) The service to be provided by the Infrastructure project is regulated, or the project is being set up under an MOU arrangement with the Central Government, any State Government or a PSU.
  - (b) The tenor of IIFCL lending should be larger than that of the longest tenor commercial debt by at least two years.
  - (c) Direct lending (including Subordinate Debt) plus the refinance business, if any, on account of this category of borrowers (private sector companies not selected through a competitive bidding process) should not exceed 20% of the total lending by IIFCL in any accounting year.

## 2. ENVIRONMENTAL AND SOCIAL SAFEGUARDS POLICY

5. The IIFCL finances medium to large-scale infrastructure projects. They could generate adverse environmental and social impacts. As an environmentally informed and socially responsible financial institution, IIFCL endeavours to avoid/minimize/mitigate adverse environmental and social impacts, if any, of the projects in its portfolio. For this purpose, IIFCL has an Environmental and Social Safeguards Policy (ESSP) and procedural framework to implement it.
6. The ESSP takes note of environmental and social Safeguards requirements of its financial partners and lenders including multilateral and bilateral development financial institutions (DFIs).
7. The ESSP is guided by IIFCL's vision to integrate environmental protection and social development into its mandate in a proactive manner in order to contribute towards sustainable development. To achieve a balance between developmental imperatives, and environmental sustainability and social well-being in its operations, IIFCL:
  - (i) Gives due consideration to environmental and social (E&S) considerations in examining the credit proposal and financing infrastructure projects in order to avoid, minimize, and mitigate environmental and social adverse impacts and risks, if any; and
  - (ii) to comply with applicable environmental and social policies, laws, and regulations of the Government of India (GOI) and states of India,
8. The ESSP is implemented as per the procedures outlined in the Environmental and Social Safeguards Framework (ESSF) of IIFCL.
9. The ESSF provides an enabling mechanism to IIFCL to meet environmental and social Safeguards requirements associated with projects that it finances.

### **3. ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK**

10. The objectives of ESSF are:
  - (i) To endeavor for minimizing/ mitigating adverse environmental and social impacts/risks;
  - (ii) To ensure that minimization or mitigation of environmental and social impacts and risks meet the requirements of laws and regulations of GOI and states, and responsive towards environmental and social safeguards requirements of DFIs;
  - (iii) To sensitize various stakeholders involved in Infrastructure development about safeguards issues, and in monitoring, reporting, and in undertaking corrective actions, if any;
  - (iv) To ensure that mechanisms are in place for Safeguards compliance during project implementation,;
11. The ESSF applies to projects financed by IIFCL for lending under various schemes, i.e. direct financing, takeout and refinancing under DFI's line of credit. Any incremental safeguards requirements due to DFIs involvement in project financing will be identified during due-diligence procedure and additional measures will be attempted to implement in agreement with project developer.
12. Under DFI's line of credit, Due-diligence will be done in form of ESDDR reflecting status of safeguards compliance for which different checklists/formats will be used as attached with ESSF in subsequent sections. These processes will remain active until IIFCL's exposure to the project is completed, thus integrating ESSF with project loan cycle.
13. The ESSF comprises of two sub-frameworks, namely, Environmental Safeguards Framework and Social Safeguards Framework. In the following sections, each framework is elaborated.

#### **3.1 Environmental Safeguards Framework**

14. The Environmental Safeguards Framework (ESF) is based on GOI's environmental laws, regulations and especially on EIA Procedures found in the EIA Notification, dated 14<sup>th</sup> September 2006 and various subsequent amendments time to time. The notification provides guidelines on screening projects, scoping their environmental impacts, obtaining environmental clearances, and environmental compliance monitoring during project construction and operation phases.
15. The GOI's screening criteria for infrastructure development projects do not entail obtaining environmental clearances for water supply and sewerage projects, solar energy, wind power, electrical transmission line, and telecommunication lines. As a result, such projects do not require an environmental impact assessment. The environmental safeguards policies of DFIs, however, require an environmental assessment for any physical

infrastructure project for assessing the likely environmental impacts. In such cases, the due diligence will be based on the site visit findings and technical / safeguards information as received from the developer.

16. As per GOI procedures, a project proponent conducts a public hearing before finalizing an EIA. The hearing is organized by the District Administration and State Pollution Control Board. The DFIs' environmental Safeguards policies require the engagement of all project stakeholders early in the project cycle (PC), namely, at the scoping stage of an EIA/IEE through consultation. In Indian scenario, infrastructure projects which do not require Environmental Clearance as per EIA Notification do not go through the mandatory public consultation process. However, efforts will be made to take feedback from project stakeholders at the time of site visit, whenever required.

### **3.1.1 The GOI's Environmental Policy and Regulatory Framework**

17. The key principles of environmental policy and regulatory framework of GOI that are incorporated in ESF are listed below. The GOI is constantly taking efforts to protect and improve the environment of the country. This fundamental responsibility of GOI is enshrined in Articles 48A and 51A (g) of the Indian Constitution found in 42nd amendment, adopted in January 1977. These articles provide that
  - (i) The state will protect and improve the environment and Safeguard forests and wildlife of the country (Article 48A), and
  - (ii) Every citizen is bound to protect and improve the natural environment and to have compassion for living creatures [Articles 51A (g)].
18. The Ministry of Environment, Forests and Climate Change (MoEF&CC) is the prime regulatory body of India for formulating environmental policies, laws and rules, and for issuing environmental clearance (EC) for any developmental project, as in the Schedule of the Environmental Impact Assessment (EIA) Notification, dated 14 September 2006 under the Environmental (Protection) Act, 1986.
19. The following are the key operational principles of GOI's Environmental Policy and Regulatory Framework which are incorporated in ESF.
  - (i) The EIA system is primarily concerned with assessing direct and indirect impacts of a project on the biophysical and human environment, and ensuring that these impacts are addressed by appropriate environmental protection and enhancement measures.
  - (ii) The EIA system supports project proponents in incorporating environmental considerations in project planning and in determining environmental impacts of their projects.
  - (iii) Project proponents are responsible for determining and disclosing all relevant information needed for a methodical assessment of environmental impacts of their proposed projects.

- (iv) Review of an EIA by Central Regulatory Authority/State Environmental Impact Assessment Authority (SEIAA) is guided by the following criteria:
  - (a) Environmental considerations are integrated into overall project planning; and
  - (b) The environmental impact assessment is sound, and the proposed environmental mitigation measures are effective.
- (v) Effective regulatory review of an EIA depends on timely, full, and accurate disclosure of relevant information in the EIA by project proponents to project stakeholders.
- (vi) Public consultation is a part of EIA and is assessed in considering EC application.

20. In order to achieve effective implementation of the above operational principles, GOI updated its EIA Notification in September 2006.

21. A detailed description of the EIA and EC system of GOI is presented in MoEF&CC website [www.envfor.nic.in](http://www.envfor.nic.in). The ESF of IIFCL incorporates specified requirements of the EIA Notification, 2006 & subsequent amendments. **Table 2** outlines the key elements considered in establishing equivalence between GOI environmental policy and regulatory framework and environment safeguards policies of DFIs.

**Table 2: Elements Considered in Assessing Equivalence between GOI's Environmental Policy and Regulatory Framework and DFIs Environmental Safeguards Policy Requirements**

Item	Particulars
Overview	<ul style="list-style-type: none"> <li>• Purpose of their application</li> <li>• Topic/scope</li> <li>• Projects requiring environmental assessment</li> <li>• Legal requirements/standards applied</li> <li>• General responsibilities</li> <li>• Timing</li> </ul>
Screening	<ul style="list-style-type: none"> <li>• Screening process</li> <li>• Screening tools</li> <li>• Categories</li> <li>• Overriding criterion for categorization</li> <li>• EA activities as a result of screening</li> <li>• Screening responsibilities</li> </ul>
Terms of Reference (TOR) for EA	<ul style="list-style-type: none"> <li>• Responsibilities for TOR preparation and review</li> <li>• Tools and method to be used</li> <li>• Standards applied</li> </ul>
EA documentation	<ul style="list-style-type: none"> <li>• Contents</li> <li>• Responsibilities for EA studies</li> <li>• Responsibilities for reviewing EA studies</li> <li>• Language in which EA studies are reported</li> </ul>
Impact mitigation	<ul style="list-style-type: none"> <li>• Principles of mitigation</li> <li>• Environmental Management Plan (EMP)</li> </ul>

Item	Particulars
Consultation and disclosure	<ul style="list-style-type: none"> <li>• Public consultation requirements</li> <li>• Information disclosure requirements</li> </ul>
Implementation and monitoring	<ul style="list-style-type: none"> <li>• Responsibilities for ensuring implementation of EMP</li> </ul>

EA = Environmental Assessment

22. Any incremental safeguard requirements due to DFIs involvement in project financing will be identified during due-diligence procedure and will be attempted in common agreement with project developer, IIFCL and DFI involved. Wherever DFI's funding assistance is involved, each project will also be screened against the Prohibited Investment Activities List (PIAL) of DFIs as well. A list of PIAL activities is given in **Annex E-1**.
23. The operational steps of ESF related to safeguards appraisal are given below.

### 3.1.2 Process for Conducting Safeguards Due-Diligence for Projects Under Direct Lending which are posed to DFI's Line of Credit

24. As IIFCL doesn't undertake the primary appraisal as per SIFTI, it enters late in project cycle when project's planning documents like EIA/EMP, SIA/RAP and land acquisition/compensation etc. would have been completed long ago. Assessment of safeguards related documents, clearances /approvals would be done according to those applicable laws under which these approvals have been taken at that time. The list of relevant documents and information required as part of the secondary appraisal is given in **Annex E-2**.
25. Upon receipt of the required documents, ESMU will check the project under direct lending and takeout finance for compliance with the quality checks applicable at various stages of project cycle. The steps to be followed shall include the following:
- (i) For categorizing any sub-project posed under DFI's line, ESF scheme of categorization (A/B/C) will be followed which is in line with DFI's categorization requirements.
  - (ii) Check environment compliance as per applicable laws and regulations and documentation checklist for preparation of Environmental Due-Diligence under Direct Lending is attached as **Annex E-3**. For category 'A' projects, DFI's safeguards policy require public disclosure of EIA document for 120 days prior approval. GoI's EIA notification makes provision that The Ministry of Environment and Forests & Climate Change shall promptly display the draft Environmental Impact Assessment report on its website, and also make the full draft EIA available for reference at a notified place during normal office hours in the Ministry office. EIA reports are already disclosed in government offices within whose jurisdiction the project will be located: (a) District Magistrate/s (b) Zila

Parishad or Municipal Corporation (c) District Industries Office (d) Concerned State Pollution Control Board Head Office and its Regional Office (e) Concerned Regional Office of the Ministry of Environment and Forests as per the public consultation procedure as specified in the EIA notification 2006, before issuing Environment Clearance to the project by MoEF&CC, this may be treated as 'in compliance' with public disclosure requirement of DFI's.

- (iii) In certain infrastructure sectors already discussed in para 15, where National and State Laws & regulations do not require an environmental assessment to be undertaken. In such cases, the due diligence will be based on the site visit findings and technical / safeguards information as received from the developer. For category A and B projects, an environmental specialist will visit project sites.

An outline of a due diligence report is suggested under **Annex E-4**.

**Table 3 : Environmental Safeguards Requirements**

<b>Category (Risk Rating)</b>	<b>Environmental Safeguards</b>
Category A (with potential significant impacts)	Comply with (i) National laws and regulations (ii) Implementation of Incremental Safeguards requirements of DFIs as per their Safeguards Policy, if any in agreement with project developer, IIFCL and concerned DFI
Category B (with less significant impacts)	Comply with applicable National Laws and Regulations
Category C (with minimal or no impact)	Comply with applicable National Laws and Regulations

### **3.1.3 Process for Conducting Safeguards Due-Diligence for Projects Under Take-Out Finance Scheme which are posed to DFI's Line of Credit**

26. Under Take-out Finance Scheme, IIFCL's engagement in any project takes place after completion of the construction phase of the project. The disbursement of "take-out" generally will take place around 1 year after the actual commercial operation date (COD) of the project, except in cases of PPP roads projects (annuity basis) and other sectors as approved by the Empowered Committee. In such cases, take-out can take place immediately after COD.
27. The following procedures will guide environmental Safeguards appraisal of any project which enters IIFCL's project life cycle after achieving COD:

28. As IIFCL's participation in Takeout Finance Scheme takes place only during the operation phase of a project, its role in environmental and social due diligence would be limited to ensuring safeguards compliance applicable to the post-COD phase. For takeout, the IIFCL will conduct an Environmental Due Diligence (EDD) study to assess any environmental safeguards related risks applicable during operation phase. The preparation of EDD will be based on the publicly available documents & discussions with the developer, and project stakeholders. The Environmental Due Diligence (EDD) Report will confirm (from information available in public domain and based upon documents made available by the O&M project team) that:
- The sub-project was in compliance with applicable National Environmental Laws;
  - No significant outstanding legal or legacy issues pending and no significant outstanding risks for either IIFCL or DFI involved;
  - Environmental management plans have been implemented during the construction phase of sub-projects as per national policies on safeguards.
29. The post-COD project Safeguards appraisal essentially follows a check list approach. The Environmental Specialists of IIFCL will review the project for compliance with the quality checks applicable at various stages of project development based upon available documents as provided by project developer. The checklist for information required for reviewing safeguards compliance and the implementation status in any takeout project is in **Annex E-5**.
30. Operational risks typically arise during project operations which could lead to further regulatory action such as corrective action plans or public protest. To mitigate such risks, IIFCL will request the project developer to seek regular operational phase reports and seek corrective measures by the project proponent in case of non-compliance of standards or adverse impact on population. Due to MFI's line of credit involvement in any sub-project, minimal incremental safeguards requirements will be attempted to implement by common agreement with project proponent, IIFCL and concerned DFI.

#### **3.1.4 Safeguards Compliance Monitoring and Reporting**

31. Projects financed by IIFCL are periodically monitored by LIE and reports are shared with IIFCL on periodic basis.

**Under DFI's line of credit**, the following procedures related to safeguards compliance monitoring & reporting will apply for projects refinanced under direct lending and takeout finance scheme:

- (i) As part of Periodic safeguards monitoring, site visit of the projects refinanced/ approved under various DFI's Line of Credit by ESMU staff will be conducted in respect of those projects only where critical/ pending issues are identified during the preparation of Environment & Social Due Diligence Report. For rest of the projects,

the need based annual audit will be conducted by the ESMU based on the safeguards compliance information received from project developers.

- (ii) The project proponent will submit periodic environmental monitoring report to IIFCL for various project activities for which scope of environment monitoring is suggested in **Annex E-6**.
- (iii) Based on the review of the Periodic Monitoring Reports (prepared and submitted by the project proponent) for category A and B projects and site visit observations, ESMU will prepare need based Periodic Environmental Performance Reports. Sample format used for ADB is enclosed as Annex E-7.

## **3.2 Social Safeguards Framework**

### **3.2.1 Objectives of Social Safeguards Framework (SSF)**

- 32. The key objective of SSF is to guide the borrowers on Safeguards policy issues while seeking loan assistance from IIFCL and in conducting subsequent monitoring of project implementation, reporting, undertaking corrective actions, if any. Development or expansion of infrastructure projects sometime tends to cause involuntary resettlement (IR) impacts on persons and communities including tribal people. Where tribal people are the project-affected persons, it is necessary to hold consultations for the project to proceed as per the national laws regulations and procedures.
- 33. Other key objectives of SSF are to endeavor that project-affected persons benefit from the proposed projects to the extent possible.
- 34. The IIFCL will take note of that IR impacts of any project submitted for financing are dealt with following the applicable GOI and state laws and regulations.
- 35. The SSF is based on the key principle that while planning and implementation of the project, following aspects related to involuntary resettlement are addressed by the borrower/ project proponent:
  - (i) Avoid/ minimize/ mitigate physical displacement and involuntary relocation, if feasible;
  - (ii) Explore alternatives to avoid/ minimize/ mitigate physical displacement and involuntary relocation and minimize involuntary relocation, if physical displacement is unavoidable;
  - (iii) Consult project-affected persons (PAPs) on land acquisition, compensation, relocation and income rehabilitation;
  - (iv) PAPs receive compensation, resettlement assistance and income rehabilitation support as per the applicable national policy;
  - (v) Compensation is paid prior to taking over the land and other assets;
  - (vi) Project information should be disseminated in a timely manner.

36. The SSF is based on the key principle that during planning and implementation of the project, aspects related to any impact on tribal people are addressed as per applicable GOI and State laws and regulations.

### **3.2.2 Social Safeguards Compliance Review and Social Safeguard Due Diligence Process**

37. The operational steps for safeguard appraisal and due diligence study is given below:

#### **3.2.2.1 Process of Conducting Safeguard Due-Diligence for projects under Direct Lending which are posed to DFI's Line of Credit**

38. As IIFCL doesn't undertake the primary appraisal as per SIFTI, it enters late in project cycle when project's planning documents like EIA/EMP, SIA/RAP and land acquisition/compensation etc. would have been completed long ago by the Concessioneing Authorities prior to the involvement to ESMU. Assessment of safeguards related documents, clearances /approvals would be done according to those applicable laws under which these approvals have been taken at that time. The list of relevant documents and information required as part of the secondary appraisal is given in **Annex S-1**.
39. The ESMU begins the Social Due Diligence Study after the receipt of relevant social safeguard documents and information from lead bank/lead syndicator/borrower/project proponent. The list of relevant documents and information required as part of the social safeguard due diligence study is given in **Annex S-2**. Upon receipt of the required documents, ESMU will check the project for social safeguard compliance applicable at various stages. The steps to be followed:
- Screen proposed subprojects for involuntary resettlement impacts and impacts on tribal peoples.
  - Review Resettlement Plan (RP) and/or Tribal Development Plan (TDP) against the applicable national policies for involuntary resettlement and tribal peoples safeguard.
  - In the cases where minimal social safeguard incremental requirements are identified, IIFCL will attempt to implement the additional safeguards requirements in common agreement with project developer, IIFCL and DFI involved.
40. The level of due diligence will vary according to nature and magnitude of safeguards impacts of sub-projects under review. If there are very few impacts, such as for road strengthening, solar or transmission sub-projects, then the level of due diligence will be proportionately simpler. In some cases/ sectors where GoI guidelines do not require preparation of Social Impact Assessment (SIA) Report or Resettlement Action Plan (RAP) in such cases ESDDR will be prepared based on the site visit findings and the safeguards information as received from the developer. An outline of a Social Due Diligence Report is given in **Annex S-3**.

41. It is expected that the project proponent would provide all requested information to the IIFCL and should be able to demonstrate adequate responsiveness with regard to the applicable social safeguards requirements. The due diligence report will be prepared based on the desk review of the social safeguard documents as made available by the borrower, site visit by the social safeguard specialist of IIFCL and information available on public domain. The due diligence report will be shared with the project proponent and also with the DFIs in case of their involvement in refinancing the project.

### **3.2.2.2 Process of Conducting Safeguard Due Diligence for projects under Take-Out Financing Scheme which are posed to DFI's Line of Credit**

42. Under the take-out finance scheme, IIFCL's participation in a project will take place after the completion of project's construction phase. The disbursement of "take-out" generally will take place around 1 year after the actual commercial operation date (COD) of the project except in cases of PPP roads projects (annuity basis) and projects that may receive the approval of the Empowered Committee. In such cases, the "take-out" can take place immediately after COD.
43. As assistance under TFS is sanctioned only after minimum of one year after the start of the commercial operation date (COD), it is expected that safeguard issues as per applicable state, national guidelines/regulations would have been addressed by then. For takeout, the IIFCL will conduct a Social Due Diligence (SDD) study to assess any social related risks applicable during operation phase. The preparation of SDD will be based on the publicly available documents, discussions with the developer and project stakeholders and site visit. The indicative checklist for information required related with safeguards compliance and implementation status of a project is attached at **Annex S-4**.
44. The Social Due Diligence (SDD) Report will confirm (from information available in public domain and based upon documents made available by the O&M project team) that:
  - The sub-project was in compliance with applicable National Social Policies;
  - No significant outstanding legal or legacy issues pending related to land acquisition and compensation;
  - Social plans have been implemented during the construction phase of sub-projects as per national policies on safeguards;

### **3.2.3 Monitoring and Reporting**

45. Projects financed by IIFCL are periodically monitored by Lenders' Independent Engineer and LIE reports are shared with IIFCL on periodic basis.
46. Approved project under DFI's line of credit, will be evaluated for its social Safeguards compliance performance periodically as may be agreed upon with the DFIs, or as and when required. The project proponent will submit periodic Social Safeguards Monitoring

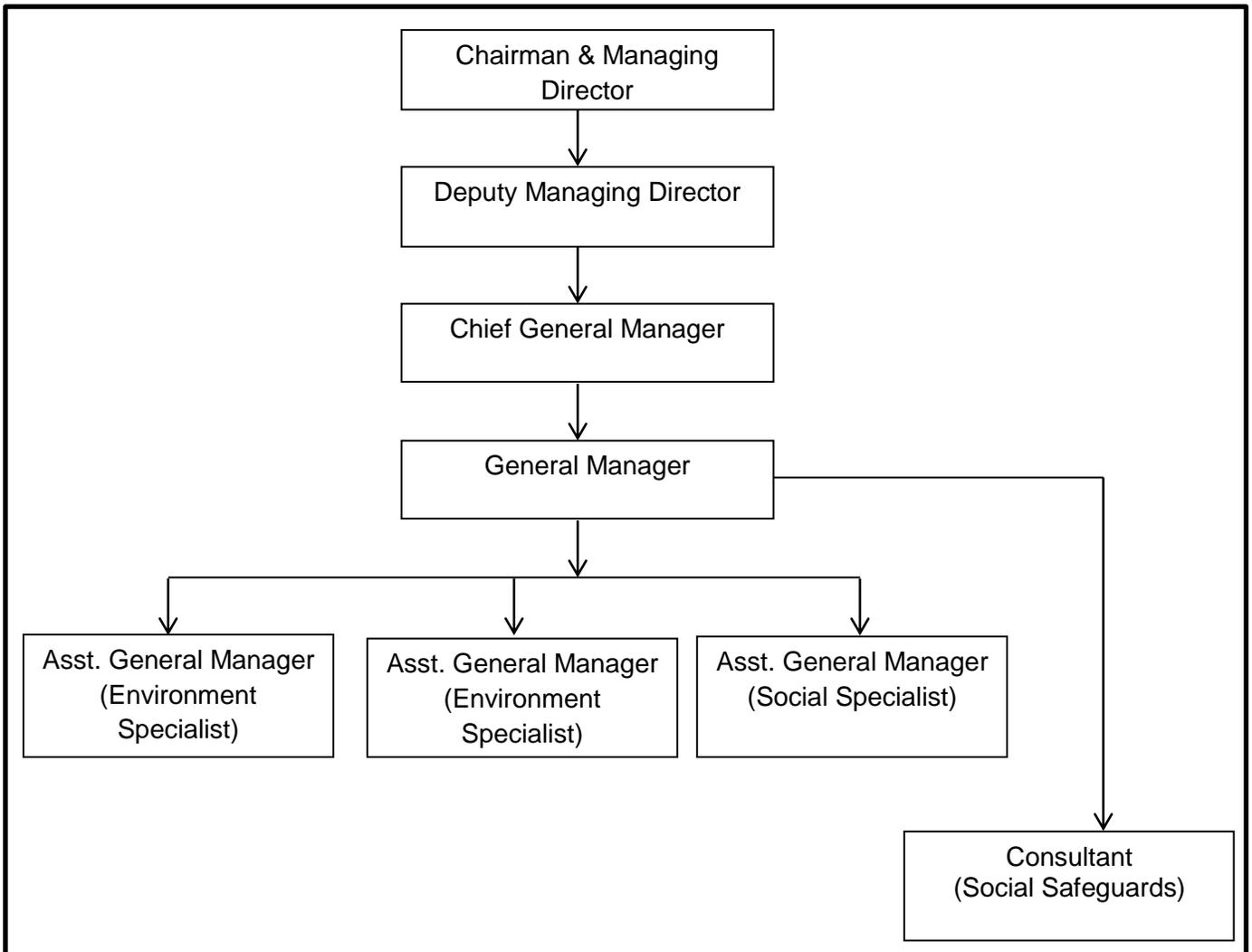
report to IIFCL for various project activities for which scope of social monitoring is suggested in **Annex S-5**.

47. Based on the review of the periodic monitoring reports for the projects (prepared and submitted by the project proponent) and site visit observation, ESMU will prepare need based periodic environmental and social performance report. Sample format used for ADB is enclosed as **Annex E-7**.

#### 4. INSTITUTIONAL SETUP OF ESMU AT INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED (IIFCL)

48. ESMU was set up at IIFCL in the year 2010 to operationalize ESSF and to take charge of ensuring compliance of safeguards requirements of projects. **Figure 1** shows the ESMU's organization structure.

**Figure 1 : ESMU's Organogram**



49. The ESMU is headed/ coordinated by a full-time staff of IIFCL and currently two full-time environmental safeguards specialists and one full-time social safeguards specialist and one social safeguards consultant are engaged. This set-up would be strengthened in future based on need.

#### **4.1 Capacity Development for Safeguards Compliance**

50. The IIFCL's ESMU will receive capacity building training in (i) screening prospective subprojects for Environmental Impacts and IR & tribal impacts,(ii) regulatory requirements related to environment, occupational health & safety, labour, social security/ welfare, land, tribal and related issues,(iii) Safeguards Policy requirements of various DFI's (iv) Internationally accepted best practices for safeguards management in Infrastructure Sector (iv) plan preparation and appraisal, (v) plan monitoring, and (vi) reporting.

#### **4.2 Environment and Social Safeguards Framework Update**

51. The IIFCL maintains ESSF on its website
52. The IIFCL periodically reviews and updates ESSF. The need to revise and update ESSF arises from the need to consolidate vast experience accumulated by applying ESSF to a variety of projects and significant changes in GOI environmental policy and regulatory framework from time to time. The revision and update of ESSF will be the responsibility of ESMU.

## **ANNEXES TO ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK**

1. List of Annexes Pertaining to Environmental Safeguards Framework (**Annex E-1 to E-7**)
2. List of Annexes Pertaining to Social Safeguards Framework (**Annex S-1 to S-5**)

## LIST OF ANNEXES PERTAINING TO ESF (ANNEX E-1 TO E-6)

Annex No.	Title of the Annex	Remarks
Annex E-1	Prohibited Investment Activities List of the DFIs.	Provides the list of various prohibited investment activities of the DFIs.
Annex E-2	Checklists of Documents that should be Submitted by Lead Banks/Sub-borrowers (SPVs) to IIFCL for Loan Application.	Provides checklist of documents that need to be submitted by the lead banks / sub-borrowers to IIFCL to facilitate environmental due-diligence on the project.
Annex E-3	Checklist of Documentation Required For Preparation of EDDR Under Direct Lending Scheme.	Provides checklist of documents that need to be submitted by the sub-borrowers to IIFCL to facilitate environmental safeguards due-diligence of the project in pre-construction/construction phase.
Annex E-4	Suggested Outline of Environmental Due Diligence Report for Subprojects.	Provides outline for environmental DDRs for subprojects.
Annex E-5	Checklist of Documentation Required For Preparation of EDDR Under Takeout Finance Scheme.	Provides checklist of documents that need to be submitted by the sub-borrowers to IIFCL to facilitate environmental safeguards due-diligence of the project in Operation & maintenance phase.
Annex E-6	Suggested Checklist for Periodic Environmental Monitoring Report for Subprojects to be submitted by Borrowers.	Provides scope for periodic environmental monitoring report for subprojects to be submitted by project proponent.
Annex E-7	Outline for Periodic Environmental and Social Performance Report for Subprojects.	Provides for outline for periodic environmental and social performance report for subprojects.

## ANNEX E-1: PROHIBITED INVESTMENT ACTIVITIES LIST OF THE DEVELOPMENT FINANCIAL INSTITUTIONS

The following investment activities do not qualify for financing from DFIs (see footnote below)<sup>1</sup>:

- (i) production or activities involving harmful or exploitative forms of forced labor<sup>2</sup> or child labor;<sup>3</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 phase outs or bans, such as (a) pharmaceuticals,<sup>4</sup> pesticides, and herbicides,<sup>5</sup> (b) ozone-depleting substances,<sup>6</sup> (c) polychlorinated biphenyls<sup>7</sup> and other hazardous chemicals,<sup>8</sup> (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,<sup>9</sup> and (e) transboundary trade in waste or waste products;<sup>10</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>11</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>12</sup> including nuclear reactors and components thereof;
- (viii) production of, trade in, or use of unbounded asbestos fibers;<sup>13</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.

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<sup>1</sup> The prohibited investment activities listed here pertains to Asian Development Bank. Other DFIs may have their own list.

<sup>2</sup> Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

<sup>3</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>4</sup> A list of pharmaceutical products subject to phase outs or bans is available at <http://www.who.int>.

<sup>5</sup> A list of pesticides and herbicides subject to phase outs or bans is available at <http://www.pic.int>.

<sup>6</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 phase out dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

<sup>7</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>8</sup> A list of hazardous chemicals is available at <http://www.pic.int>.

<sup>9</sup> A list is available at <http://www.cites.org>.

<sup>10</sup> As defined by the Basel Convention; see <http://www.basel.int>.

<sup>11</sup> This does not apply to investee companies who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a investee company's primary operations.

<sup>12</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>13</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

**ANNEX E-2: CHECKLISTS OF ENVIRONMENT SAFEGUARDS DOCUMENTS THAT SHOULD BE SUBMITTED BY LEAD BANKS/SUB-BORROWERS (SPECIAL PURPOSE VEHICLES) TO IIFCL FOR LOAN APPLICATION**

**I. Key Approvals/Consents**

- (i) Letter of Application made, Status and Approval letter (attached with applicable conditions) from the Ministry of Environment, Forests & Climate Change (MOEF&CC)/State Department of Environment for Environmental Clearance.
- (ii) Letter of Application made, Status and Approval letter (attached with applicable conditions) from the Ministry of Environment, Forests & Climate Change (MOEF&CC)/State Department of Environment/State Coastal Regulation Zone Authority for Clearance on Coastal Regulation Zone (CRZ).
- (iii) Letter of Application made, Status and Approval letter (attached with applicable conditions) from the Ministry of Environment, Forests & Climate Change (MOEF&CC)/State Department of Forests for Forest Clearance.
- (iv) Letter of Application made. Status and Approval letter (attached with applicable conditions) for Consent to Establish (CTE) and Consent to Operate (CTO) from concerned State/UT Pollution Control Board(s).

**II. Key Documentation**

- (i) EIA report with Executive Summary, Environmental Management Plan, Disaster Management Plan, with statement of budgets that have been estimated and committed.
- (ii) Record of Public Hearing (actual conduct as well as written comments received) with a statement that summarizes suggestions incorporated in the Environmental Management Plan (EMP) as a result of public hearing.
- (iii) For projects already under implementation, Status on implementation of EMP, budget spent out of allocated, institutional arrangements for monitoring and review, records on environmental monitoring.
- (iv) Enviro-legal statement on the project that states whether the project is under any legal proceedings e.g. by State/Central Government or suffering from Public Interest Litigation (PIL).

**ANNEX E-3: CHECKLIST OF DOCUMENTATION REQUIRED FOR PREPARATION OF ENVIRONMENT SAFEGUARDS DUE DILIGENCE REPORT (EDDR) UNDER DIRECT LENDING SCHEME**

**Environment Safeguards related information required:**

1. Confirmed copy of the contracts awarded to the concessionaires / SPV and any amendments or Agreements signed with purchasers of the SPV as applicable.
2. EPC Contract Document
3. Environmental Impact Assessment(EIA) and Environmental Management Plan (EMP) reports/ ESIA Study/ Initial Environmental Examination Study Report
4. Copy of various clearances like (Environmental Clearance, forest clearance and NOC) from various authorities like MoEF&CC, SPCB, other state level regulatory authorities etc. ,as applicable
5. Implementation status of various clearance conditions and Implementation status of EMP as agreed in EIA report;
6. Any Implementable EMP adopted by EPC Contractor or Concessionaire during construction stage for project site
7. HSE Manual/Plan and Road & Traffic Safety Manual prepared for the project(specifically for road sector projects), if any
8. Copy of Latest Environmental Quality monitoring report and six monthly compliance report as submitted to MoEF&CC, as applicable.
9. Copies of various safeguards compliance monitoring reports submitted to regulatory Authority,as applicable
10. Institutional arrangement (Project Site Organogram) in place for implementation and monitoring of EMP;
11. Annual EMP Budget and its expenditure status
12. Details of Public Hearing Proceedings(Minutes of public hearing and newspaper cuttings of public hearing notification)/ Public Consultation as applicable
13. Disaster Management Plan (DMP) ,as applicable
14. Onsite and offsite Emergency Preparedness Plan, as applicable
15. Grievance Redressal mechanism and Institutional arrangement made for the project for dealing with Environmental safeguards issues.
16. Details of Environmental safeguards related awareness activities conducted for various stakeholders, if any
17. Monthly reports for accident/ incident data and remedial measures taken to reduce the recurrence of accidents in project stretch;
18. Detailed Project Report (DPR)
19. Any other Miscellaneous study done for project regarding Environmental safeguards Aspects

## **ANNEX E-4: SUGGESTED OUTLINE OF ENVIRONMENTAL DUE DILIGENCE REPORT FOR SUBPROJECTS**

### **I. Introduction**

1. Investment description: investment title, type of investment, location and setting, amount, size (production capacity, number of staff, etc.)
2. Environmental categorization and rationale
3. Applicable Environmental Requirements. See Section II B of [Name of Fund]'s ESMS

### **II. Scope of Review and Methodology**

1. Documents reviewed (e.g., environmental assessment reports, Environmental Management Plans, or environmental compliance audit reports, copies of permits/licenses)
2. Methodology adopted (site visit, inspection report, etc.)

### **III. Compliance and liability (by relevant Safeguards requirements applicable for the specific investment, examine environmental issues and compliance)**

1. Examine issues in terms of environmental, impacts, mitigation measures to address these issues (or corrective action plan for existing facilities) and compliance status with applicable ADB environmental Safeguards requirements and national laws, regulations, and standards:
  - (i) Environmental Safeguards
    - appropriate identification of major anticipated environmental impacts and risks
    - adequacy of environmental assessment (for category A investments, including the adequacy of alternative analysis)
    - compliance status with applicable requirements on (a) information disclosure, (b) consultation with affected persons and other stakeholders, (c) occupational and community health and safety, biodiversity conservation and sustainable natural resource management, and physical cultural resources
    - adequacy of mitigation measures and EMP (mitigation measures, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any
  - (ii) Adequacy of grievance redress mechanism arrangements
2. Recommend mitigation measures, or corrective action plans, if gaps are identified
3. For existing facilities including investments under construction, examine whether the

investee company paid pollution charges or fines/penalties for non-compliance in the last two years in accordance with national laws, whether the investee 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, and state further actions required/planned by the investee, 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 investee company's environmental performance.

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

#### **IV. Conclusion and Recommendations**

**ANNEX E-5: CHECKLIST OF DOCUMENTATION REQUIRED FOR PREPARATION OF ENVIRONMENT SAFEGUARDS DUE DILIGENCE REPORT UNDER TAKEOUT FINANCE SCHEME**

**A. Environmental Safeguards Related Requirement**

1. Environment Safeguards related documents required for any post-COD project are as follows (if available):
  - (i) copy of EIA-EMP report/ESIA Study/ IEE Study Report
  - (ii) copy of various clearances like (environmental clearance, forest clearance, CRZ clearance, wildlife clearance, if applicable, tree cutting permission and NOC) from various authorities like MoEF&CC, SPCB, other state level regulatory authorities etc. or status of applicable permits taken during pre-construction, construction and operation phase
  - (iii) details of public hearing proceedings (minutes of public hearing and newspaper cuttings of public hearing notification)/Public Consultation
  - (iv) six monthly compliance reports submitted to MoEF&CC for compliance of EC letter conditions
2. Status of post-construction phase activities:
  - (i) number of tree felling due to project, compensatory afforestation status, any gap or improvement
  - (ii) rehabilitation of borrow areas, as applicable
  - (iii) soil erosion control measures, embankment protection measures
  - (iv) redevelopment of quarry areas, , as applicable
  - (v) restoration of camp sites and plant sites
  - (vi) any enhancement of community assets
  - (vii) provision of any facility out of public demand
3. Safeguards compliance status during operation phase activities:
  - (i) compliance status of environment management plan during operation phase
  - (ii) Environmental Quality Monitoring Reports during operation phase
  - (iii) Institutional arrangement in place for implementation and monitoring of EMP;
  - (iv) Copy of operation and maintenance agreement
  - (v) Emergency Preparedness and Response Plan during Operation Phase/ Disaster Management Plan
  - (vi) Annual EMP Budget and its expenditure Status
  - (vii) Green Belt/Plantation Maintenance measures
  - (viii) Impact on sensitive receptors
  - (ix) Adequate Traffic Management Measures (in case of road projects)
  - (x) Accident/Incident data report along with remedial measures
  - (xi) Health and Work Safety measures
  - (xii) Community severance issues, if any

**ANNEX E-6: SUGGESTED CHECKLIST FOR PERIODIC ENVIRONMENTAL MONITORING REPORT FOR SUBPROJECTS TO BE SUBMITTED BY BORROWERS:**

- 1) all statutory approvals like environmental clearances /consents etc. are obtained as required for the project, and renewed as the case may be; also ensure that continued compliance is being done by the facility owner and the civil works contractors with the prevailing environmental regulations as per terms and conditions stipulated in statutory environmental clearances /approvals /consents etc.;
- 2) copies of all applicable statutory environmental clearances / approvals/consents which have been obtained for the project and valid during the reporting period of calendar year)-(please note that copies of consents/approvals/clearances were obtained at the time of Due-diligence report preparation also but as some of the consents must have got expired for above mentioned reporting period so please provide the latest copies.);
- 3) latest compliance status of EMP implementation at project site as defined in EMP Matrix of EIA/EMP report prepared for the project including EMP Budget has been incurred during the reporting period of calendar year;
- 4) copies of six monthly compliance reports submitted with MoEF&CC (in the calendar year) w.r.t. conditions stipulated in Environment Clearance letter obtained for the project and annual Environmental Audit Report submitted to SPCB;
- 5) scope of work for environmental quality monitoring to understand the criteria for sampling frequency & site selection and copies of environmental quality monitoring reports for the calendar year;
- 6) monthly reports for accident/ incident for the calendar year and remedial measures taken to reduce the recurrence of accidents in project stretch;
- 7) details of major complaints received from affected people w.r.t. Environment Safeguards and provide the measures taken to resolve these complaints;
- 8) Details of any special efforts taken by project developer or project facility provided (like underpasses, service road etc.)/Safety features/facilities due to public demand and CSR activities undertaken;
- 9) Any special measures/good practices adopted for environment safeguard, e.g. use of fly ash, tree transplantation, muck utilization etc.
- 10) Project Organogram (Institutional Mechanism) for HSE Activities and details of monitoring & reporting mechanism for EMP implementation at Concessionaire & EPC Contractor level;

- 11) Details of rehabilitation measures for Quarry and Borrow area Management, as applicable;
- 12) Details of overall traffic and road safety measures implemented in project road, as applicable;
- 13) Details of activities conducted by project developer related with Environmental awareness/ Environmental training programmes including safety awareness programmes conducted for own employees/or general public;
- 14) Copies of all the Lender's Independent Engineer reports generated for the project during the calendar year.

**ANNEX E-7: OUTLINE FOR A PERIODIC ENVIRONMENTAL AND SOCIAL PERFORMANCE REPORT FOR SUBPROJECTS (INDICATIVE FORMAT)**

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. IIFCL is required to submit the periodic performance report to DFIs (see footnote below)<sup>1</sup>. This format is only for guidance and could be improved.

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

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

<b>Policies &amp; Processes</b>	<b>Yes/No</b>	
Has your organization developed and implemented an ESMS?		If yes, please attach a copy of the ESMS to this report. Please indicate the date that the ESMS was established.
If there is an ESMS already in place, have there been any updates to the ESMS or policy and procedures adopted by your organization during the reporting period?		If yes, please provide a copy of the updates including dates and reasons for the same.
Has senior management signed off on the updated policy/procedure?		If yes, please provide the date and internal communication indicating the same.
Has your organization appointed staff tasked to implement the ESMS?		IF yes, please provide information on number of staff and qualification (experience and education background) to implment the ESMS.
Please give details of any transactions rejected due to environmetnal 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 clients and their investments are		

<sup>1</sup> Reporting requirements outlined here pertained to ADB. Other DFIs also have similar requirements.

operated in compliance with the national laws and regulations and applicable DFI's Safeguards 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 beining implemented by your organization?		Please provide information or cite recommendation made by DFI'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 senior staff who has the overall responsibility for the implementation of ESMS.		Please describe the training or learning activities the Environmental/Social Officer or Coordinator attended during the year.
Please provide current staffing of other core ESMS persons in the organization involved with ESMS implementation.		Please describe the training provided to the ESMS persons and other team members during the year.
What was the budget allocated to the ESMS and its implementation during the year?		Please provide budget details including staff costs and training as well as any actual costs.
<b>Monitoring</b>		
Do you receive environmental and social monitoring reports from Lead Banks/Borrowers?		If yes, please describe and provide supporting documents including any social and environmental considerations if applicable.
Do you check for ongoing compliance of your clients with national regulation and any other requirements?		If yes, please describe the process including any social and environmental considerations if applicable.
Please describe how you monitor the clients and their invesetments' 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 IIFCL to the client as a result of any non-compliance		
<b>Reporting</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 Annual Report - Sustainability reports		If yes, please provide copies of these reports.

<b>Activities on DFI's Prohibited Investment Activities List</b>	
If any, please indicate the dollar percentage of loans or investments out of your total outstanding exposure provided to clients who are substantially involved in DFI's Prohibited Investment Activities List (Refer to Annex 1).	_____ %
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	

**C. Subprojects Using DFI Funds**

Please provide information about all new investments using DFI funds approved during this reporting period.

Name of Subproject:	
Location:	
Sector:	
Total loan from IIFCL/DFI (US\$ mn):	

Safeguards category:	Environment: Involuntary Resettlement: Indigenous People:
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 Safeguards documents, and field visit, and by whom.
Any environmental assessment report (including environmental management plan), involuntary resettlement plan, or indigenous people 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 people 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 Lead Bank the applicable environmental and social Safeguards requirements and their implementation?	
For category A subproject, 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 investment comply with applicable government requirements?	
Does the investment comply with applicable DFI Safeguards requirements?	

**LIST OF SOCIAL ANNEXES PERTAINING TO SOCIAL SAFEGUARDS FRAMEWORK  
(ANNEX S-1 TO S-5)**

<b>Annex No.</b>	<b>Title of the Annex</b>	<b>Remarks</b>
<b>Annex S-1</b>	Checklists of documents submitted By lead banks / sub borrowers (SPVs) to IIFCL for loan application.	Provides checklist of documents that need to be submitted by the lead banks / sub borrowers to IIFCL to facilitate social due-diligence on the project.
<b>Annex S-2</b>	Checklist of Documentation Required For Preparation of SDDR Under Direct Lending Scheme.	Provides checklist of documents that need to be submitted by the sub-borrowers to IIFCL to facilitate social safeguards due-diligence of the project in pre-construction/construction phase.
<b>Annex S-3</b>	Suggested Outline of Social Due Diligence Report for Subprojects.	Provides outline for Social DDRs for subprojects.
<b>Annex S-4</b>	Checklist of Documentation required for preparation of Social Due Diligence Report under Take out Finance Scheme.	Provides checklist of documents that need to be submitted by the sub-borrowers to IIFCL to facilitate environmental and social due-diligence on the project.
<b>Annex S-5</b>	Suggested checklist for a Periodic Social Monitoring Report for Subprojects.	Provides scope for an annual social monitoring report for subprojects.

DDR = due diligence report, DFIs = Development Financial Institutions, SSF = Social Safeguards Framework, IIFCL = India Infrastructure Finance Company Limited, IP = indigenous people, IR = involuntary resettlement, SPV = special purpose vehicle, TOR = terms of reference

**ANNEX S-1: CHECKLISTS OF DOCUMENTS SUBMITTED  
BY LEAD BANKS / SUB BORROWERS (SPVs) TO IIFCL FOR LOAN APPLICATION**

**III. Key Approvals/Consents/Notification**

- (i) Gazette Notification/3D Notification relating to Land Acquisition, approvals/consents/permissions/MOU from the Government/Concessioneing Authority on behalf of the project proponent for the intention to land acquisition for public purpose. Right of Way (RoW) Hand Over letter from the Concessioneing Authority.

**IV. Key Documentation**

- (ii) RAP/SIA/TDP report
- (iii) Status of land acquisition
- (iv) Employment Generated for the local people/ project affected people. CSR policy of the Project Authority, if any, as well as CSR activity adopted for the PAP and the project affected area.
- (v) Notice/Record/Minutes of Public Hearing/ public consultation with a statement that summarizes suggestions incorporated in the RAP/EIA as a result of public hearing/ public consultation.
- (vi) Any pending litigation-legal statement on the project that states whether the project is under any legal proceedings e.g. by State/Central Government or suffering from Public Interest Litigation (PIL).
- (vii) Grievances Redressal Mechanism by the project authority.

## **ANNEX S 2: CHECKLIST OF DOCUMENTATION REQUIRED FOR PREPARATION OF SDDR UNDER DIRECT LENDING SCHEME**

1. Copy of Resettlement Action Plan (RAP)/ Social Impact Assessment report (SIA)/ Tribal Development Plan (TDP)
2. **Land details:** Details of permission taken from the Competent Authority regarding the land acquisition. Land acquisition status, type of affected land and land acquisition procedure. Copy of newspaper advertisement related to land acquisition, Gazette notifications, RoW Hand over and the official letter for no objection received from landholders, if any. Procedure for finalising the land rates and payment.
3. Details of affected landholders and any impact on Schedule Tribe (ST) family. Whether any additional assistance given to the affected ST families, please advise.
4. Steps taken to minimise the land acquisition.
5. Details of the public consultations.
6. Details and procedure of crop compensation paid for the affected landholders for the project, if applicable.
7. Details of any pending litigation cases.
8. Grievance Redressal Mechanism followed for the project and the institutional arrangement made for the project to address the grievances. Details of grievances received from the local people and the status of their addressal.
9. Details of various income restoration measures adopted by the concessionaire.
10. Details of CSR/Community Development Activities undertaken in the project affected area by the concessionaire.

## **ANNEX S-3: SUGGESTED OUTLINE OF SOCIAL DUE DILIGENCE REPORT FOR SUBPROJECTS**

### **(A) Introduction**

1. Investment description: investment title, type of investment, location and setting, amount, size (production capacity, number of staff)
2. Applicable Social Requirements. (Policies applicable for SIA/RAP/TDP)

### **(B) Scope of Review and Methodology**

1. Documents reviewed (e.g. Resettlement Action Plan, Tribal Development Plan , or social Compliance Audit Reports, copies of gazette notifications)
2. Méthodologies used (Site visit, inspection report, etc.)

### **(C) Compliance and liability (by relevant Safeguards requirements applicable for the specific investment, examine social issues and compliance)**

1. Examine issues in terms of Social concerns, involuntary resettlement and Tribal people impacts, mitigation measures adopted to address these issues (or corrective action plan for existing facilities) and compliance status with national/state laws, regulations, and standards:

#### **(i) Social Safeguards**

- appropriate identification of major anticipated Social impacts and risks;
- compliance status with applicable requirements on (i) information disclosure, (ii) consultation with affected persons and other stakeholders, (iii) occupational and community health and safety, employment generation and sustainable livelihood generation management, and common property resources;
- mitigation measures adopted to address the social impacts, monitoring and reporting, institutional arrangement).

#### **(ii) Involuntary Resettlement Safeguards**

- appropriate identification of major anticipated involuntary resettlement impacts and risks;
- assessment of social impacts, information disclosure and consultation with affected persons and other stakeholders;

#### **(iii) Tribal People Safeguards**

- appropriate identification of significant anticipated impacts on

Indigenous/tribal People

- information on disclosure and meaningful consultation with affected people
- measures to avoid adverse impacts

(iv) Grievance redress mechanism arrangements

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

**(D) Conclusion and Recommendations**

**ANNEX S-4: CHECKLIST OF DOCUMENTATION REQUIRED FOR PREPARATION OF  
SDDR UNDER TAKEOUT FINANCE SCHEME**

**(A) Documents required:**

Copies of :-

1. Social impact Assessment
2. Resettlement Action Plan/Resettlement Plan
3. Tribal Development Plan, if applicable

**(B) Following details are also required:**

1. Pending litigation regarding land acquisition and tribal people affected due to project;
2. Compensation related pending issues;
3. Physical displacement of people;
4. Local Employment generated during construction as well as operation phase;
5. Grievances pending and grievance redressal mechanism;
6. Details of any special effort taken by project developer or project facility provided (like underpasses, service road etc.) due to public demand ;
7. CSR activities undertaken.

## **ANNEX S-5: SUGGESTED CHECKLIST FOR AN ANNUAL SOCIAL MONITORING REPORT FOR SUBPROJECTS**

1. Please advise whether the Resettlement Plan was revised following detailed design and detailed measurement survey? If Resettlement Plan was disclosed to the affected persons?
2. Whether compensation rates for the loss of assets (land, house etc.) been disclosed to the affected people;
3. Any pending litigation cases relating to land acquisition, compensation, etc.;
4. Details of the public consultation conducted with the PAPs in the project area. Also provide the details of the issues discussed during these meetings and the mitigation measures adopted;
5. Land acquisition status;
6. Details of relocation sites, if any, for the affected families;
7. Income generation measures adopted for the affected people (like details of local labour employed for various skilled, semi-skilled and unskilled activities etc.);
8. Details of the CSR activities undertaken by the developer;
9. Details of Grievance Redressal Mechanism followed for the project to address the issues raised by the local people;
10. Is there any external monitor to monitor the social safeguards of the subproject? Has the expert regularly monitor safeguard compliance? Please also mention the reporting frequency.

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