# ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK (ESSF)

**(Updated in May 2022*)***

India Infrastructure Finance Company Ltd.
A Govt. of India Enterprise
An ISO 9001:2015 Certified Company

**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 |
| EIB | - | European Investment Bank |
| EMP | - | Environment Management Plan |
| EPC | - | Engineering, Procurement, Construction |
| ESSF | - | Environment and Social Safeguards Framework |
| ESF | - | Environmental Safeguards Framework |
| ESIA | - | Environmental and Social Impact Assessment |
| 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 |
| JICA | - | Japan International Cooperation Agency |
| KfW | - | Kreditanstalt für Wiederaufbau |
| LIE | - | Lender's Independent Engineer |
| 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 Partnership |
| RAP | - | Resettlement Action Plan |
| RP | - | Resettlement Plan |
| SEIAA | - | State/Union Territory Environment 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 |
| WB | - | World Bank |

## 1. INTRODUCTION

1. The India Infrastructure Finance Company Limited (IIFCL) was incorporated on 5th 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 , public financial institutions and Infrastructure focused FIs for loans granted by them;
(iii) Take-out financing;
(iv) Subordinate debt;
(v) Credit enhancement;
(vi) Any other mode as permitted by the Reserve Bank of India under any specific scheme applicable to NBFC-IFCs; and
(vii) Any other mode under a scheme/mechanism approved by the Central Government from time to time.

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

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

| S.No. | Sector | Subsector |
|---|---|---|
| 1. | Transport and Logistics | Roads and bridges<br>Ports[1]<br>Shipyards[2]<br>Inland waterways<br>Airport<br>Railway track including electrical & signalling system, tunnels, viaducts, bridges<br>Railway rolling stock along with workshop and associated maintenance facilities<br>Railway terminal infrastructure including stations and adjoining commercial infrastructure<br>Urban public transport (except rolling stock in case of urban road transport)<br>Logistics infrastructure[3]<br>Bulk material transportation pipelines[4] |
| 2. | Energy | Electricity generation<br>Electricity transmission<br>Electricity distribution<br>Oil/gas/liquefied natural Gas (LNG) storage facility[5] |

| S.No. | Sector | Subsector |
|---|---|---|
| 3. | Water and Sanitation | Solid waste management<br>Water treatment plants<br>Sewage collection, treatment and disposal system<br>Irrigation (dams, channels, embankments etc.)<br>Storm water drainage system |
| 4. | Communication | Telecommunication (fixed network)[6]<br>Telecommunication towers<br>Telecommunication & Telecom Services |
| 5. | Social and commercial infrastructure | Education institutions (capital stock)<br>Sports Infrastructure[7]<br>Hospitals (capital stock)[8]<br>Tourism Infrastructure viz. (i)Three-star or higher category classified hotels located outside cities with population of more than one million,(ii)Ropeways and Cable Cars<br>Common infrastructure for industrial parks and other parks with Industrial activity such as Food Parks, Textile Parks, Special Economic Zones, Tourism Facilities and Agricultural Markets<br>Post-harvest storage infrastructure for agricultural and horticultural produce including cold storage<br>Terminal markets<br>Soil-testing laboratories;<br>Cold Chain[9]<br>Affordable Housing[10]<br>Affordable Rental Housing Complex[11]<br>Exhibition –cum-Convention Centre[12] |

**Notes**

1. *Includes Capital Dredging*
2. *"Shipyard" is defined as a floating or land-based facility with the essential features of waterfront, turning basin, berthing and docking facility, slipways and/or ship lifts, and which is self sufficient for carrying on shipbuilding/ repair/breaking activities.*
3. *"Logistics Infrastructure" means and includes Multimodal Logistics Park comprising Inland Container Depot (ICD) with minimum investment of Rs. 50 crore and minimum area of 10 acre, Cold Chain Facility with minimum investment of Rs. 15 crore and minimum area of 20,000 sft, and/or Warehousing Facility with investment of minimum Rs. 25 crore and minimum area of 1 lakh sq ft.*
4. *Includes Oil, Gas, Slurry, Water supply and Iron Ore Pipelines*
5. *Includes strategic storage of crude oil.*
6. *Includes optic fibre/wire/cable networks which provide broadband / Internet.*
7. *Includes the provision of Sports Stadia and Infrastructure for Academies for Training/Research in Sports and Sports-related activities.*
8. *Includes Medical Colleges, Para Medical Training Institutes and Diagnostics Centres.*
9. *Includes cold room facility for farm level pre-cooling, for preservation or storage of agriculture and allied produce, marine products and meat.*
10. *"Affordable Housing" is defined as a housing project using at least 50% of the Floor Area Ratio (FAR)/Floor SpaceIndex (FSI) for dwelling units with carpet area@ of not more than 60 square meters.*
11. *"Affordable Rental Housing Complex" means a project to be used for rental purpose only for urban migrant/poor (EWS/LIG categories) for a minimum period of 25 years with basic civic infrastructure facilities such as water, sanitation, sewerage/septage, road, electricity along with*

*necessary social/commercial infrastructure and the initial rent fixed by Local Authority/ Entities based on local survey of surrounding area wherein the project is situated. Project means a listed project having at least 40 Dwelling Units of double room or single room or equivalent Dormitory Units or a mix of all three in any ratio but not more than one third of total built up area under double bedrooms units. Dwelling Units (DUs) means a unit comprising of double bed room with living area, kitchen, toilet and bathroom of up to 60 square meters carpet area@ or single bed room with living area, kitchen, toilet and bathroom of up to 30 square meters carpet area@. Dormitory Units means a set of 3 Dormitory Bed with common kitchen, toilet and bathroom in 30 square meters carpet area@ meaning 10 square meters carpet area@ per Dormitory Bed. @ "Carpet Area" shall have the same meaning as assigned to it in clause (k) of section 2 of the Real Estate(Regulation and Development) Act, 2016.*

12. *"Exhibition-cum-Convention Centre" is defined as Exhibition and Convention Centre Projects with minimum built-up floor area* of 100,000 square metres of exclusively exhibition space or convention space or both combined*
** Built up floor area includes primary facilities such as exhibition centres, convention halls, auditoriums, plenary halls, business centres, meeting halls etc.*

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 Scheme for financing viable infrastructure projects through a special purpose vehicle called IIFCL is named as SIFTI (Scheme for financing viable infrastructure projects). The Scheme may be reviewed by the Government of India through the Ministry of Finance (Department of Financial Services) as and when required and IIFCL would be regulated by Reserve Bank of India. Modifications to the SIFTI may be made at the level of Empowered Committee subject to the approval of the Finance Minister.

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 IIFCL will assign overriding priority for lending under this scheme to Private Public Partnership 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 condition that the tenor of IIFCL lending should not be less than the longest tenor of commercial debt. However, since IIFCL was set up for providing long term debt, endeavor would be to provide loans with longer tenor than the commercial debt.

## 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) like World Bank (WB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), European Investment Bank (EIB), German Development Bank, KfW (Kreditanstalt für Wiederaufbau) etc.

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) safeguards 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 detailed safeguards due-diligence procedure and additional measures will be attempted to implement in consultation with project developer.

12. For the infrastructure projects posed under DFI's line of credit, Safeguards Due-diligence will be carried out 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$^{th}$ 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 certain sectors like water supply and sewerage projects, solar energy, wind power, electrical transmission line, road widening and strengthening projects upto certain length, waste to energy conversion plants upto certain capacity of power generation and telecommunication lines etc.. 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 / E&S safeguards information as received from the project developer.

16. As per GOI procedures related to environmental clearance of projects belonging to designated sectors, a project proponent conducts a public hearing based on draft EIA study. The hearing is organized by the respective 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 report through public consultation. In Indian scenario, infrastructure projects, which do not require Environmental Clearance as per EIA Notification requirements, 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) by MoEF&CC/ SEIAA (State Environment Impact Assessment Authority) for any developmental project, as in the Schedule of the Environmental Impact Assessment (EIA) Notification, dated 14 September 2006 (as and when amended) 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 or Union Territory

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.moef.gov.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 | • Purpose of their application<br>• Topic/scope<br>• Projects requiring environmental assessment<br>• Legal requirements/standards applied<br>• General responsibilities<br>• Timing |
| Screening | • Screening process<br>• Screening tools<br>• Categories<br>• Overriding criterion for categorization<br>• EA activities as a result of screening<br>• Screening responsibilities |
| Terms of Reference (TOR) for EA | • Responsibilities for TOR preparation and review<br>• Tools and method to be used<br>• Standards applied |
| EA documentation | • Contents<br>• Responsibilities for EA studies<br>• Responsibilities for reviewing EA studies<br>• Language in which EA studies are reported |
| Impact mitigation | • Principles of mitigation<br>• Environmental Management Plan (EMP)<br>• EMP Budget |
| Consultation and disclosure | • Public consultation requirements<br>• Information disclosure requirements |

| Item | Particulars |
|---|---|
| Implementation and monitoring | • Responsibilities for ensuring implementation of EMP |

EA = Environmental Assessment

22. Any incremental safeguard requirements due to DFIs involvement in project financing will be identified during detailed safeguards due-diligence procedure and will be attempted to implement in mutual 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. For sample purpose, A list of PIAL activities of ADB 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. Under consortium lending, in lead and non-lead cases, IIFCL enters late in project cycle when project's planning documents like EIA/EMP,SIA/RAP and land acquisition/compensation etc. would have been completed much before. 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, takeout finance and projects funded under refinancing scheme of IIFCL for compliance with the safeguards requirements 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

part of 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, ESMU team will visit project sites.

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

**Table 3 : Environmental Safeguards Requirements**

| Category (Risk Rating) | Environmental Safeguardss |
|---|---|
| Category A (with potential significant impacts) | Comply with<br>(i) National laws and regulations<br>(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 impacts) | Comply with applicable National Laws and Regulations |
| Category C (with minimal or no impact impacts ) | 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 is mainly based upon safeguards compliance requirements applicable during O&M phase. The Environmental Safeguards Specialists of IIFCL will review the project for compliance with the safeguards requirements as per 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 O&M phase 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 share regular operational phase reports and inform about corrective measures taken in case of non-compliance of standards or adverse impact on population. Due to DFI's line of credit involvement in any sub-project, minimal incremental safeguards requirements will be attempted to implement by mutual agreement with project developer, 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, for the projects refinanced/ approved under various DFI's Line of Credit; site visit 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 safeguards Performance Reports. Sample format used for projects approved under ADB line of credit is enclosed as Annex E-7. For other DFI's, the safeguards monitoring and reporting format will vary as per the safeguards compliance requirements of concerned DFI.

## 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 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 in case physical displacement is unavoidable then minimize involuntary relocation;
(iii) Consult project-affected persons (PAPs) on land acquisition, compensation, relocation and income rehabilitation related areas;
(iv) To check that PAPs receive compensation, resettlement assistance and income rehabilitation support as per the applicable national policy;
(v) To check that Compensation is paid prior to taking over the land and other assets;
(vi) To check that 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. Under consortium lending, in lead and non-lead cases, IIFCL enters late in project cycle when project's planning documents like EIA/EMP, SIA/RAP and land acquisition/compensation etc. would have been completed much before by the Concessioning 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 developer. 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 incremental requirements are identified, IIFCL will attempt to implement the additional safeguards requirements in mutual 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 also be shared with the project developer 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 safeguards related risks applicable during operation phase. The preparation of SDD will be based on the publicly available documents, discussions with the developer & project stakeholders and site visit. The indicative checklist for information required related with social 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 Safeguards Policies;
- No significant outstanding legal or legacy issues pending related to land acquisition and compensation aspects;
- Social safeguards management plans have been implemented during the construction phase of sub-projects as per national policies on social safeguards;
- To check whether project developer has implemented grievance redressal mechanism for resolution of grievances received from stakeholders.

### 3.2.3 Monitoring and Reporting

45. Projects financed by IIFCL are regularly monitored by LIE and LIE reports are reviewed by 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**.

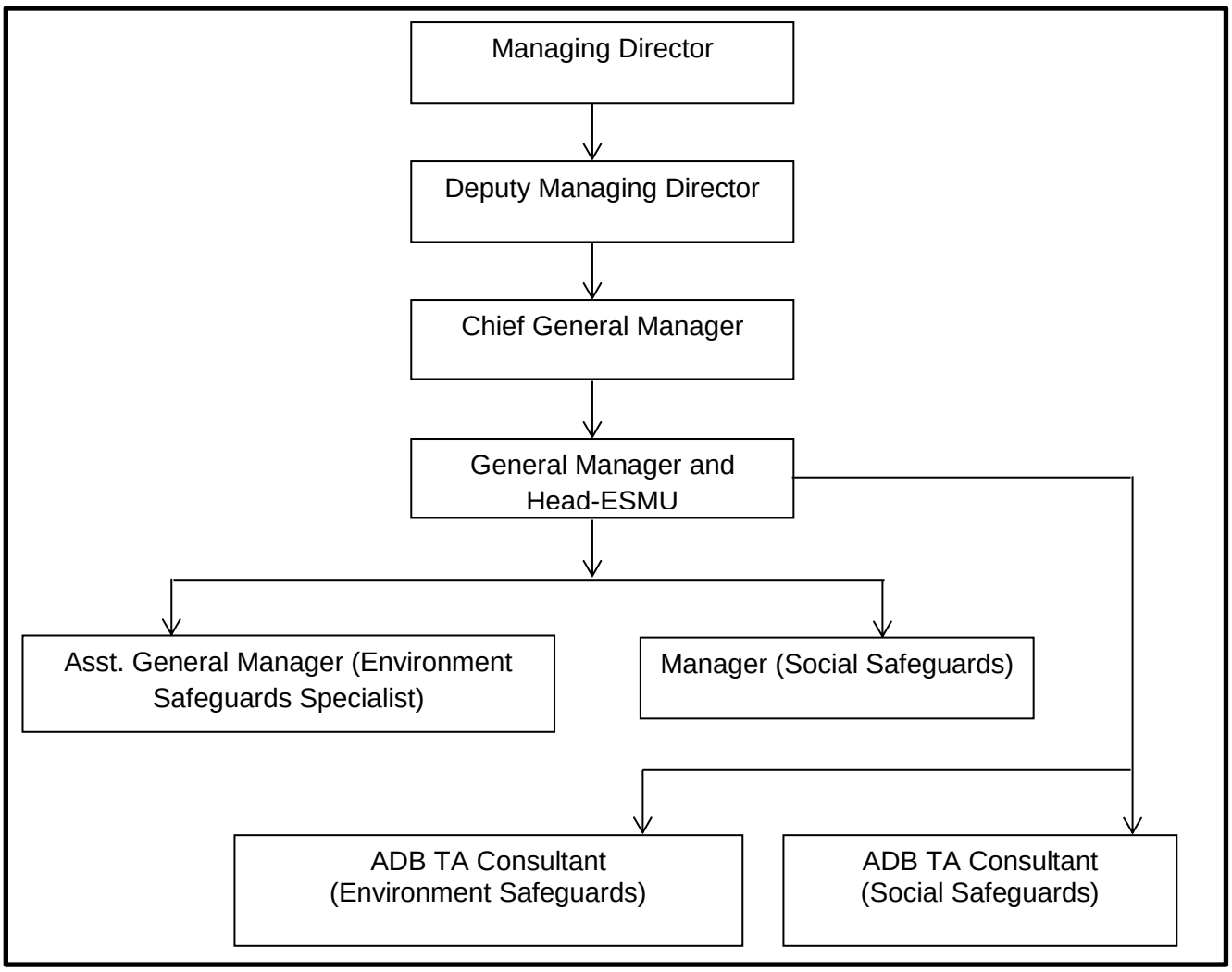
47. Based on the review of the periodic monitoring reports for the projects (prepared and submitted by the project proponent) and site visit observations, ESMU will prepare need

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

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 current organizational structure.

**Figure 1 : ESMU's Organogram**




49. The ESMU is headed by a full-time staff of IIFCL and currently two full-time officers are engaged as environment safeguards specialist and for social safeguards area. 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 safeguards Impacts and IR & tribal impacts,(ii) regulatory requirements related to environment, occupational health & safety, labour, social security/ community 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) safeguards management plan preparation and safeguards appraisal, (v) safeguards implementation monitoring, and (vi) safeguards compliance 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's environmental policies/ regulatory framework and policy related to social safeguards 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-7)

| Annex No. | Title of the Annex | Remarks |
|---|---|---|
| **Annex E–1** | Sample of Prohibited Investment Activities List of the DFIs. | Provides the list of various prohibited investment activities of ADB. for other DFIs, the list may vary. |
| **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 safeguards due-diligence on the project. |
| **Annex E-3** | Indicative 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** | Suggested 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 Safeguards Compliance Monitoring Report for Subprojects to be submitted by Borrowers. | Provides scope for periodic environmental safeguards compliance monitoring report for subprojects to be submitted by project proponent. |
| **Annex E-7** | Sample format for Periodic Environmental and Social Performance Report for Subprojects approved under DFIs line of credit | The enclosed format provides outline for periodic environmental and social performance report for subprojects approved under ADB line of credit. For other DFIs , the monitoring format may vary as per concerned DFI's safeguards monitoring & reporting requirements |

## ANNEX E-1: PROHIBITED INVESTMENT ACTIVITIES LIST OF THE DEVELOPMENT FINANCIAL INSTITUTIONS (Sample format*)

The following investment activities do not qualify for financing from DFIs (see footnote below)[1]:

(i) production or activities involving harmful or exploitative forms of forced labor[2] or child labor;[3]

(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,[4] pesticides, and herbicides,[5] (b) ozone-depleting substances,[6] (c) polychlorinated biphenyls[7] and other hazardous chemicals,[8] (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,[9] and (e) transboundary trade in waste or waste products;[10]

(iii) production of or trade in weapons and munitions, including paramilitary materials;

(iv) production of or trade in alcoholic beverages, excluding beer and wine;[11]

(v) production of or trade in tobacco;[10]

(vi) gambling, casinos, and equivalent enterprises;[10]

(vii) production of or trade in radioactive materials,[12] including nuclear reactors and components thereof;

(viii) production of, trade in, or use of unbounded asbestos fibers;[13]

(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.

*: *The above mentioned Prohibited Investment Activities List has been referred from ADB's Safeguards Policy for the purpose of sample list only.*

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1 The prohibited investment activities listed here pertains to Asian Development Bank. Other DFIs may have there own list.

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

3 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).

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

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

6 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.

7 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.

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

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

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

11 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.

12 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.

13 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 (as per applicability)

(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)

(v) Other Applicable Environmental Regulatory Clearances obtained for the project at the time of loan application

## II. Key Documentation (as per applicability)

(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 proceedings with status report that summarizes suggestions incorporated in the Environmental Management Plan (EMP) as a result of public hearing process

(iii) For projects already under implementation, Status on implementation of EMP, 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).

(v) Status of compliance reporting w.r.t. regulatory compliance conditions.

## ANNEX E-3: INDICATIVE 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 (applicable to all the projects) and Road & Traffic Safety Manual(applicable for road sector projects) prepared for the project,
8. Rrecords for HSE plan implementation status
9. Copy of Latest Environmental Quality monitoring report and six monthly compliance report as submitted to MoEF&CC, as applicable.
10. Copies of various safeguards compliance monitoring reports submitted to regulatory Authority,as applicable
11. Institutional arrangement (Project Site Organogram) in place for implementation and monitoring of EMP;
12. Annual EMP Budget and its expenditure status
13. Details of Public Hearing Proceedings(Minutes of public hearing and newspaper cuttings of public hearing notification)/ Public Consultation as applicable
14. Disaster Management Plan (DMP) ,as applicable
15. Onsite and offsite Emergency Preparedness Plan, as applicable
16. Grievance Redressal mechanism and Institutional arrangement made for the project for dealing with Environmental safeguards issues.
17. Details of Environmental safeguards related awareness activities conducted for various stakeholders, if any
18. Monthly reports for accident/ incident data and remedial measures taken to reduce the recurrence of accidents in project stretch;
19. Detailed Project Report (DPR)/Project Feasibility Report
20. 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.

### II. Scope of Review and Methodology

1. Safeguards 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 concerned DFI's environmental Safeguards requirements and applicable 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. These details will be confirmed with concerned project developer and as per the information available in public domain related to project.

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

**IV. Other investment specific issues, if any**

**V. Conclusion and Recommendations**

## ANNEX E-5: SUGGESTED 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) HSE related clauses in contract documents,i.e. Concession/ EPC Agreement
   - (iii) 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
   - (iv) details of public hearing proceedings (minutes of public hearing and newspaper cuttings of public hearing notification)/Public Consultation
   - (v) 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, if owned by project developer
   - (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) Status of applicable permits/clearances during operation phase
   - (ii) Compliance status of environment management plan during operation phase
   - (iii) Environmental Quality Monitoring Reports during operation phase
   - (iv) Institutional arrangement in place for implementation and monitoring of EMP;
   - (v) EHS (Environment, Health and Safety) related clauses operation and maintenance agreement
   - (vi) Emergency Preparedness and Response Plan during Operation Phase/ Disaster Management Plan
   - (vii) Annual EMP Budget and its expenditure Status
   - (viii) Green Belt/Compensatory Afforestation /Plantation Maintenance measures
   - (ix) Impact on sensitive receptors
   - (x) Adequate Traffic Management and Road Safety Measures (in case of road projects)
   - (xi) Accident/Incident data report along with remedial measures
   - (xii) Health and Work Safety measures
   - (xiii) Community severance issues, if any

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

1) Confirmation regarding all statutory approvals related to applicable environmental regulations. are obtained as required for the project, and renewed as the case may be; also ensuring 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)
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 to 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: INDICATIVE FORMAT[1] FOR ANNUAL ENVIRONMENTAL AND SOCIAL SAFEGUARDS PERFORMANCE REPORT FOR SUBPROJECTS**

**Sub Project Name:**

FI is required to submit the annual performance report to DFI. Please include additional sheets or attachments as required to provide details.

| | | |
|---|---|---|
| Name of Organization | | |
| Completed by (name) & Position in organization | | |
| | | |
| | | |
| Approved By | | |
| Reporting period | | |
| Date | | |

## A. Subprojects processed under DFI fund during the reporting period

| Name of Subproject | Sub sector | Tenor of Subloan (Months) | Subloan amount (US$) (Date) | Safeguard Category | | | Environ, IR or IP issues and actions taken | Status (approve, revise or reject) | Reasons for revise or reject |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Env | IR | IP | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |

Env = environment, IR = involuntary resettlement, IP = indigenous peoples.

[a] Please use the sectors listed in the earlier table or any standard classification

## *B.* Category B or A Subprojects Using DFI Funds

More information about all subprojects at category B or A approved during this reporting period.

| | |
|---|---|
| Name of Sub borrower and subproject: | |
| Subproject location: | |
| Industry sector: | |
| Value of exposure (US$ million): | |
| Safeguard category: | |
| Any E&S due diligence by your organization? If yes, is it desk review of safeguard documents, and/or field visit, and by whom and when? | |
| Any environmental assessment report (including EMP), IR plan, or IP plan, or audit reports reviewed by your organization? If yes, please provide the names of documents reviewed. | |
| What were the main environmental, IR and IP issues associated with this subproject, and how were the issues dealt with? | |
| For category A subprojects, how were safeguards documents (EIA, RP, IPP, or audit reports) publicly disclosed? Please provide web link and the date. | |

[1] The Indicative format is used for preparation of Annual Safeguards Performance reports for subprojects approved under ADB line of credit. The periodic reporting & monitoring format will vary for projects approved under other DFIs line of credit as per their requirements.

| | |
|---|---|
| Were any conditions or covenants related to E&S issues made along with the investment? If yes, please briefly describe. | |
| Does the subproject comply with applicable domestic and DFI's safeguard requirements? Any incidents of non-compliance? Please describe how you ensure subproject E&S compliant. | |
| How you monitor the sub-borrower and its subproject's performance? Please describe supporting docs such as E&S monitoring reports. | |

### *C.* FI's portfolio by Sub/Sectors

Please provide an indicative % of FI's portfolio, or only those financed under DFI project if it can be separated from its entire portfolio.

| **Industrial Sector or subsector** | **Subloan in year** | | **By subloan amount** | |
|---|---|---|---|---|
| (Financed under DFI project) | Number | % | In USD **(Date)** | % |
| | | | | |
| | | | | |

### D. Sustainable Finance (Summary of subprojects with E&S Benefits)

| **Sustainable Finance** | | |
|---|---|---|
| Have you made any investments in subprojects that have social and environmental benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, carbon finance, pollution abatement and control, sustainable supply chain, corporate social responsibility, community development, etc.? Please list these in the format provided below: | | |
| **Subproject Name** | **Value Financed by the Financial Institution (US$) (Date )** | **Type of Social and Environmental Benefit** |
| | | • |
| | | • |

### E. Additional information for the reporting period

**1. Please provide the number of subprojects where a field visit was conducted to review aspects including social E&S issues.**

**2. Please provide details of any accidents/ litigation/complaints/regulatory notices and fines, their causes and corrective actions being taken.**

**3. Please state any difficulties related to the ESMS implementation. What are the possible causes and actions being taken by your organization? What are the recommendations of DFI's mission?**

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

| Annex No. | Title of the Annex | Remarks |
|---|---|---|
| **Annex S–1** | Checklists of documents that should be submitted By lead banks / subborrowers (SPVs) to IIFCL for loan application. | Provides checklist of documents that need to be submitted by the lead banks / subborrowers to IIFCL to facilitate social due-diligence on the project. |
| **Annex S–2** | 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. |
| **Annex S–3** | Suggested Outline of Social Due Diligence Report for Subprojects. | Provides outline for Social DDRs for subprojects. |
| **Annex S–4** | 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. |
| **Annex S–5** | Suggested checklist for a Periodic Social Monitoring Report for Subprojects. | Provides scope for an annual social monitoring report for subprojects. |

## ANNEX S-1: CHECKLISTS OF DOCUMENTS THAT SHOULD BE SUBMITTED BY LEAD BANKS / SUBBORROWERS (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/Concessioning 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 Concessioning 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 (actual conduct as well as written comments received) with a statement that summarizes suggestions incorporated in the Environmental Management Plan (EMP), RAP 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 related to land acquisition and compensation.
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 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
- adequacy of assessment of social impacts, information disclosure and consultation with affected persons and other stakeholders
- compensation and benefits

(iii) Tribal People Safeguards

- appropriate identification of major anticipated impacts on Indigenous/tribal People
- information on disclosure and meaningful consultation with

affected people
- adequacy of 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

**Documents required:**

Copies of

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

**Following details are also required:**

1. Any pending litigation regarding land acquisition and any tribal people affected due to project;
2. Any Compensation related pending issues;
3. Any physical displacement of people;
4. Local Employment generated during construction as well as operation phase;
5. Any 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. Details of the issues discussed during these meetings and the mitigation measures adopted for the issues;

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? Details of the reporting frequency for social safeguards monitoring process

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