

National Disaster Risk Management Fund

(A Company Set Up Under Section 42 of Companies Act, 2017)

Environmental and Social Management System (ESMS) - 2018

(Approved on 2nd March, 2018)

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Acronyms

ADB	Asian Development Bank
CEO	Chief Executive Officer
CPID	Consultation Participation Information Disclosure
DDMA	District Disaster Management Authority
DP	Displaced Person
DPC	Displaced Persons Committee
DRM	Disaster Risk Management
EA	Executive Agency
BoD	Board of Directors
BoR	Board of Revenue
EAAC	Environmental Assessment Advisory Committee
EAD	Economic Affairs Division
EIA	Environment Impact Assessment
EMA	External Monitoring Agent
EMP	Environmental Management Plan
ESMS	Environmental Social Management System
FI	Financial Intermediary
FIP	Fund Implementation Partners
GRC	Grievance Redress Committee
GOP	Government of Pakistan
GRM	Grievance Redress Mechanism
IA	Implementing Agency
IEE	Initial Environmental Examination
IP	Indigenous People
IPP	Indigenous Peoples Plan
IR	Involuntary Resettlement
NDMA	National Disaster Management Authority
NDRMF	National Disaster Risk Management Fund
NGO	Non Government Organization
PDMA	Provincial Disaster Management Authorities
PEPA	Pakistan Environmental Protection Agency
PIAL	Prohibited Investment Activities List
REA	Rapid Environmental Assessment
SGU	Safeguards & Gender Unit
SPS	Safeguard Policy Statement

Glossary

Project Affected Peoples means people who may be beneficially or adversely affected by a sub-project financed by NDRMF.

Due Diligence is a process of investigation/audit, performed by FIPs, into the details of a potential subproject, such as an examination of operations and management and the verification of material facts, especially from the Environment and Social safeguards point of view.

HSE Health, Safety and Environment – reference to standards on health, safety and environment and/or the NDRMF is responsible for building awareness, maintaining and monitoring and enforcing application of these standards.

Involuntary Resettlement refers to social and economic impacts that are permanent or temporary and are (i) caused by acquisition of land and other fixed assets, (ii) by change in the use of land, or (iii) restrictions imposed on land as a result of a subproject operation.

Indigenous Peoples are groups with social or cultural identities distinct from that of the dominant or mainstream society. Characteristics that may be used to define indigenous peoples include (i) descent from population groups present in a given area before modern states or territories were created, (ii) maintenance of cultural and social identities and cultural, social, economic and political traditions and institutions, distinct from the mainstream or dominant society; (iii) self-identification and identification by others as being part of a distinct indigenous cultural group, and the display of the desire to preserve their cultural identity; (iv) a linguistic identity different from that of the mainstream or dominant society; (v) an economic system oriented more toward a traditional system of production than toward the mainstream production system, and/or (vi) an unique tie with and attachment to traditional habitat and ancestral territory and its natural resources.

Indigenous Peoples Development Plan (IPDP) is a sub-project specific set of plans with respect to Indigenous People impacted or potentially impacted by sub-project operations. IPDP promotes the (i) participation of Indigenous People in project preparation and implementation; (ii) ensures benefit from development interventions that affect Indigenous People and (iii) provides effective safeguards against adverse impacts.

Voluntary land transactions refer to market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures if negotiations fail.

Gender Responsive/Gender-Inclusive means different needs and priorities of women and men have been considered, and efforts have been made to ensure that they participate in and benefit equally from development activities.

1 Background

1.1 Overview

1. The Government of the Islamic Republic of Pakistan (GOP) has established National Disaster Risk Management Fund (NDRMF) to institutionalize a mechanism to enhance Pakistan's resilience to disasters by strengthening the government's ability to quickly respond to future disasters triggered by natural hazards. The Fund focuses on: (i) disaster risk reduction; (ii) design, development and seeding of disaster risk financing strategies and instruments; and (iii) partnerships with other organizations to provide relief and recovery support, including livelihood restoration initiatives and reconstruction and rehabilitation of key public infrastructure. NDRMF will provide a common mechanism to pool various contributions from a diverse base of contributors and serve as a vehicle for donor coordination on disaster risk management by the government.
2. NDRMF supports existing government entities and civil society organizations, involved in disaster risk management, including the National Disaster Management Authority (NDMA), Provincial Disaster Management Authorities (PDMA), District Disaster Management Authorities (DDMA), etc. The Fund is in line with existing policies and strategies of the GOP to address disasters, including (i) the Disaster Risk Reduction Policy (2013); (ii) Climate Change Policy (2013); (iii) Vision 2025; (iv) National Disaster Management Plan 2013-2022 (NDMP); (v) the draft National Flood Protection Plan IV (NFPP) (2016-2025); and (vi) Post-2015 Sendai Framework for Disaster Risk Reduction, 2015-2030.

1.2 Scope of Environment and Social Management System (ESMS)

3. NDRMF is an environmentally and socially responsible organization and has established a structured and systematic mechanism to address these issues as a core function of its management system. This shall ensure that the Fund's financing activities would avoid, minimize and/or manage adverse environment and social impacts and enhance any positive impacts. The Fund environment and social policy and principles adheres to the requirements of national legal and regulatory, and international ratified conventions and agreements. It also helps establishing a good reputation of the Fund among donors, civil society, Fund Implementation Partners (FIPs) and other national and international stakeholders to ensure its E&S practices are in line with international standards and international best practices such as ADB requirements for financial intermediaries. In addition to this, the Fund shall also comply with environment and social policies of the respective Financing Source(s).

1.3 Approach towards developing ESMS

4. NDRMF has employed an efficient and effective approach for developing the ESMS that is compatible with international standards and international best practices such as ADB requirements for financial intermediaries (FI) that entail: (i) collation of relevant national legal and regulatory requirements, and international ratified conventions and agreements, (ii) consultations with Economic Affairs Division, federal Ministry of Finance, NDRMF senior management, potential donors, civil society, academia and potential FIPs for developing a draft ESMS, (iii) deliberations on draft ESMS, and (iv) finalizing the draft ESMS in line with the comments/feedback.

1.4 ESMS Defined

5. This ESMS defines policies, principles, procedures, institutional arrangements and its financing operations for managing adverse environmental and social risks and impacts

that would be caused by the sub-projects, which are to be financed by the NDRMF. The Fund has established an appropriate ESMS as a part of its overall management system to meet E&S related national laws and regulations, and international conventions and agreements as well as international best practices such as ADB requirements for financial intermediaries (FI).

6. The ESMS has the following elements: (i) environmental and social policies that clearly articulate the Fund's commitment to environment, social (E&S) and gender mainstreaming objectives and principles based on applicable national E&S laws and regulations and international ratified applicable conventions and agreements that guide the Fund to achieve sound E&S performance, (ii) screening for identification of E&S risks and impacts, and categorization of sub-projects based on nature of activities, scale of operations, technology, locations, significance and severity of E&S risks and impacts, (iii) development of procedures to systematically and fully mitigate the identified risks and impacts, (iv) institutional arrangements including organizational structure and staffing with appropriate skills and competencies in ESMS and institutional accountability by defining roles and responsibilities, (v) gender responsive grievance redressal mechanism and (vi) gender inclusive monitoring and reporting procedures.

1.5 Purpose of ESMS

7. The purpose of this ESMS is to integrate environment and social governance into the Fund's overall management system by following national laws, rules and regulation and ratified international conventions and agreements, through developing a set of policies, principles, procedures and guidelines to proactively avoid, minimize/prevent and/or mitigate any potential adverse E&S risks and impacts on affected persons/communities workers, and the environment and enhance beneficial impacts of financing activities before they result in any adverse outcome.
8. Provide operational guidance to the Fund staff and FIPs in preparing subprojects which are compliant with the Fund ESMS;
9. Develop mechanisms for effective monitoring/auditing of compliance and reporting.

1.6 Outcome of ESMS:

10. The expected outcomes of this ESMS are as follows:
 - Enhancement of environmental and social performance;
 - Fulfillment of compliance obligations;
 - Achievement of environmental and social management objectives.

1.7 Structure of ESMS

11. The ESMS comprises a main volume and an annex volume. The main volume includes separate sections that provide the following:
 - (i) Background of ESMS (this section),
 - (ii) Policies and principles on social and environment core values of the Fund for the management of environment and social risks and impacts.

- (iii) Description of E&S safeguard requirements of national and provincial laws and regulations; international ratified conventions and agreements and safeguard policies of Financial Intermediaries (FIs),
- (iv) Standard operating procedures that NDRMF will follow to address E&S safeguard requirements, e.g. sub-projects screening and categorization based on E&S risks and impacts, and assessing, avoiding, minimizing and/or managing them, development of supporting tools and guidance material,
- (v) Organizational arrangements to ensure institutional accountability by defining roles and responsibilities, capacity-building through training and technical assistance in the use of supporting tools and guidance material, internal audits, monitoring and reporting, annual external audits and disclosure of audit reports.

1.8 Continual Improvement of ESMS

12. The Fund will continually improve the ESMS through periodic reviews and update, particularly when existing legal requirements are modified or new legislation is introduced. The annual review and revision (if any) will be the responsibility of the Fund.

1.9 Training and Capacity Building

13. NDRMF has developed a capacity building plan to provide gender inclusive training and technical assistance to SGU staff, FIPs and other relevant stakeholders in environmental and social safeguards through hands-on mentoring, formal training and exposure to the best practices. Also, information and guidance regarding the specific requirements for Category 'B' and 'C' sub-projects will also be provided to all relevant stakeholders.

2 Environmental and Social Policy for NDRMF

2.1 Policy Statement

14. The NDRMF Board of Directors (BoD) and management at all levels is fully committed to promoting sustainability in all its business operations by effectively managing environmental and social risks, impacts and ensuring gender equality and enhancing beneficial impacts through implementation of the following policy principles:
- Comply with applicable national and international environmental and social laws and international ratified conventions and agreements and ensure their adequate integration in financing contractual agreements of all FIPs to ensure compliance in planning, designing and construction/implementation of sub-projects.
 - Avoid, minimize/protect and/or mitigate, and fully compensate negative environmental (including health and safety) and social impacts in its operations and risks to the social and physical environment, particularly to eco-sensitive and culturally important areas and people who may be affected through financing sub-projects.
 - Fund adheres to social inclusion and gender equality and equity.
 - Communicating E&S policy and principles to all staff, potential FIPs, affected persons and external stakeholders, including both men and women and ensure transparency in implementation of ESMS;
 - No financing to sub-projects with high risks that would cause heavy and irreversible/harmful social and environment impacts.
 - Encourage the development of projects eligible for consideration for green financing.

2.2 Policy Principles for Environment and Social Management

15. The policy principles are provided in **Table 2.1** below.

Table 2.1 Policy Principles

S.No	Principles in Environment and Social	Actions
1	Environmental and Social Management System (ESMS)	<ul style="list-style-type: none"> ▪ Screening for identification of E&S risks and impacts and categorization of subprojects based on nature of activities, scale of operations, technology, locations, significance and severity of E&S risks and impacts; ▪ Development of procedures to systematically and fully mitigate the identified risks and impacts, ▪ Institutional arrangements including organizational structure and staffing with appropriate skills and competencies in ESM and institutional accountability by defining roles and responsibilities, ▪ Gender inclusive and responsive stakeholder consultations in its operations as well as FIPs, and disclosure of environment and social safeguard instruments, and their internal and external audit reports through appropriate means of communication e.g. websites, dissemination to institutional stakeholders and affected persons/communities through localized means of communication.

S.No	Principles in Environment and Social	Actions
		<ul style="list-style-type: none"> ▪ Gender responsive grievance redressal mechanism that will have 40% women representation at GRCs and reports back on grievances registered by men and women and their redressal. ▪ Gender inclusive monitoring/auditing reviews and reporting procedures. ▪ Reporting.
2	Land Acquisition and Involuntary Resettlement	<ul style="list-style-type: none"> ▪ Refers to both physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition; ▪ Does not apply to physical or resettlement resulting from voluntary land transactions; ▪ Avoid, minimize, mitigate or compensate for adverse social and economic impacts from land acquisition or restrictions on land use through the process of social and environmental assessment and no forced evictions will be carried out except in accordance with law and the requirements of this Principle.
3	Indigenous Peoples	<ul style="list-style-type: none"> ▪ Identification of all impacts (positive & negative) on IPs; social assessment, informed consultation and Participation (ICP) to Indigenous Peoples' Development Plan (IPDP); ▪ Anticipate and avoid, or when avoidance is not possible, minimize and/or compensate subproject adverse impacts on communities of Indigenous Peoples; and ▪ Applies to subprojects that impact individuals or communities that meet the definition of Indigenous Peoples, determination of which may require Free, Prior, Informed, and Consent (FPIC).
4	Social Inclusion, Gender Equality and Equity	<ul style="list-style-type: none"> ▪ Protects human rights of men, women and children and complies with national and international human rights standards, treaties, and due diligence practices in this regard. ▪ The Fund will protect discrimination against women that could limit equal opportunity and will also develop a specific mechanism to monitor men and women participation in, decision-making and in accessing benefits. ▪ Ensure protection of men, women and children against violence.
5	Labor and Working Conditions	<ul style="list-style-type: none"> ▪ Comply with national labor laws and internationally recognised ILO Core Labor Standards as follows: ▪ Promote the fair treatment, non-discrimination, and equal opportunity of workers for both men and women; ▪ Establishes, maintains and improves worker- management relationship; ▪ Addresses child labour, forced labour, migrant workers, workers engaged by third parties, and workers in the client's supply chain; and ▪ Promotes safe and healthy working conditions and practices
6	Consultation, Communicaiton and Information Disclosure	<ul style="list-style-type: none"> ▪ Fund is committed to carry out gender inclusive and gender responsive stakeholder consultations in its operations as well as FIPs, and disclosure of environment and social safeguard instruments, and their internal and external audit reports through

S.No	Principles in Environment and Social	Actions
		<p>appropriate means of communication e.g. websites, dissemination to institutional stakeholders and particularly with affected persons/communities through localized means of communication.</p> <ul style="list-style-type: none"> ▪ Information dissemination to internal and external stakeholders regarding the Fund policies and Principles. ▪ Ensure disclosure of ESMS and environment and social documents prepared by ESU and FIPs including internal and external audit reports.
7	Cultural Property and Heritage	<ul style="list-style-type: none"> ▪ Recognizes the importance of cultural property and heritage for current and future generations, consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage; and ▪ Seeks to guide FIPs in identifying and protecting cultural heritage in the course of project design and execution.
8	Biodiversity Conservation and Natural Resource Management	<ul style="list-style-type: none"> ▪ Includes protection, conservation and sustainable management of biodiversity and living natural resources; ▪ Maintain the benefits from ecosystem services; and ▪ Evaluate primary suppliers' risk of significant conversion of natural and/or critical habitats.
9	Pollution Prevention and Abatement and Climate Change	<ul style="list-style-type: none"> ▪ Addresses pollution prevention and management of impacts arising from project activities; ▪ Ensures conformance with global good practice and standards; ▪ Promote more sustainable use of resources; and ▪ Ensures that climate change issues associated with project activities are assessed, mitigated and monitored
10	Community Health, Safety and Security	<ul style="list-style-type: none"> ▪ Seeks to avoid or minimize the risks and impacts to Affected Community health, safety and security that may arise from project activities. ▪ • The project's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to Affected Communities; ▪ Ensures that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities; and ▪ Includes special requirements related to the safety of dams associated with projects.

3 Legal and Policy Framework

3.1 Overview

16. The NDRMF pipeline contains infrastructure sub-projects that may require acquisition of private land and assets that may cause physical as well as economic displacement of men and women within the sub-project boundaries. The impacts could be significant or insignificant, nevertheless they have to be effectively managed during the project lifecycle in order to enable the Affected Persons (APs), both men and women to at least restore, if not improve, their living conditions. Therefore, a systematic safeguards management is necessary for smooth and effective sub-projects planning and implementation.

3.2 Environmental Safeguards

17. There are several project-related environmental impacts for which safeguards are essential. These impacts include direct, indirect, cumulative and induced impacts in the project's area of influence as well as transboundary impacts.
18. Each sub-project therefore needs to be scrutinized as to its type, location, scale, and sensitivity and the magnitude of its potential environmental impacts. Environmental impacts include those related to the natural environment (air, water, and land), human health and safety, and transboundary and global environmental aspects.
19. Environmental safeguards, policies and requirements, seek to avoid, minimize, or mitigate adverse environmental impacts.

3.2.1 National & Provincial Environmental Legislation

20. The Pakistan Environmental Protection Agency (Review of IEE/EIA) Regulations 2000 ("the PEPA regulations"), together with section 12 of the Pakistan Environmental Protection Act 1997, requires that every new development project in Pakistan is preceded by an environmental examination. Projects are categorized according to their potential environmental impacts. Projects that have reasonably foreseeable impacts (Schedule I) are required to have IEEs, while projects that have more adverse environmental impact (Schedule II) are required to have EIAs. For projects deemed to have minimal environmental impacts, no further action is required.
21. Under PEPA regulations, the Federal Environmental Protection Agency (EPA) delegated the review of IEEs/EIAs to the provincial EPAs. Thereafter, the rules and regulations under the PEPA 1997 have been adopted by the provinces. To date, the provincial assemblies have passed the following Acts: Sindh Environmental Protection Act (2014); KP Environmental Protection Act (2014); Baluchistan Environmental Protection Act (2013) and Punjab Environmental Protection Act (2012).
22. The provinces intend to update the related regulation and guidance according to their environmental requirements and sensitivities. Existing IEE/EIA Regulation, National Environmental Quality Standards (NEQS), Rules and Guidelines for Environmental Assessments notified by Pak-EPA are currently being used for compliance. These include the set of EIA guidelines prepared by the federal and provincial EPAs.
23. The Regulations provide details in preparing, submitting, and reviewing IEEs and EIAs. The following is a brief step-wise description of the approval process.

- i) An EIA or IEE is conducted as per the requirement and following the Pak-EPA guidelines;
- ii) The proponent submits the EIA or IEE to the concerned EPA, accompanied by an application in the format prescribed in Schedule IV of the regulations and pay the review fee;
- iii) The EPA conducts a preliminary scrutiny of the completeness of the IEE/EIA for review and replies to the proponent within 10 days;
- iv) In case of an EIA, simultaneous to the confirmation of completeness, the concerned EPA publishes in any English or Urdu national newspaper and in a local newspaper of general circulation in the area affected by the project, a public notice mentioning the type of project, its exact location, the name and address of the proponent and the places at which the EIA of the project can be accessed and fix a date, time and place for public hearing of any comments on the project or its EIA. EPA will also circulate the EIA to the concerned Government Agencies to solicit their comments;
- v) The EPA makes every effort to complete the IEE and EIA review within 45 and 90 days, respectively and accords its approval subject to certain conditions:
 - Before commencing construction of the project, the proponent submits (a) an undertaking accepting the EPA conditions, and (b) an EMP with a request for obtaining confirmation of compliance.
 - Before commencing operation of the project, the proponent obtains from the EPA a written confirmation of compliance with the approval conditions and requirements of the IEE/EIA.
 - The EPA issues confirmation of compliance within 15 days of the receipt of request and complete documentation. The IEE/EIA approval is valid for three years from the date of accord.
 - The proponent submits a monitoring report to the EPA after completion of construction, followed by annual monitoring reports during operation.

3.2.2 Other Environment Related Legislations

24. The other relevant environment related legislation is provided as **Annexure X**.

3.3 Social Safeguards

25. The sub-projects that tend to or cause changes in patterns of use of land, water and other natural resources may entail adverse impacts on men and women who use these resources for their livelihoods. The sub-projects may involve acquisition of private land and other assets through expropriation (using eminent domain) that could affect structures i.e. housing, public and community structures and could disrupt community systems, social networks, social services; and could affect productive assets due to which income sources and livelihoods of men and women can be affected. The affected people have no option except to rebuild their lives, incomes and asset base elsewhere.
26. The Fund is committed to avoid, if avoidance is not possible, fully mitigate all adverse social and economic impacts. The Constitution of Pakistan safeguards the interests of people related to property rights of citizens of Pakistan and Land Acquisition Act 1894 of Pakistan is the only instrument for acquisition of private land and associated assets through a set of province specific rules. The NDRMF complies with the constitutional provision and Land Acquisition Act of Pakistan, as explained below.

3.3.1 National and Provincial Legislation on Social Safeguards

i. Constitution of the Islamic Republic of Pakistan

27. The Constitution of Pakistan (1973) clearly addresses the protection of property rights (Article 24) such that “no person shall be deprived of his property save in accordance with law” (Article 24(1)), and “No property shall be compulsorily acquired or taken possession of save for a public purpose, and save by the authority of law which provides for compensation therefore and either fixes the amount of compensation or specifies the principles on and the manner in which compensation is to be determined and given” (Article 24(2)).
28. Further, Article 4(2a) reiterates the right of the people by stating that: “No action detrimental to the life, liberty, body, reputation or property of any person shall be taken except in accordance with law”.

ii. The Land Acquisition Act of 1894 (Act)

29. The Land Acquisition Act of 1894 (LAA 1894), as amended from time to time, is the primary legislation governing the acquisition of land and associated assets and their compensation. However, the Act does not address “resettlement and rehabilitation” in accordance with international standards and best practices. The LAA 1894 is a federal law but its implementation lies in the domain of provinces through Provincial Boards of Revenue (BOR). The provinces have amended rules of this law from time to time to address their needs. The Act is meant for the acquisition of land and associated assets only and does not explicitly consider the social, cultural, economic, and environmental conditions of those needing to be resettled/relocated and rehabilitated.
30. The LAA 1894 requires that following an impact assessment and valuation of land, structures, crops, trees and other physical assets are to be compensated in cash at market rate to titled landowners and registered land tenants/users/leaseholders. In addition, a 15% Compulsory Acquisition Surcharge is provided on the value of land.
31. Only legal owners and tenants registered with the land revenue department or have formal lease agreements are eligible for compensation. The LAA 1894 also does not mandate the provision of specific resettlement and rehabilitation assistance to poor and vulnerable groups, nor does it require restoration of income/livelihood losses. There is also no requirement to monitor and evaluate resettlement and rehabilitation process and medium to long term impacts and outcomes, or disclosure of monitoring and evaluation reports.
32. The land acquisition process officially starts with the publication of preliminary notification under Section 4 of the LAA to the public/affected people. This is followed with the conduct of surveys, measurements, valuation, inquiry on objections, formal declaration of intent to acquire land, dispute resolution, payment of compensation and taking possession of the acquired land as reflected in **Table 3.1** below.

Table 3.1 Land Acquisition Procedures as per LAA 1894

Relevant Section of LAA 1894	Procedural Description
Section 4	Publication of preliminary notification and power for conducting survey.
Section 5	Formal notification of land needed for a public purpose. Section 5a covering the need for enquiry of the concerns or grievances of the affected people related to land prices.
Section 6	The Government makes a more formal declaration of intent to acquire land.
Section 7	The Land Commissioner shall direct the Land Acquisition Collector (LAC) to take order the acquisition of the land.
Section 8	The LAC has then to direct that the land acquired to be physically marked out, measured and planned.
Section 9	The LAC gives notice to all DPs that the Government intends to take possession of the land and if they have any claims for compensation then these claims are to be made to him at an appointed time.
Section 10	Delegates power to the LAC to record statements of the DPs in the area of land to be acquired or any part thereof as co-proprietor, sub-proprietor, mortgage, and tenant or otherwise.
Section 11	Enables the Collector to make enquiries into the measurements, value and claim and then to issue the final "award". The award includes the land's marked area and the valuation of compensation.
Section 16	When the LAC has made an award under Section 11, he will then take possession and the land shall thereupon vest absolutely in the Government, free from all encumbrances.
Section 17	Emergency clause that allows acquisition of land prior to compensation of DPs. This clause will not be applied in any project of NDRMF as it denies consultations with landowners and their right to appeal to the land prices and matters related to the acquisition of land.
Section 18	In case of dissatisfaction with the award, DPs may request the LAC to refer the case onward to the court for a decision. This does not affect the Government taking possession of land.
Section 23	The award of compensation to the title holders for acquired land is determined at i) its market value of land, ii) loss of standing crops, trees and structures, iii) any damage sustained at the time of possession, iv) injurious affect to other property (moveable or immoveable) or his earnings, v) expanses incidental to compelled relocation of the residence or business and vi diminution of the profits between the time of publication of Section 6 and the time of taking possession plus 15% premium in view of the compulsory nature of the acquisition for public purposes.
Section 28	Relates to the determination of compensation values and interest premium for land acquisition.
Section 31	Section 31 provides that the LAC can, instead of awarding cash compensation in respect of any land, make any arrangement with a person having an interest in such land, including the grant of other lands in exchange.
Section 48A (LAA-1986)	If within a period of one year from the date of publication of declaration under section 6 in respect of any land, the Collector has not made an award under section 11 in respect to such land, the owner of the land shall, unless he has been to a material extent responsible for the delay be entitled to receive compensation for the damage suffered by him in consequence of the delay.

33. Eligibility and entitlements of displaced persons (DPs), both men and women in NDRMF subprojects are shown in **Table 3.2** below. The types of losses typically encountered vary according to the nature and complexity of the subproject. Additional support may be provided to assist DPs in restoring their livelihood and living standards.

Table 3.2: Eligibility and Entitlements for DPs affected by NDRMF Sub-projects

Type of Loss	Specification	Eligible Person	Compensation Entitlement
1. Agricultural land, including, uncultivable wasteland	All land losses	Legal and legalizable owner(s) of Land	<ul style="list-style-type: none"> ▪ Cash compensation at replacement cost plus 15% CAS, free of taxes, registration and transfer costs; or ▪ Land for land compensation through provision of plots of equal value and productivity as that of lost.
		Sharecropper/ tenant (registered or not)	Cash compensation equal to the market value of gross annual yield of lost land, proportionate to their share for two years.
		Lessee (registered or not)	Cash equivalent of the market value of the gross yield of lost land for the remaining lease years, up to maximum of three years
		Non-titled user (squatter, encroacher)	<ul style="list-style-type: none"> ▪ No compensation for lost land ▪ Rehabilitation allowance equal to the market value of the gross annual yield of lost land in addition to standard crop compensation. (see Loss Type 7 below)
	Additional provision for DPs losing more than 10% their total operational agricultural holding	Owner / lessee/, sharecrop tenant/squatter/ encroacher	▪ Severe agricultural land impact allowance equal to the market value of the gross annual yield of lost land for one year.
2. Temporary impact on arable land	Land required temporarily during civil works	All eligible persons, as above, (with and without title)	Crop compensation for lost season (s) and reclamation of land to original use.
3. Residential/ commercial land		Owner (legal/legalizable)	Cash compensation at replacement cost plus 15% compulsory acquisition surcharge (CAS) free of taxes, registration and transfer costs;
		Renter/ Leaseholder	Cash compensation of a value proportionate to the duration of the remaining lease period.
		Non-titled user	No compensation for lost land

Type of Loss	Specification	Eligible Person	Compensation Entitlement
		(squatter, encroacher)	
		Non-titled owners (squatters) occupying land for dwelling identified by the census (only those actually occupying the dwellings)	Self relocation allowance (equivalent to one year's income calculated at the prevailing official monthly minimum wage)
		Non-titled owners (squatters) occupying land for shops/stalls/ kiosks identified by the census and inventory of lost assets (only those actually occupying the facilities)	Option to set up a stall through a space rental agreement with respective local governments or authority at a designated commercial area in public land and at a location comparable to the last location.
4. Residential, commercial, agricultural and community structures		Owner(s), titled and non-titled of the structure and squatters (in case of squatters only those actually occupying the structures and in case of community structures the members of the committee jointly)	<ul style="list-style-type: none"> ▪ Cash compensation at replacement cost for affected structures by type of construction and other fixed assets. ▪ In case of partial loss cash assistance compensation will be provided to restore the remaining structure. If more than 25% of the building's floor area is affected, cash compensation will be computed for the entire building/structure. Salvaged materials will be free of deductions. ▪ A lump sum transportation Allowance will be paid to relocating households, businesses, agricultural operations and mosques etc. for shifting their belongings, inventory, equipment and installations
		Renter/ Leaseholder	Cash compensation equivalent to three months rent or a value proportionate to the duration of the remaining lease.
5. Loss of livelihood during relocation	Residential structures affected	Head of the displaced household	Transition Allowance equivalent to 3 months of average monthly household income in the area.
6. Loss of business	Shops, stalls and	Business owners;	<ul style="list-style-type: none"> ▪ Cash grant for net income

Type of Loss	Specification	Eligible Person	Compensation Entitlement
and employment	kiosks.	(including, renters and informal settlers and squatters) and employees identified by the census.	<p>loss for duration of business stoppage (6 months for permanent loss and no more than 3 months for temporary stoppage.)</p> <ul style="list-style-type: none"> ▪ A one- time cash grant will be paid to affected employees equivalent to 2 month's official monthly minimum wage.
7. Crops	Affected crops	Cultivator of crops irrespective of status of tenure	Crop compensation in cash at the full market rate for one year's gross crop yield.
8.Trees	All affected trees	Owners of fruit and wood trees	<ul style="list-style-type: none"> ▪ Compensation for mature fruit- bearing trees will comprise of the market rate of the yearly yield multiplied by the number of years required to grow such a tree to the same productive level it was cut; and for immature trees that are yet to bear fruit compensation will be based on the gross expense needed to reproduce the tree to the same age it was cut. ▪ Timber trees will be valued based on the market value of their dry wood volume. The wood of the fallen tree will remain with the owner and its value will not be deducted from the compensation.
9. Affected Vulnerable households	Poor and female-headed households and other vulnerable households, including the elderly, identified through the SIA.	Head of the household	<ul style="list-style-type: none"> ▪ Lump sum assistance allowance in cash equivalent to 3 months of average monthly household income in the area. ▪ Temporary or permanent employment during construction or operation of the facility that necessitated involuntary resettlement, where feasible.
10. Unidentified Losses	Unanticipated impacts	All DPs	Dealt with as appropriate during sub-project implementation according to the applicable Safeguard Policy.

3.4 Indigenous Peoples

Overview

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

3.5 Addressing Gender Issues in Environment and Social Safeguards Management:

35. Processes of compulsory land acquisition, physical displacement or any form of involuntary resettlement and their aftermath affect men and women differently and it is therefore imperative to have gender as a frame of analysis mainstreamed in ESMS. E&S due diligence process will be carried out with due regard to gender considerations. Gender analysis related to E&S risks and impacts will be conducted that will include collection of gender disaggregated data to identify and address gender issues safeguards management, Gender equity and equality will be ensured for both genders in the provision of entitlements, and other measures under the E&S safeguard instruments.
36. The spousal consent will be used to include women in making choices about compensation options. The NDRMF will ensure participation of women in all phases of sub-project activities. Women will be consulted on the issues pertaining to them and those issues will be dealt adequate. Negative impacts of subprojects on female-headed households will be taken up on a case-to-case basis and assistance to these households will be prioritized under the subprojects. The specific measures will be formulated to ensure that socio-economic conditions, needs, and priorities of women are identified and the process of land acquisition and resettlement does not disadvantage women. During disbursement of compensation and resettlement and rehabilitation assistance, priority will be given to femaleheaded households. Joint ownership in the name of husband and wife will be encouraged, particularly in cases where land and other assets were acquired after marriages.
37. Potentially harmful impacts on women, men, girls and boys, including changes in livelihood, environmental degradation, and heightened violence directly or indirectly related to sub-projects will be identified and prevented. In case of substantial impacts on women, based on gender analysis, FIPs will develop a Gender Action Plan to address women and men issues separately. FIPs will pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultation, information disclosure, and grievance mechanisms, to ensure that both men and women receive adequate and appropriate compensation for their lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards. The resettlement plans will specify the gender inclusive income and livelihoods restoration plans.

3.6 Incorporating Social Dimensions and Social Protection in NDRMF ESMS

38. The NDRMF will follow international standards for incorporating social protection elements in its ESMS to ensure that vulnerable groups (men, women and children) that maybe negatively affected by any of the subprojects are adequately compensated and mitigation measures put in place to avoid creating further poverty, and comply with internationally recognized core labor standards in the designing and implementation subprojects, and monitor compliance. As an example of international best practice, ADB Social Protection Strategy (2001) is provided as **Annexure-III**.

3.7 Applicable Policies

39. It is expected that the Fund will receive financing from various IFIs and donor agencies. Keeping in view this scope, the following policies could be applicable subject to the source of financing:

- ADB SPS 2009

(Other applicable policies can be added as an Addendum(s) to this ESMS).

4 Organizational Responsibilities, Resources and Capacity

40. This chapter presents the institutional arrangements and role of the different organizations in development of sub-projects in different provinces of Pakistan.

4.1 Institutional Set-up of NDRMF w.r.t. ESMS

41. NDRMF has a Safeguards and Gender Unit (SGU) under the Quality Assurance Group (QAG) to support the conduct of safeguards, social protection and gender due diligence in the subproject appraisal, monitoring and reporting.
42. The Director, QAG is the ESMS Focal Point for the Fund and consolidate inputs from the SGU technical staff. He/She reports to the CEO and ensures that adequate resources are committed to allow for the effective implementation of this ESMS policy and procedures.
43. The institutional set up of the Fund with respect to the ESMS is provided in **Figure 4.1** below.

4.1.1 Quality Assurance Group (QAG)

44. This unit looks after monitoring and evaluation, management information systems, safeguards and gender, media and communication functions. The SGU unit is responsible for all aspects of the ESMS.

4.1.2 Safeguards and Gender Unit (SGU)

45. The SGU has a core technical team composed of an Environment Officer (EO), a Social Safeguards Officer (SSO) and a Social Development and Gender Officer (SDGO), supported by 3 technical/field-support and 2 administration-support staff. Among these staff, minimum 3 (40%) are women, but maximum number is not limited. This staffing arrangement is also shown in **Figure 4.2** below.
46. The SGU has the following functions:
- (i) Maintain and update the ESMS;
 - (ii) Implement and update Gender Strategy;
 - (iii) Ensure all subprojects financed by NDRMF are screened, categorized based on their E&S risks and impacts, and reviewed in accordance with the ESMS;
 - (iv) Review and screen proposals submitted by FIPs from social protection, social development and gender perspective.
 - (v) Ensure that the Fund does not finance any category A sub-projects;
 - (vi) During screening, provide advice to the FIP to ensure that safeguard (environment, involuntary resettlement, and indigenous peoples) impacts are avoided or minimized, and/or mitigated sufficiently;
 - (vii) Participate in decision making for selection of sub-projects for financing;

- (viii) In accordance with the ESMS ensure that safeguard documents (environmental management plan, LARPs/RPs, and IPPs) as required are prepared;
- (ix) Set financing conditions for subprojects and ensure all safeguards requirements are fulfilled including but not limited to award of civil works contracts only after payment of full compensation, resettlement and rehabilitation assistance, where involuntary resettlement occurs;
- (x) Monitor subprojects to ensure safeguards compliance in accordance with safeguards documents prepared, in case of non-compliance assist FIPs on preparation a time bound Corrective Action Plan and ensure its effective implementation;
- (xi) Conduct outreach on the safeguards requirements and processes under the ESMS and provide training and capacity-building to NDRMF FIPs; Manage a transparent, gender responsive and culturally appropriate grievance redress mechanism within NDRMF, ensure the establishment and operations of similar mechanisms in the FIPs and facilitate/follow-up on the resolution of complaints related to the NDRMF operations and financed sub-projects;
- (xii) Keep updated record/documentation of ESMS activities, and provide periodic progress reports to the senior management as a part of overall performance reporting, and provide information to the Funding Source and other stakeholders on ESMS as and when required;
- (xiii) Conduct periodic audits and prepare reports in accordance with the ESMS.
- (xiv) Provide assistance and required information to external ESMS auditors for the conduct of annual audits; and
- (xv) Contribute to capacity building of the Fund and FIPs staff in planning and implementing social and gender inclusive disaster prevention interventions.
- (xvi) Ensure the implementation, monitoring and reporting of Gender Action Plan, prepared for the fund
- (xvii) Conduct periodic reviews of procedures, guidelines and checklists for continuous improvements in the light of lessons learnt.

4.1.3 Fund Implementing Partners (FIPs)

47. FIPs can be government entities, international donors, civil society, and academia, and could include public-private partnership models. Entities seeking financing support from the Fund should first be accredited in order to be eligible to receive support. FIPs already accredited by reputed international and national funds will be provided special exemptions to fast track the accreditation process. Each FIP will use the resources transferred by NDRMF and carry out activities in accordance with the contract signed between the FIP and NDRMF.
48. Accredited FIPs will submit an application for financing and an initial sub-project concept (ISPC) based on criteria approved by the NDRMF Board and scope of activities in line with the NDMP, and NFPP IV. NDRMF will review the ISPC, screen the subproject in terms of safeguards and gender impacts and risks, and recommend appropriate more detailed assessments and plans. Upon approval of the ISPC, the FIP

will prepare a detailed sub-project report (DSPR) that includes the detailed design, implementation plan based on social and gender analysis, and required safeguards assessments and plans, required government approvals and other documents needed for appraisal of the subproject. Once approved, NDRMF will sign a contract with the FIP for the subproject implementation and release the required funds. During the subproject implementation, the FIP will submit periodic reports, while NDRMF reviews and supervises subproject performance the commitments of the FIP as per the contract.

49. The NDRMF basic project cycle is provided as **Figure 4.3** below.

Figure 4.1: Proposed Organisational Structure for NDRMF

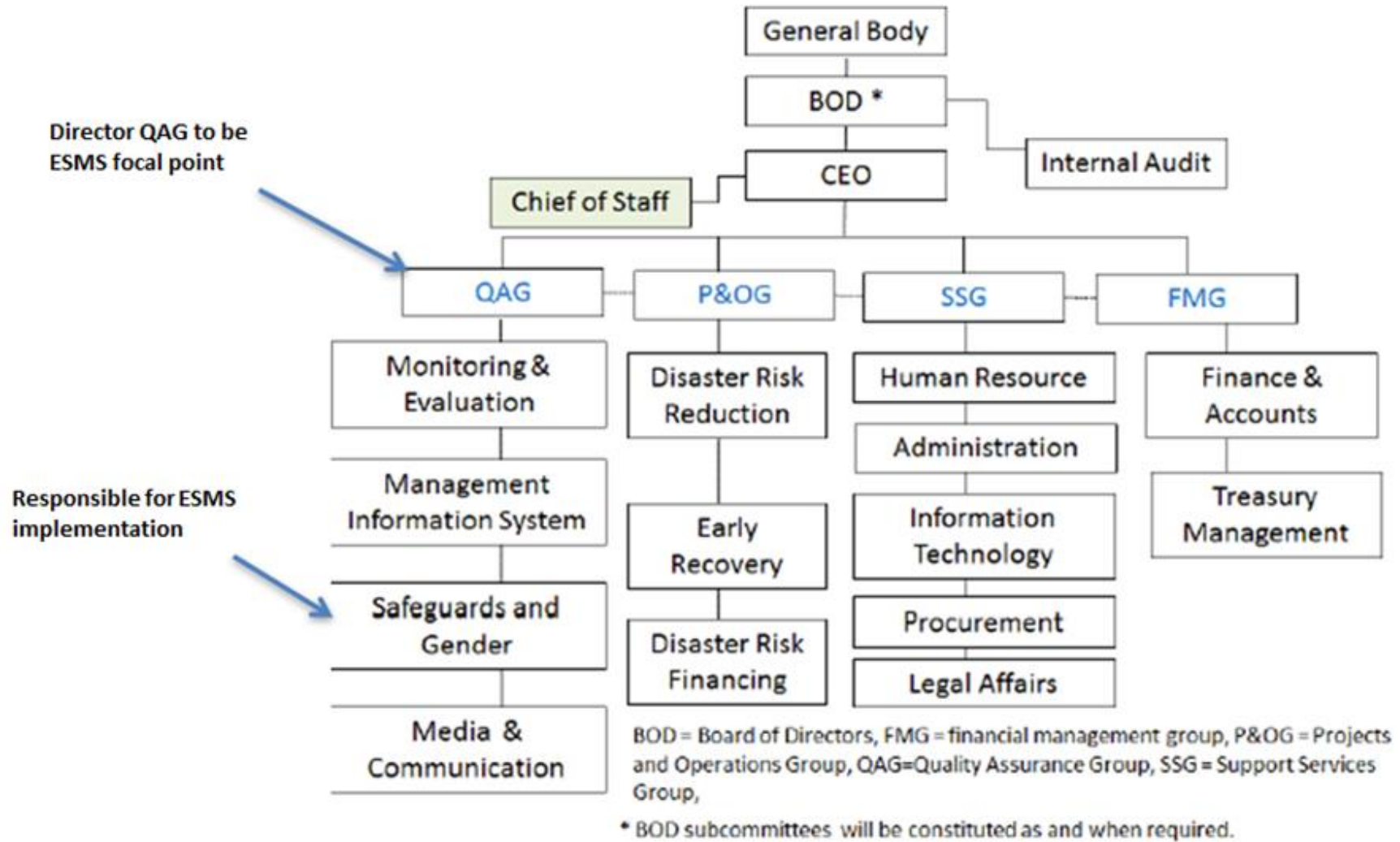


Figure 4.2: Proposed Staffing Arrangement of SGU

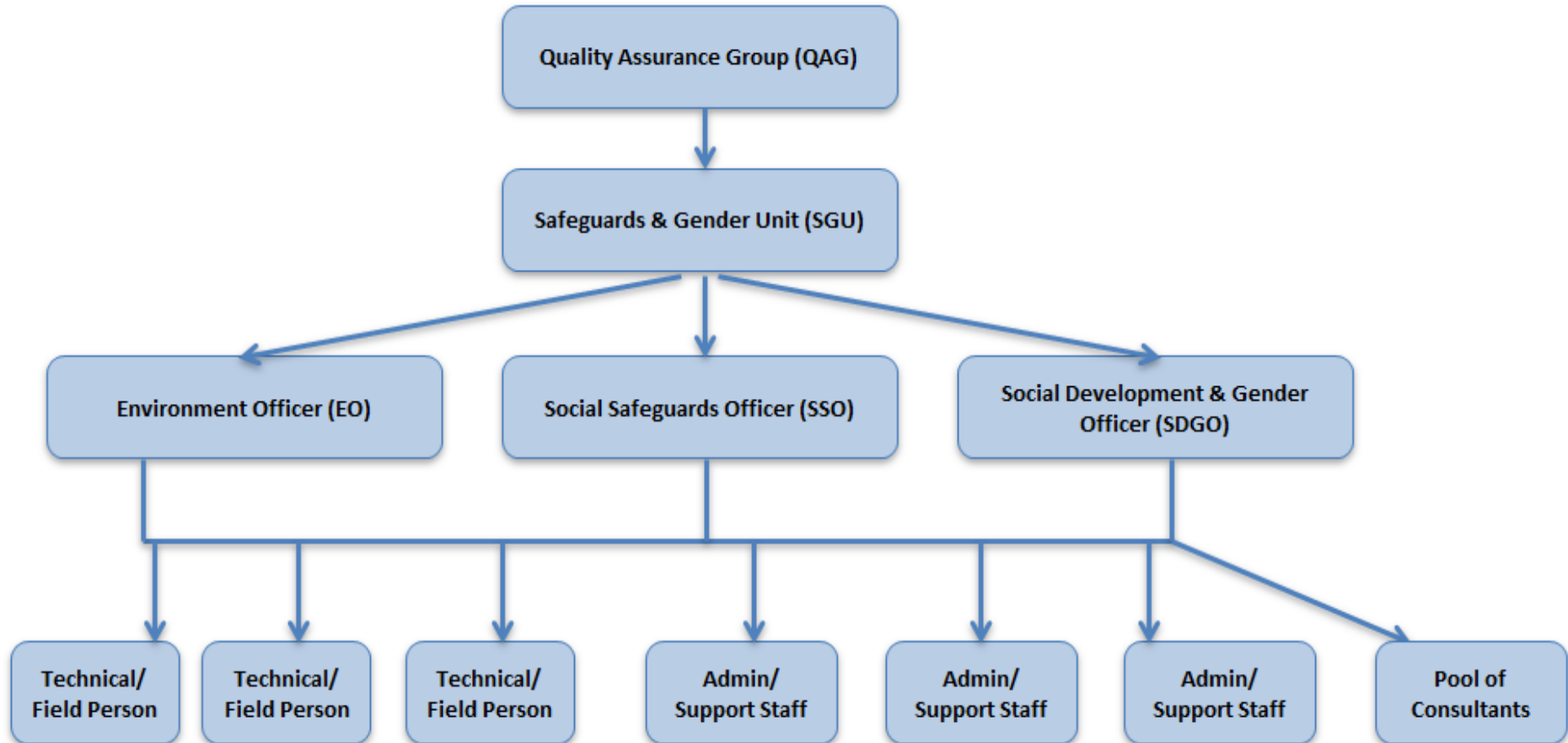
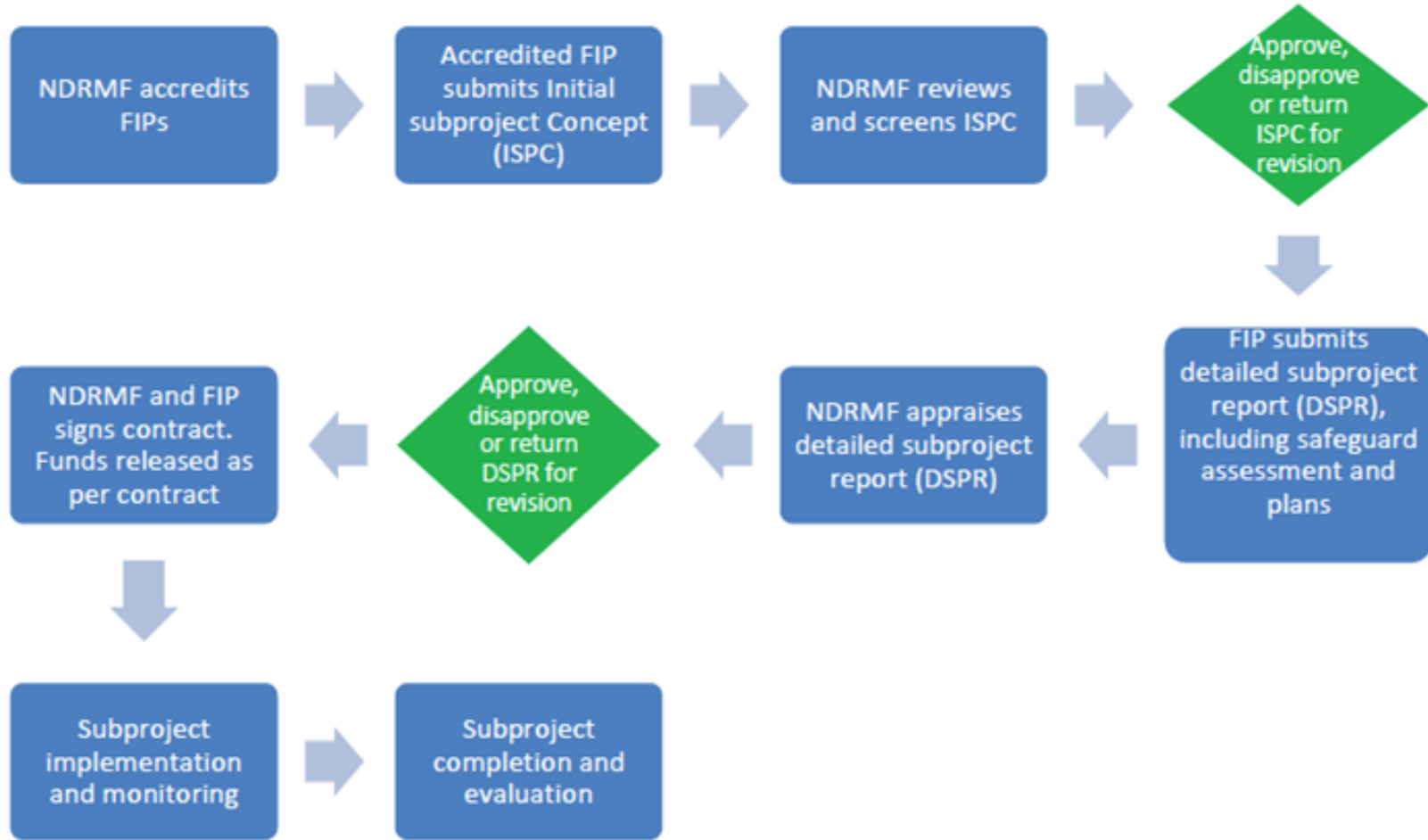


Figure 4.3: NDRMF Basic Project Cycle



4.2 Staffing

50. The SGU staff will be responsible for management of the ESMS. The staff required related to ESMS is shown in **Figure 4.2** above. The ESMS related tasks of each of the respective staff are provided below.

4.2.1 Director QAG

51. The key functions are as follows:

- Serve as ESMS focal point for NDRMF and have oversight for environmental and social issues (including involuntary resettlement, indigenous peoples, gender, labor, and other social risks) in subprojects funded under the Fund;
- Ensure that relevant NDRMF units and FIPs are fully aware of the ESMS, including the policy, standards, procedures, and guidelines;
- Supervise the work of the SGU technical staff; ensure a proactive and strong integration and engagement of the QAG functions, skills and capacity across the Fund;
- Consolidate inputs from the SGU technical staff in the safeguards screening proposals, and review of safeguard requirements and discuss with the Management Team (MT);
- Ensure that sub-projects assisted by NDRMF are properly monitored in terms of compliance with the safeguards requirements;
- Advise the MT on emerging safeguards issues and risks in financed sub-projects and propose appropriate measures for addressing these issues and risks;
- Serve as the grievance focal point for NDRMF and ensure that the grievance redress mechanism for the Fund is operational and effective;
- Sign and endorse the semi-annual environmental and social performance report for submission to the Funding Source, and ensure that the Funding Source is notified if and when the responsible staff has been changed or replaced with new staff;
- Ensure that no private land is acquired under urgency clause of the LAA;
- Assist the CEO in reporting to the Board on the status of ESMS implementation in sub-projects and overall ESMS implementation;

4.2.2 Environment Officer (EO)

52. The key functions are as follows:

- Provide support in training of FIPs and internal staff of NDRMF on the ESMS;
- Screen sub-project proposals for environmental and social impacts and climate change risks, recommend environment and social categorization and advise on further assessment and due diligence for the review of the proposal;
- Inform the Director, QAG on emerging environmental safeguards issues, risks and complaints and propose appropriate measures for addressing these;

- Review of environmental assessment reports and plans, confirm compliance with PEPA regulations and prepare due diligence report for category A/B subprojects.
- Validate the conduct of meaningful gender inclusive and responsive consultations and disclosure of the subprojects and environmental assessment with key stakeholders and affected men, women and children.
- Ensure that all Category A sub-projects are screened out since the Fund will not finance any Category A subprojects.
- Ensure disclosure of IEE or EIAs (as per PEPA) and environmental monitoring reports on the Fund's website.
- Conduct field visits, oversee the monitoring of subproject implementation for compliance with environmental requirements and preparation of monitoring reports.
- Prepare the semi-annual environmental performance report for submission to the Funding Source.

4.2.3 Social Safeguards Officer (SSO)

53. The key functions are as follows:

- Provide support in training internal staff of NDRMF and FIPs on ESMS requirements;
- Screen sub-project proposals for social safeguards impacts and risks, recommend IR/IP categorization and advise on further assessment and due diligence on social safeguards for the review of the proposal;
- Inform the Director, QAG on emerging social safeguards issues, risks and complaints and propose appropriate measures for addressing these;
- Review of LARPs/RPs/PPs, confirm compliance with LAA provisions and gap filling measures required under NDRF ESMS, and prepare due diligence report for sub-projects;
- Validate the conduct of meaningful gender inclusive consultations and disclosure of the sub-project social safeguard instruments to key stakeholders and affected men and women;
- Ensure that all category A subprojects are screened out, the Fund will not finance any Environment/IR/IP category A subprojects;
- Ensure disclosure of social safeguards documents (such as LARPs/RPs/PPs) and social monitoring reports in the NDRF website;
- Conduct field visits, conduct audits of subproject implementation for compliance with social safeguards requirements and preparation of audit reports;
- Prepare semi-annual social safeguards performance report for submission to the Funding Source.

4.2.4 Social Development and Gender Officer (SDGO)

54. The key functions are as follows:

- Support finalization and operationalization of the Gender Strategy. Ensure compliance with the Gender Strategy internally, and by the fund implementation partners (FIPs);
- Support Information Management Unit in putting a system in place to ensure collection of gender disaggregated data including number of beneficiaries.
- Oversee the implementation and monitoring of the Gender Action Framework (GAF) and related gender action plans aligned with GAF.
- Contribute to regular capacity building of NDMA and FIPs in planning and implementing social and gender inclusive disaster response programs.
- Participate in reviewing and screening of proposals submitted by FIPs from social protection, social development and gender perspective.
- Review FIPs existing policies and plans related to gender mainstreaming in disaster reduction, preparedness and response and make recommendations for further improvements.
- Prepare monitoring/periodic progress reports against the gender mainstreaming targets.

4.2.5 Resources and Capabilities

55. The Director, QAG and SGU core and technical support staff will need to be technically qualified to be able to carry out the screening and due diligence or able to review the work carried out by SGU. SGU staff would attend Funding Source sponsored or approved environmental, social safeguards and gender training(s) related to compliance and auditing/monitoring activities.
56. NDRMF will maintain a pool of qualified environmental, social and gender consultants who can be called upon to assist in conducting environmental and social reviews as appropriate. Indicative tasks of these safeguards consultants include (i) providing desk-review and field support to the SGU safeguard officers in the screening and categorization of proposals; (ii) assisting in the conduct of safeguards due diligence for the proposed subprojects and help in preparing the environment and social sections of the DDRs; (iii) conducting external environment and social auditing/monitoring of subprojects (iv) support in preparing annual environmental, social and gender performance reports.

5 Operational Procedures for Environmental and Social Compliance

5.1 Overview

57. A summary of key operating procedures has been provided in the following sections. However, detailed procedures shall be developed and provided as a part of the ESMS Manual.

5.2 Screening and Categorization

58. Since the Fund is a development institution and committed to follow international standards for the management of its environment and social system including gender aspects, by following international best practices, the Fund has adopted a list of Prohibited Investment Activities List (PIAL), which can be expanded, if necessary (refer to **Annexure-I**).
59. At the initial subproject concept (ISPC) review stage, the SGU staff applies the PIAL. If the proposal involves a prohibited activity or fall in the category of high risk, the FIP is informed for not considering the proposal. Otherwise, the SGU staff indicates the applicable environmental and social safeguard requirements for the proposal to applicant/FIP.
60. The step wise procedural flow for the screening and subsequent categorization of sub-projects as shown in **Figure 5.1** below.
61. The SGU implements the following rigorous screening system to assess whether the proposed sub-projects have adequately addressed environment, social and Indigenous Peoples safeguards. As best practice examples, ADB's Screening and Categorization mechanism and Checklists are provided as **Annexures IV, V and VI**). The Fund's specific checklists are provided in the ESMS manual. The sub-projects are classified under one of the categories provided in **Table 5.1** below. In addition, the safeguard requirements are provided as **Table 5.2** below.

Table 5.1: Safeguards Categorization of Proposals for NDRMF support

Category	Environment	Involuntary Resettlement	Indigenous Peoples
A- Significant (To be screened out)	Investments that anticipate significant adverse environmental impacts that are irreversible. These impacts may affect an area larger than the sites or facilities subject to physical works.	Investments where 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).	Investments that are expected to significantly affect the dignity, human rights, livelihood systems, or culture of Indigenous peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.
B - Less Significant	Investments with potential adverse impacts that are site-specific, few if any of them are irreversible, and in most cases	Investments with involuntary resettlement impacts that are not deemed significant.	Investments that are likely to have limited impacts on Indigenous Peoples.

Category	Environment	Involuntary Resettlement	Indigenous Peoples
	mitigation measures can be more readily designed than for Category A investments.		
C - Minimal or No Impact	Investments that have minimal or no adverse environmental impacts.	Investments with no involuntary resettlement impacts.	Investments that are not expected to have impacts on Indigenous Peoples.

Table 5.2: ESMS Requirements

Category (Risk Rating)	Environmental Safeguards	Involuntary Resettlement Safeguards	Indigenous Peoples Safeguards
Category A (with potential significant impacts)	Screened out		
Category B (with less significant impacts)	Comply with national laws and PIAL and Funding Source specific international laws	Comply with PIAL and/or SR2 including RP and national laws and Funding Source specific international laws	Comply with national laws and PIAL and Funding Source specific international laws
Category C (with minimal or no impacts)	Comply with national laws and PIAL and Funding Source specific international laws	Comply with national laws and PIAL and Funding Source specific international laws	Comply with national laws and PIAL and Funding Source specific international laws

62. The details of the three types of environmental and social categorizations for the different sub-projects are as follows:

Category 'A': For a proposal likely to be classified as category A for environment, involuntary resettlement, or indigenous peoples impacts, NDRMF will not be allowed to finance the sub-project. **All such sub-projects will be screened out.**

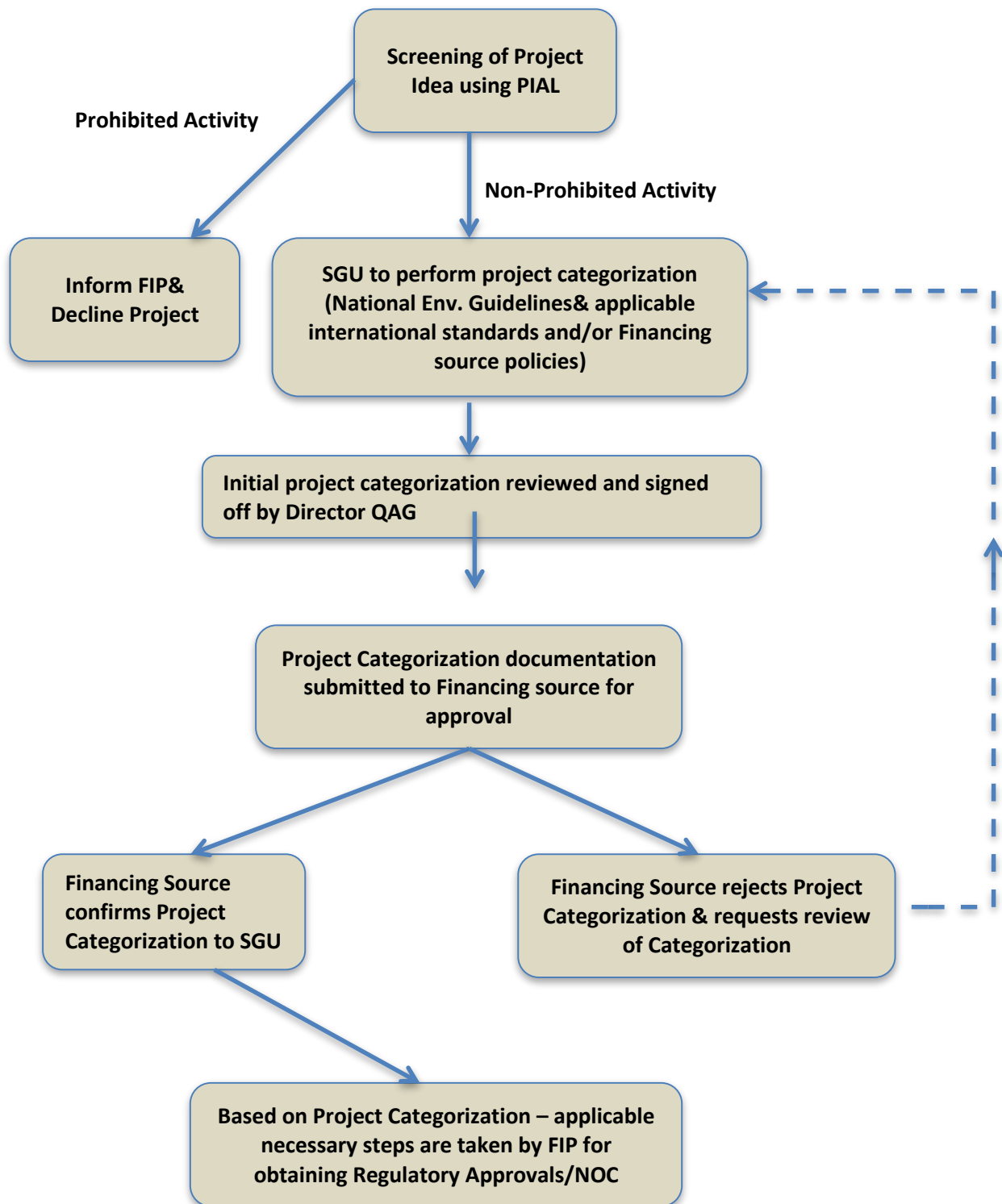
Category 'B': For proposals classified as category B, NDRMF will communicate the applicable ESMS requirements to FIPs. The Financing source may choose to review safeguards categorization and related documents while also conducting third party validation for a certain period until it feels the Fund has developed the required capacities to conduct the categorization itself. The FIPs will be required to prepare all necessary safeguard documents and present them to the Fund for review and clearance.

The Category 'B' sub-projects will be further sub-classified as 'B1' and 'B2' sub-projects. The B1 sub-projects will require an EIA to be conducted to fulfill applicable national requirements while B2 sub-projects will require an IEE to be conducted to fulfill applicable national requirements. In the case of both B1 or B2 sub-project types, the categorization of the sub-projects according to applicable regulations of the Funding Source shall be Category 'B'.

All due diligence and other safeguard documents could be reviewed by the Financing source prior to the approval of the proposals by the Fund till the third party assessment shows that the ESMS implementation is satisfactory. In the case of environmental safeguards, the FIP will obtain environmental clearance from the relevant provincial Environmental Protection Agency. The FIP will be required to share the environmental no-objection certificate (NOC) with the Fund. The Fund will then communicate the approval to the Funding Source as part of its regular reporting.

Category 'C': The sub-projects that may have minimal or no adverse environmental and social impacts and are listed under Schedule III of the EPA Review of IEE/EIA Regulations, 2014 will require the completion of an environmental checklist. However, such subprojects may be required to follow the sectoral environmental and social guidelines issued by the Pakistan EPAAs well as applicable international standards as required by the specific Funding Source.

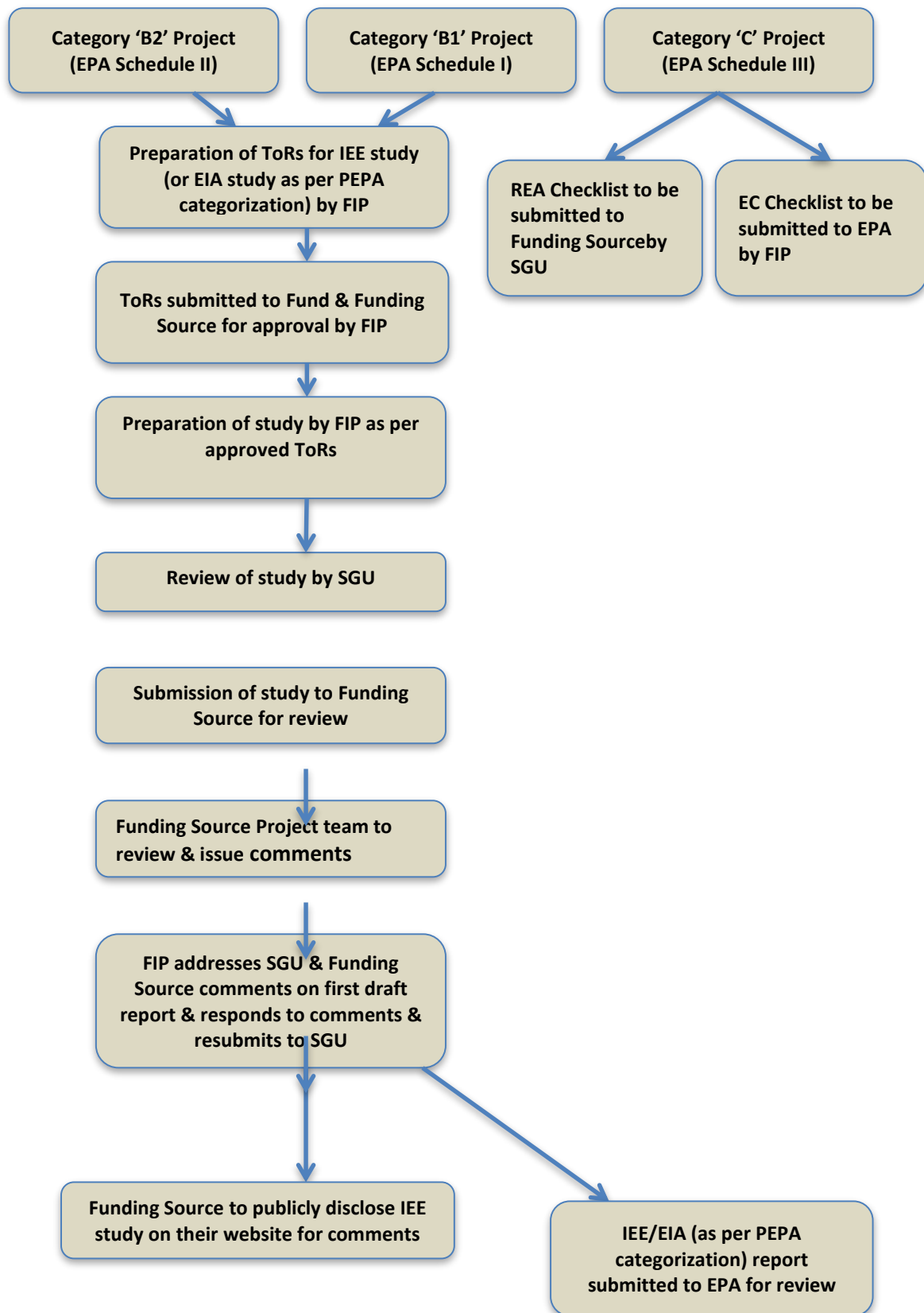
Figure 5.1: Procedure Flow – Project Screening and Categorization



5.3 Environmental and Social Assessment Process

63. The procedural flow for the environmental and social assessment process as part of the subproject preparation based on their respective categorization is provided in **Figure 5.2** below. The timelines for approval of the different sub-projects based on their respective environmental and social categorization are provided as **Figure 5.3** below.
64. The detailed environmental review and assessment procedures for Pak-EPA and a Financing Source (as an example, ADB as best practice case) for the different categories of subprojects are provided as **Annexure X**. The procedural flow for the social assessment process is reflected as **Figure 5.5** below.

Figure 5.2: Procedure Flow – Project Preparation



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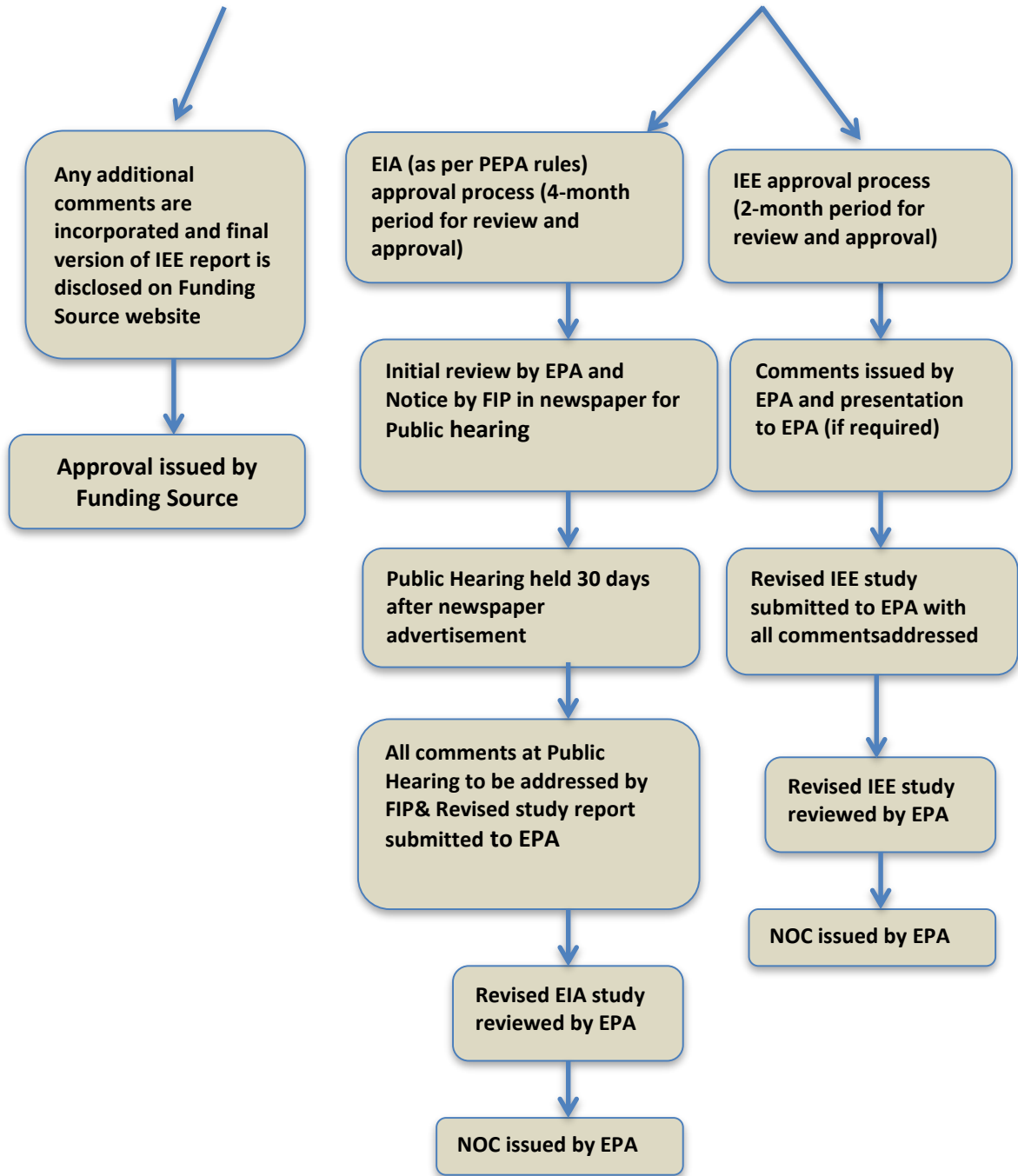


Figure 5.3: Expected Timelines for Category wise Environmental Approvals

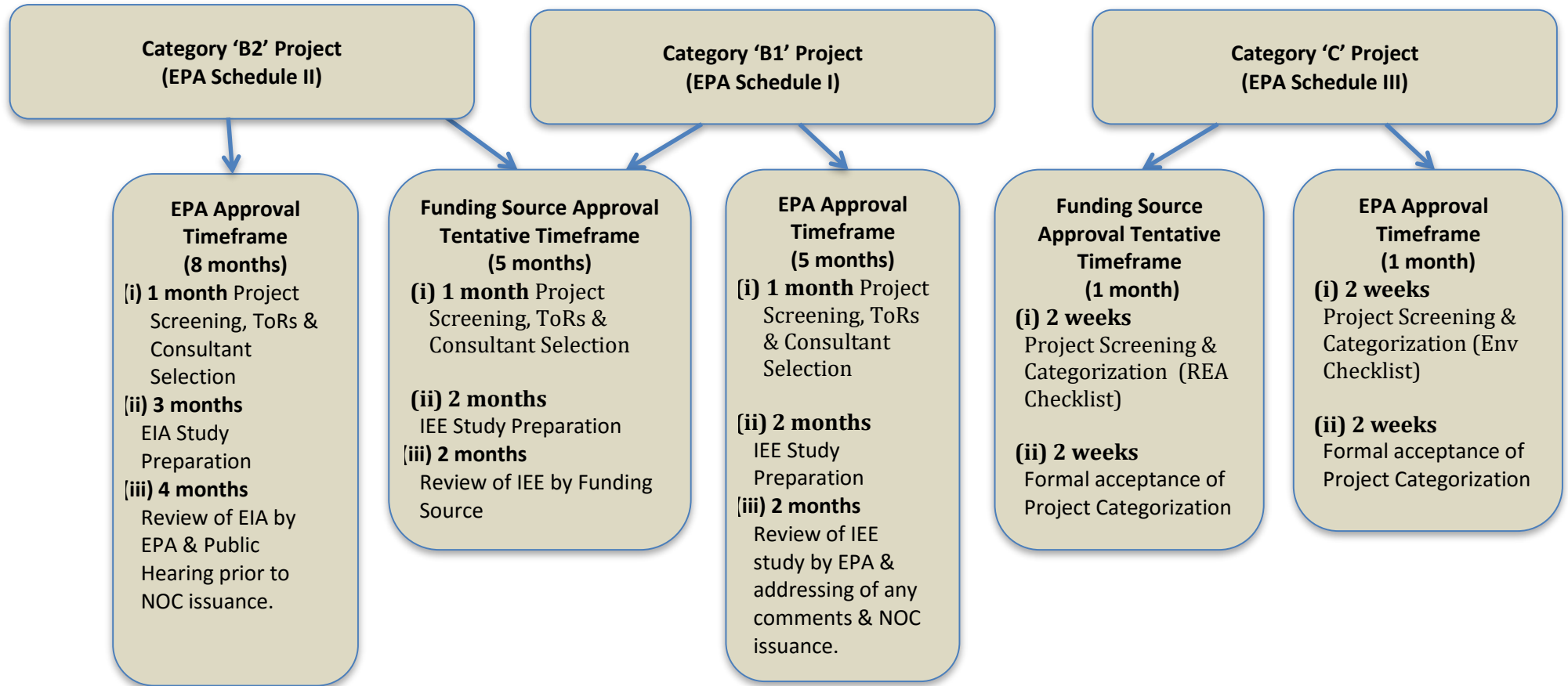


Figure 5.4: Procedure Flow – Project Implementation

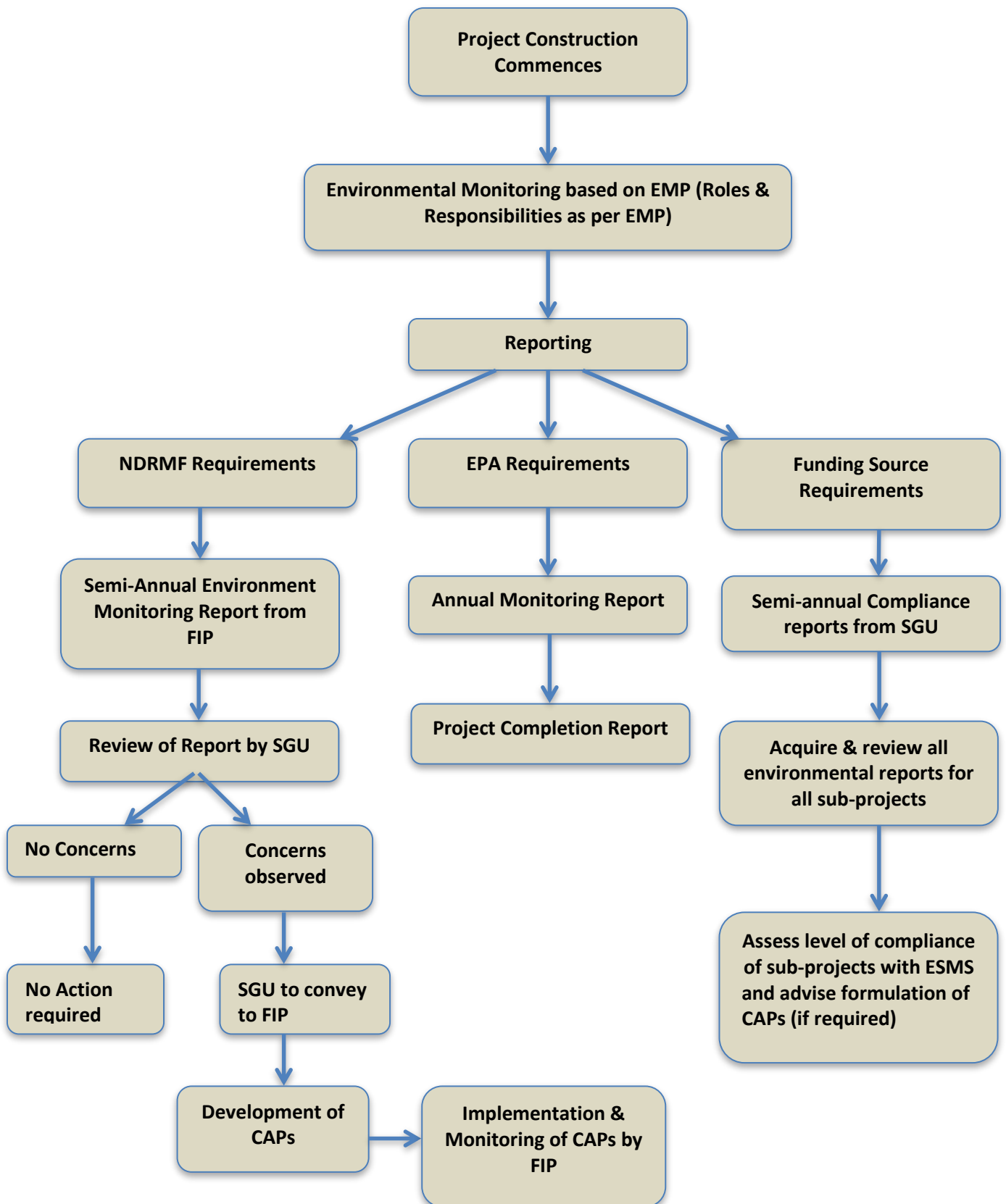
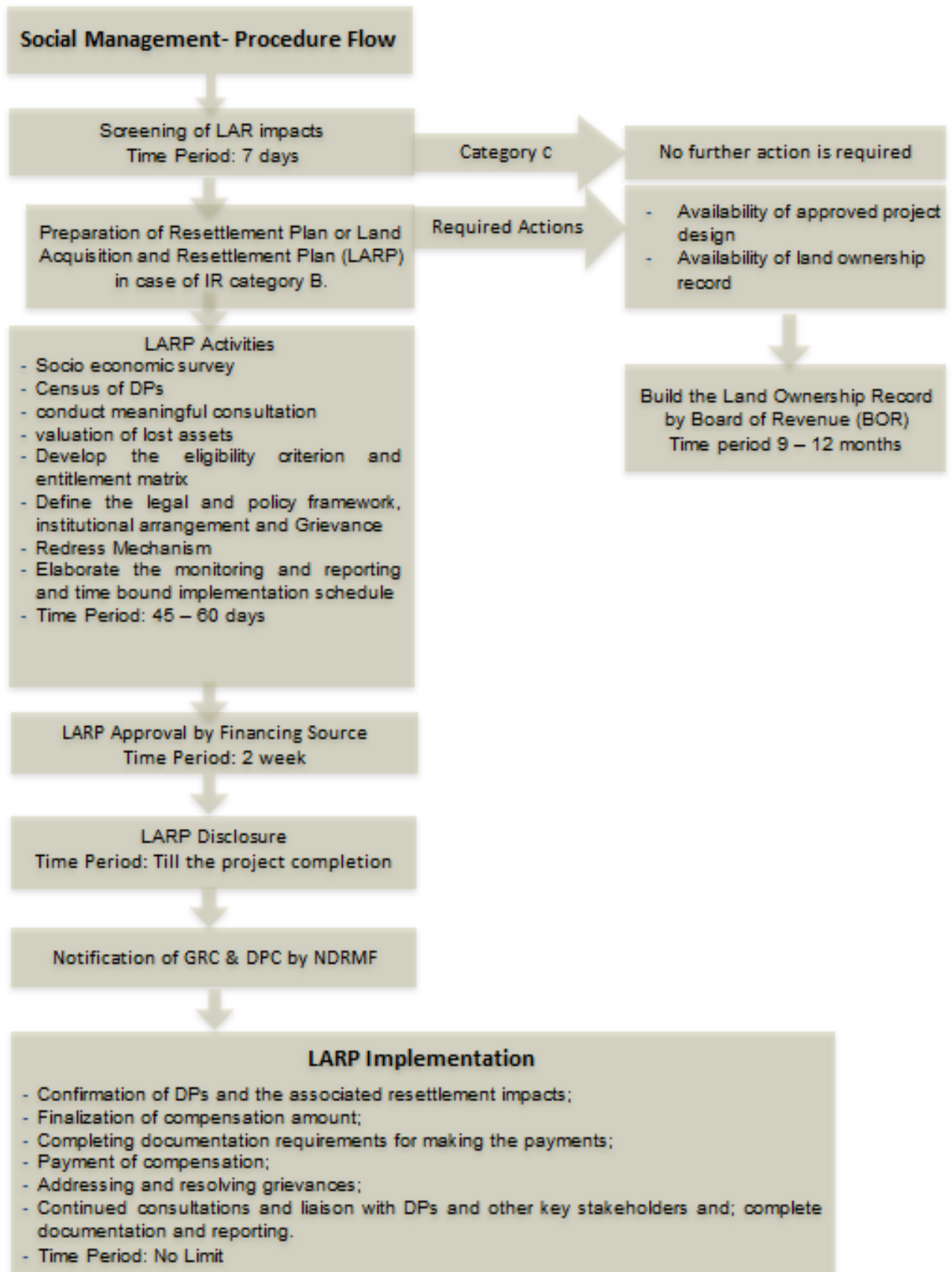


Figure 5.5: Social Management- Procedure Flow



5.4 Monitoring and Reporting

65. During the sub-project implementation phase, the procedure flow for conducting the different activities is provided as **Figure 5.4** above.
66. After a proposal is approved, the Director, QAG will communicate with the FIP and confirm from time to time that the FIP is undertaking the obligations of compliance with all applicable environmental and social safeguard requirements, and NDRMF will also promptly report to Financing Source any actual or potential breach of the compliance requirements after becoming aware of it. SGU staff will visit the site to verify and monitor the implementation of the safeguards requirements.
67. Environmental and social performance will be evaluated on a semi-annual basis. The benchmark for performance will be the ongoing compliance against the applicable environmental and social safeguard requirements. NDRMF will ensure that the FIP prepares and submits a semi-annual environmental and social monitoring report (**Annexure XIV**) and will review and assess the FIP's performance on environmental and social safeguard issues. The M&E system to be developed for NDRMF will include information on safeguards compliance status and activities. After 2 years from the establishment of the Fund, a third-party review will be done on the NDRMF ESMS and recommend corrective measures. In case sufficient capacity has been developed, the prior review of proposals categorization and safeguards plans by the Financing Source will no longer be required.
68. Based on the review of the semi-annual monitoring reports for Category B sub-projects by the FIPs, the Director, QAG will prepare a semi-annual environmental and social performance report, and submit it to the NDRMF management and Financing Source¹.

5.5 ESMS Audit Procedure

69. Once the ESMS of the Fund is found to be performing "satisfactorily" after the third party independent detailed assessment study, the Fund will continue to undergo annual independent auditing of its ESMS that will include (a) an assessment NDRMF's ability to manage and address all relevant social and environmental risks and impacts of its business operations, in particular, the issues identified in donor's safeguard requirements, build NDRMF's capacity in enhanced safeguards management; (b) a review of NDRMF's compliance record with applicable laws and regulations in Pakistan related to environmental and social matters, and international ratified conventions and agreements by Pakistan (c) identify the NDRMF's and its FIPs' main stakeholder groups and current stakeholder engagement/consultation activities. The audit will cover both the ESMS within NDRMF and selected subprojects for their implementation compliance to safeguard requirements.
70. External and independent resource persons will be identified as ESMS auditors and will undertake this audit. The ESMS auditors will have the experience to do both ESMS audits as well as audits of FIs subprojects. Resource persons either as individuals or agencies certified as auditors by reputed accreditation bodies will be employed. NDRMF will ensure that the audit team has a good mix of both auditing, subject knowledge/experience on both environment and social safeguards, and have both gender in the team.
71. SGU will furnish required information on their activities to the auditor and provide proper support and cooperation in the conduct of the audit. All subprojects that are categorized as B will be covered in these audits as long as disbursements have been made in the

¹ Until the duration of the financing period

current or the previous year. Approximately 25% of other subprojects will be selected, and will necessarily include at least one subproject from different subproject types.

72. ESMS auditors will submit an audit report including capacity assessment of and training in safeguards management for NDRMF's and FIPs' follow-up. NDRMF will agree on the follow-up action for each of the audit findings and agree on a timeframe to implement the follow-up actions.

5.6 Gender Responsive Information Disclosure and Grievance Redressal Procedure

73. The QAG, through its Media and Communication Unit, will develop the website for the NDRMF. All environmental and social information related to the ESMS and subprojects supported by the fund will be disclosed on the NDRMF website. These include the Board approved environmental and social policy and procedures described in the ESMS, environmental and social assessment documents and plans, environmental approvals for specific subprojects, monitoring and progress reports on subprojects supported by the Fund, annual environment and social safeguards performance report, and NDRMF gender responsive grievance redress mechanism (including complaints hotline, email and contact numbers).
74. The Director, QAG will ensure that the Fund has a mechanism in place to address complaints that arise at the project level, and non-compliances in accordance with ESMS and national regulations. The Director, QAG (supported by the SGU) will ensure there is a record of the following:
 - Complaints, grievances, or protests received from local communities, affected persons or other stakeholders, both men and women, recording dates and organizations involved, actions taken to resolve grievances, any outstanding issues, and proposed measures for resolution;
 - Details of information disclosure and consultations, if any, with affected men and women, local communities, civil society groups, and other stakeholders; and
 - Details of approach/methodology on addressing the concerns and issues raised in consultations.
75. The Fund will ensure that all investment agreements for subprojects contain provisions enabling: (a) Representatives of Financing Source to inspect the subprojects and any relevant records and documents; and (b) The Financing Source, in case of any breach, to require FIPs to bring the subprojects into compliance with all applicable laws and regulations of Pakistan and international and/or Funding Source specific policies.

5.7 Capacity Building

76. NDRMF has developed a capacity building plan to provide training and technical assistance to SGU staff, FIPs and other relevant stakeholders in environmental and social safeguards through hands-on mentoring, formal training and exposure to the best practices for both men and women. Also, information and guidance regarding the specific requirements for Category 'B' and 'C' sub-projects will also be provided to all relevant stakeholders. The capacity development plan includes:
 - (i) **Develop capacity of SGU:** to be well versed with the ESMS, its policies, principles, guideline and procedures to screen and categorize proposals received from FIPs, conduct due diligence of potential sub-projects, along with required monitoring and reporting, to attribute to accreditation of FIPs to certify their eligibility for financing.

- (ii) **Develop the capacity of Fund Implementation Partners:** to orient potential FIPs on the Fund requirements regarding ESMS.
- (iii) Ensure effective implementation of ESMS and results monitoring.

5.8 Track record in Environmental and Social Management

- 77. Since the Fund is recently established as a new entity, therefore so far there is no track record of past sub-projects that have been developed under it. Thus, at this point, it is not possible to assess the performance of the Fund with regards to compliance of past sub-projects from an environmental and social perspective.
- 78. In the future, once sub-projects have been financed and implemented, this section shall be updated based on the track record as a result of the performance of the NDRMF with regards to implementation of environmental and social safeguards for the respective sub-projects.

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ANNEXURES

Annexure – I: Prohibited Investment Activities List (PIAL)

Prohibited Investment Activities List

The following do not qualify for NDRMF financing:

- (i) Production or activities involving harmful or exploitative forms of forced labor² 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 biphenyls⁷ 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;¹²
- (vi) Gambling, casinos, and equivalent enterprises;¹³
- (vii) Production of or trade in radioactive materials,¹⁴ including nuclear reactors and components thereof;
- (viii) Production of, trade in, or use of unbonded asbestos fibers;¹⁵
- (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.

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 phaseouts or bans is available at <http://www.who.int>.

⁵ A list of pesticides and herbicides subject to phaseouts 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 phaseout 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 subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

¹² This does not apply to subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

¹³ This does not apply to subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

¹⁴ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which the NDRMF considers the radioactive source to be trivial and adequately shielded.

¹⁵ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

Annexure – II: Safeguard Requirements 1 To 3: Involuntary Resettlement & Indigenous People

Safeguard Requirements 1: ENVIRONMENT¹⁶

A. Introduction

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

B. Objectives

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

C. Scope of Application

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

D. Requirements

1. Environmental Assessment

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

¹⁶ In this attachment, the term "projects" refers to subprojects financed in part or in full by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company".

unprecedented, the borrower/client will examine alternatives to the project's location, design, technology, and components that would avoid, and, if avoidance is not possible, minimize adverse environmental impacts and risks. The rationale for selecting the particular project location, design, technology, and components will be properly documented, including, cost-benefit analysis, taking environmental costs and benefits of the various alternatives considered into account. The "no project" alternative will be also considered.

5. The assessment process will be based on current information, including an accurate project description, and appropriate environmental and social baseline data. The environmental assessment will consider all potential impacts and risks of the project on physical, biological, socioeconomic (occupational health and safety, community health and safety, vulnerable groups and gender issues, and impacts on livelihoods through environmental media (see also para. 6 of Safeguard Requirements 2 - Involuntary Resettlement of this Attachment) and physical cultural resources in an integrated way. The project's potential environmental impacts and risks will be reviewed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to environmental matters, including host country obligations under international law.
6. Impacts and risks will be analyzed in the context of the project's area of influence. This area of influence encompasses (i) the primary project site(s) and related facilities that the borrower/client (including its contractors) develops or controls, such as power transmission corridors, pipelines, canals, tunnels, access roads, borrow pits and disposal areas, and construction camps; (ii) associated facilities that are not funded as part of the project (funding may be provided separately by the borrower/client or by third parties), and whose viability and existence depend exclusively on the project and whose goods or services are essential for successful operation of the project; (iii) areas and communities potentially affected by cumulative impacts from further planned development of the project, other sources of similar impacts in the geographical area, any existing project or condition, and other project-related developments that are realistically defined at the time the assessment is undertaken; and (iv) areas and communities potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that might occur without the project or independently of the project. Environmental impacts and risks will also be analyzed for all relevant stages of the project cycle, including preconstruction, construction, operations, decommissioning, and postclosure/post closure activities such as rehabilitation or restoration.
7. The assessment will identify potential transboundary effects, such as air pollution, increased use or contamination of international waterways, as well as global impacts, such as emission of greenhouse gases and impacts on endangered species and habitats.
8. The environmental assessment will examine whether particular individuals and groups may be differentially or disproportionately affected by the project's potential adverse environmental impacts because of their disadvantaged or vulnerable status, in particular, the poor, women and children, and Indigenous Peoples. Where such individuals or groups are identified, the environmental assessment will recommend targeted and differentiated measures so that adverse environmental impacts do not fall disproportionately on them.
9. Depending on the significance of project impacts and risks, the assessment may comprise a full-scale environmental impact assessment (EIA) for category A projects,

an initial environmental examination (IEE) or equivalent process for category B projects, or a desk review. An EIA report includes the following major elements: (i) executive summary, (ii) description of the project, (iii) description of the environment (with comprehensive baseline data), (iv) anticipated environmental impacts and mitigation measures, (v) analysis of alternatives, (vi) environmental management plan(s), (vii) consultation and information disclosure, and (viii) conclusion and recommendations. An IEE, with its narrower scope, may be conducted for projects with limited impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

10. When the project involves existing activities or facilities, relevant external experts will perform environmental audits to determine the existence of any areas where the project may cause or is causing environmental risks or impacts. If the project does not foresee any new major expansion, the audit constitutes the environmental assessment for the project. A typical environmental audit report includes the following major elements: (i) executive summary; (ii) facilities description, including both past and current activities; (iii) summary of national, local, and any other applicable environmental laws, regulations, and standards; (iv) audit and site investigation procedure; (v) findings and areas of concern; and (vi) corrective action plan that provides the appropriate corrective actions for each area of concern, including costs and schedule.
11. When the project involves the development of or changes to policies, plans, or programs that are likely to have significant environmental impacts that are regional or sectoral, a strategic environmental assessment will be required. A strategic environmental assessment report will include (i) an analysis of the scenario, (ii) an assessment of long-term and indirect impacts, (iii) a description of the consultation process, and (iv) an explanation of option selection.

2. Environmental Planning and Management

12. The borrower/client will prepare an environmental management plan (EMP) that addresses the potential impacts and risks identified by the environmental assessment. The EMP will include the proposed mitigation measures, environmental monitoring and reporting requirements, emergency response procedures, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Where impacts and risks cannot be avoided or prevented, mitigation measures and actions will be identified so that the project is designed, constructed, and operated in compliance with applicable laws and regulations and meets the requirements specified in this document. The level of detail and complexity of the environmental planning documents and the priority of the identified measures and actions will be commensurate with the project's impacts and risks. Key considerations include mitigation of potential adverse impacts to the level of "no significant harm to third parties," the polluter pays principle, the precautionary approach, and adaptive management.
13. If some residual impacts are likely to remain significant after mitigation, the EMP will also include appropriate compensatory measures (offset) that aim to ensure that the project does not cause significant net degradation to the environment. Such measures may relate, for instance, to conservation of habitat and biodiversity, preservation of ambient conditions, and greenhouse gas emissions. Monetary compensation in lieu of offset is acceptable in exceptional circumstances, provided that the compensation is used to provide environmental benefits of the same nature and is commensurate with the project's residual impact.

14. The EMP will define expected outcomes as measurable events to the extent possible and will include performance indicators or targets that can be tracked over defined periods. It will be responsive to changes in project design, such as a major change in project location or route, or in technology, unforeseen events, and monitoring results.
15. At times, a third party's involvement will influence implementation of the EMP. A third party may be, inter alia, a government agency, a contractor, or an operator of an associated facility. When the third-party risk is high and the borrower/client has control or influence over the actions and behavior of the third party, the borrower/client will collaborate with the third party to achieve the outcome consistent with the requirements for the borrower/client. Specific actions will be determined on a case-by-case basis.
16. The borrower/client will use qualified and experienced experts to prepare the environmental assessment and the EMP. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation.

3. Information Disclosure

17. For subprojects financed by [Name of Bank], the requirements for public disclosure laid out in paragraph 12 of the main text of this ESMS (page 3) apply.
18. The borrower/client will provide relevant environmental information, including information from the environmental impact assessment in a timely manner, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. For illiterate people, other suitable communication methods will be used.

4. Consultation and Participation

19. The borrower/client will carry out meaningful consultation with affected people and other concerned stakeholders, including civil society, and facilitate their informed participation. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle;¹⁷ (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Consultation will be carried out in a manner commensurate with the impacts on affected communities. The consultation process and its results are to be documented and reflected in the environmental assessment report.

5. Grievance Redress Mechanism

¹⁷ For environment category A projects, such consultations will necessarily include consultations at the early stage of EIA field work and when the draft EIA report is available during project preparation, and before project appraisal by ADB.

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

6. Monitoring and Reporting

21. The borrower/client will monitor and measure the progress of implementation of the EMP. The extent of monitoring activities will be commensurate with the project's risks and impacts. In addition to recording information to track performance, the borrower/client will undertake inspections to verify compliance with the EMP and progress toward the expected outcomes. For projects likely to have significant adverse environmental impacts, the borrower/client will retain qualified and experienced external experts or qualified NGOs to verify its monitoring information. The borrower/client will document monitoring results, identify the necessary corrective actions, and reflect them in a corrective action plan. The borrower/client will implement these corrective actions and follow up on these actions to ensure their effectiveness.
22. The borrower/client will prepare periodic monitoring reports that describe progress with implementation of the EMP and compliance issues and corrective actions, if any. The borrower/client will submit at least semiannual monitoring reports during construction for projects likely to have significant adverse environmental impacts, and quarterly monitoring reports for highly complex and sensitive projects. For projects likely to have significant adverse environmental impacts during operation, reporting will continue at the minimum on an annual basis. Such periodic reports will be posted in a location accessible to the public. Project budgets will reflect the costs of monitoring and reporting requirements.

7. Unanticipated Environmental Impacts

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

8. Biodiversity Conservation and Sustainable Natural Resource Management

24. The borrower/client will assess the significance of project impacts and risks on biodiversity¹⁸ and natural resources as an integral part of the environmental assessment process specified in paras. 4–10. The assessment will focus on the major threats to biodiversity, which include destruction of habitat and introduction of invasive alien species, and on the use of natural resources in an unsustainable manner. The borrower/client will need to identify measures to avoid, minimize, or mitigate potentially adverse impacts and risks and, as a last resort, propose compensatory measures,

¹⁸ The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

such as biodiversity offsets, to achieve no net loss or a net gain of the affected biodiversity.

a. Modified Habitats

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

b. Natural Habitats

26. In areas of natural habitat,¹⁹ the project will not significantly convert or degrade²⁰ such habitat, unless the following conditions are met:
- (i) No alternatives are available.
 - (ii) A comprehensive analysis demonstrates that the overall benefits from the project will substantially outweigh the project costs, including environmental costs.
 - (iii) Any conversion or degradation is appropriately mitigated.
27. Mitigation measures will be designed to achieve at least no net loss of biodiversity. They may include a combination of actions, such as post subproject restoration of habitats, offset of losses through the creation or effective conservation of ecologically comparable areas that are managed for biodiversity while respecting the ongoing use of such biodiversity by Indigenous Peoples or traditional communities, and compensation to direct users of biodiversity.

c. Critical Habitats

28. No project activity will be implemented in areas of critical habitat²¹ unless the following requirements are met:

¹⁹ Land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions.

²⁰ Significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) the modification of a habitat that substantially reduces the habitat's ability to maintain viable populations of its native species. Significant conversion may include, for example, land clearing; replacement of natural vegetation (for example, by crops or tree plantations); permanent flooding (by a reservoir for instance); drainage, dredging, filling, or canalization of wetlands; or surface mining.

²¹ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value, including habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or that are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic, or cultural importance to local communities. Critical habitats include those areas either legally protected or officially proposed for protection, such as areas that meet the criteria of the World Conservation Union classification, the Ramsar List of Wetlands of International Importance, and the United Nations Educational, Scientific, and Cultural Organization's world natural heritage sites.

- (i) There are no measurable adverse impacts, or likelihood of such, on the critical habitat which could impair its high biodiversity value or the ability to function.
 - (ii) The project is not anticipated to lead to a reduction in the population of any recognized endangered or critically endangered species²² or a loss in area of the habitat concerned such that the persistence of a viable and representative host ecosystem be compromised.
 - (iii) Any lesser impacts are mitigated in accordance with para. 27.
29. When the project involves activities in a critical habitat, the borrower/client will retain qualified and experienced external experts to assist in conducting the assessment.

d. Legally Protected Areas

30. In circumstances where some project activities are located within a legally protected area, in addition to the requirement specified in para. 28, the borrower/client will meet the following requirements:
- (i) Act in a manner consistent with defined protected area management plans.
 - (ii) Consult protected area sponsors and managers, local communities, and other key stakeholders on the proposed project.
 - (iii) Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

e. Invasive Alien Species

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

f. Management and Use of Renewable Natural Resources

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

²² As defined by the World Conservation Union's Red List of Threatened Species or as defined in any national legislation.

9. Pollution Prevention and Abatement

33. During the design, construction, and operation of the project the borrower/client will apply pollution prevention and control technologies and practices consistent with international good practice, as reflected in internationally recognized standards such as the World Bank Group's *Environment, Health and Safety Guidelines*.²³ These standards contain performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from these levels and measures, the borrower/client will achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the borrower/client will provide full and detailed justification for any proposed alternatives that are consistent with the requirements presented in this document.

a. Pollution Prevention, Resource Conservation, and Energy Efficiency

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

b. Wastes

35. The borrower/client will avoid, or where avoidance is not possible, will minimize or control the generation of hazardous and nonhazardous wastes and the release of hazardous materials resulting from project activities. Where waste cannot be recovered or reused, it will be treated, destroyed, and disposed of in an environmentally sound manner. If the generated waste is considered hazardous, the client will explore reasonable alternatives for its environmentally sound disposal considering the limitations applicable to its transboundary movement.²⁴ When waste disposal is conducted by third parties, the borrower/client will use contractors that are reputable and legitimate enterprises licensed by the relevant regulatory agencies.

c. Hazardous Materials

36. The borrower/client will avoid the manufacture, trade, and use of hazardous substances and materials subject to international bans or phase outs because of their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer²⁵ and will consider the use of less hazardous substitutes for such chemicals and materials.

d. Pesticide Use and Management

37. The environmental assessment will ascertain that any pest and/or vector management activities related to the project are based on integrated pest management approaches and aim to reduce reliance on synthetic chemical pesticides in agricultural and public

²³ World Bank Group, 2007. *Environmental, Health, and Safety General Guidelines*. Washington, DC.

²⁴ Consistent with the objectives of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes.

²⁵ Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer.

health projects. The borrower/client's integrated pest/vector management program will entail coordinated use of pest and environmental information along with available pest/vector control methods, including cultural practices, biological, genetic and, as a last resort, chemical means to prevent unacceptable levels of pest damage. The health and environmental risks associated with pest management should be minimized with support, as needed, to institutional capacity development, to help regulate and monitor the distribution and use of pesticides and enhance the application of integrated pest management.

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

e. Greenhouse Gas Emissions

39. The borrower/client will promote the reduction of project-related anthropogenic greenhouse gas emissions in a manner appropriate to the nature and scale of project operations and impacts. During the development or operation of projects that are expected to or currently produce significant quantities of greenhouse gases,²⁶ the borrower/client will quantify direct emissions from the facilities within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. The borrower/client will conduct quantification and monitoring of greenhouse gas emissions annually in accordance with internationally recognized methodologies.²⁷ In addition, the borrower/client will evaluate technically and financially feasible and cost-effective options to reduce or offset project-related greenhouse gas emissions during project design and operation, and pursue appropriate options.

10. Health and Safety

a. Occupational Health and Safety

40. The borrower/client will provide workers²⁸ with a safe and healthy working environment, taking into account risks inherent to the particular sector and specific classes of hazards in the borrower's/client's work areas, including physical, chemical, biological, and radiological hazards. The borrower/client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring during the course of work by (i) identifying and minimizing, so far as reasonably practicable, the causes of potential hazards to workers; (ii) providing preventive and protective measures, including modification, substitution, or elimination of hazardous conditions

²⁶ Even though the significance of a project's contribution to greenhouse gas emissions varies between industry sectors, the significance threshold to be considered for these requirements is generally 100,000 tons of carbon dioxide equivalent per year for the aggregate emissions of direct sources and indirect sources associated with electricity purchased for own consumption.

²⁷ Estimation methodologies are provided by the Intergovernmental Panel on Climate Change (IPCC), various international organizations, and relevant host country agencies.

²⁸ Including nonemployee workers engaged by the borrower/client through contractors or other intermediaries to work on project sites or perform work directly related to the project's core functions.

or substances; (iii) providing appropriate equipment to minimize risks and requiring and enforcing its use; (iv) training workers and providing them with appropriate incentives to use and comply with health and safety procedures and protective equipment; (v) documenting and reporting occupational accidents, diseases, and incidents; and (vi) having emergency prevention, preparedness, and response arrangements in place.

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

b. Community Health and Safety

42. The borrower/client will identify and assess the risks to, and potential impacts on, the safety of affected communities during the design, construction, operation, and decommissioning of the project, and will establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts. These measures will favor the prevention or avoidance of risks and impacts over their minimization and reduction. Consideration will be given to potential exposure to both accidental and natural hazards, especially where the structural elements of the project are accessible to members of the affected community or where their failure could result in injury to the community. The borrower/client will avoid or minimize the exacerbation of impacts caused by natural hazards, such as landslides or floods, which could result from land use changes due to project activities.
43. The borrower/client will inform affected communities of significant potential hazards in a culturally appropriate manner. The borrower/client will be prepared to respond to accidental and emergency situations. This preparation will include response planning document(s) that addresses the training, resources, responsibilities, communications, procedures, and other aspects required to respond effectively to emergencies associated with project hazards. Appropriate information about emergency preparedness and response activities, resources, and responsibilities will be disclosed to affected communities.
44. When structural elements or components, such as dams, tailings dams, or ash ponds, are situated in high-risk locations and their failure or malfunction may threaten the safety of communities, the borrower/client will engage qualified and experienced experts, separate from those responsible for project design and construction, to conduct a review as early as possible in project development and throughout project design, construction, and commissioning.

11. Physical Cultural Resources

45. The borrower/client is responsible for siting and designing the project to avoid significant damage to physical cultural resources.²⁹ Such resources likely to be affected by the project will be identified, and qualified and experienced experts will assess the project's potential impacts on these resources using field-based surveys as an integral part of the environmental assessment process specified in paras. 4–10.

²⁹ Defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings and may be above or below ground or under water. Their cultural interest may be at the local, provincial, national, or international level.

46. When a project may affect physical cultural resources, the borrower/client will consult with affected communities who use, or have used them within living memory, for long-standing cultural purposes to identify physical cultural resources of importance and to incorporate the views of the affected communities on such resources into the borrower's/client's decision-making process. Consultation will also involve relevant national or local regulatory agencies that are entrusted with protecting physical cultural resources. The findings are disclosed as part of, and in the same manner as, the environmental assessment report, except when such disclosure would compromise or jeopardize the safety or integrity of the physical cultural resources.
47. When the project is likely to have adverse impacts on physical cultural resources, the borrower/client will identify appropriate measures for avoiding or mitigating these impacts as part of the environmental planning process specified in paras. 12–16. These measures may range from avoidance to full site protection to selective mitigation, including salvage and documentation, in cases where a portion or all of the physical cultural resources may be lost.
48. When the proposed location of a project is in areas where physical cultural resources are expected to be found as determined during the environmental assessment process, chance finds procedures will be included in the EMP. Chance finds shall not be disturbed until an assessment by a competent specialist is made and actions consistent with these requirements are identified.
49. The project will not remove any physical cultural resources unless the following conditions are met:
 - (i) No alternatives to removal are available.
 - (ii) The overall benefits of the project substantially outweigh the anticipated cultural heritage loss from removal.
 - (iii) Any removal is conducted in accordance with relevant provisions of national and/or local laws, regulations, and protected area management plans and national obligations under international laws, and employs the best available techniques.

Safeguard Requirements 2: Involuntary Resettlement

A. Introduction

1. Asian Development Bank (ADB) experience indicates that involuntary resettlement under development projects³⁰, if unmitigated, could give rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost; people are relocated to environments where their productive skills may be less applicable, and the competition for resources greater; community institutions and social networks are weakened; kin groups are dispersed; and cultural identity, traditional authority, and the potential for mutual help are diminished or lost. ADB therefore seeks to avoid involuntary resettlement wherever possible; minimize involuntary resettlement by exploring project and design alternatives; enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and improve the standards of living of the affected poor and other vulnerable groups.
2. Safeguard Requirements 2 outlines the requirements that borrowers/clients are required to meet in delivering involuntary resettlement safeguards to projects supported by ADB. It discusses the objectives, scope of application, and underscores the requirements for undertaking the social impact assessment and resettlement planning process, preparing social impact assessment reports and resettlement planning documents, exploring negotiated land acquisition, disclosing information and engaging in consultations, establishing a gender responsive grievance mechanism, and resettlement monitoring and reporting.

B. Objectives

3. The objectives are to avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons³¹ in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

C. Scope of Application

4. The requirements apply to all ADB-financed and/or ADB-administered sovereign and non-sovereign projects, and their components regardless of the source of financing, including investment projects funded by a loan; and/or a grant; and/or other means, such as equity and/or guarantees (hereafter broadly referred to as projects). The requirements also cover involuntary resettlement actions conducted by the borrower/client in anticipation of ADB support.
5. The involuntary resettlement requirements apply to full or partial, permanent or temporary physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) resulting from (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. Resettlement is considered involuntary when displaced individuals or

³⁰ In this attachment, the term "projects" refers to subprojects by a subproject financed in part or in full by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company."

³¹ In the context of involuntary resettlement, displaced persons are those who are physically displaced (relocation, loss of residential land, or loss of shelter) and/or economically displaced (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.

communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases where (i) lands are acquired through expropriation based on eminent domain; and (ii) lands are acquired through negotiated settlements, if expropriation process would have resulted upon the failure of negotiation.

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

A. Requirements

1. Compensation, Assistance and Benefits for Displaced Persons

7. Displaced persons in a project area could be of three types: (i) persons with formal legal rights to land lost in its entirety or in part; (ii) persons who lost the land they occupy in its entirety or in part who have no formal legal rights to such land, but who have claims to such lands that are recognized or recognizable under national laws; and (iii) persons who lost the land they occupy in its entirety or in part who have neither formal legal rights nor recognized or recognizable claims to such land. The involuntary resettlement requirements apply to all three types of displaced persons.
8. The borrower/client will provide adequate and appropriate replacement land and structures or cash compensation at full replacement cost for lost land and structures, adequate compensation for partially damaged structures, and relocation assistance, if applicable, to those persons described in para. 7(i) and 7(ii) prior to their relocation. For those persons described in para. 7(iii), the borrower/client will compensate them for the loss of assets other than land, such as dwellings, and also for other improvements to the land, at full replacement cost. The entitlements of those under para. 7(iii) is given only if they occupied the land or structures in the project area prior to the cutoff date for eligibility for resettlement assistance.
9. Preference will be given to land-based resettlement strategies for displaced persons whose livelihoods are land-based. These strategies may include resettlement on public land, or on private land acquired or purchased for resettlement. Whenever replacement land is offered, displaced persons are provided with land for which a combination of productive potential, locational advantages, and other factors is at least equivalent to the advantages of the land taken. If land is not the preferred option of the displaced persons, or sufficient land is not available at a reasonable price, non-land-based options built around opportunities for employment or self-employment should be provided in addition to cash compensation for land and other assets lost. The lack of land will be demonstrated and documented to the satisfaction of ADB.
10. The rate of compensation for acquired housing, land and other assets will be calculated at full replacement costs. The calculation of full replacement cost will be based on the following elements: (i) fair market value; (ii) transaction costs; (iii) interest accrued, (iv) transitional and restoration costs; and (v) other applicable payments, if any. Where market conditions are absent or in a formative stage, the borrower/client will consult with the displaced persons and host populations to obtain adequate information about recent land transactions, land value by types, land titles, land use, cropping patterns and crop production, availability of land in the project area and region, and other related information. The borrower/client will also collect baseline data

on housing, house types, and construction materials. Qualified and experienced experts will undertake the valuation of acquired assets. In applying this method of valuation, depreciation of structures and assets should not be taken into account.

11. In the case of physically displaced persons, the borrower/client will provide (i) relocation assistance, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, and civic infrastructure and community services as required; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) opportunities to derive appropriate development benefits from the project.
12. In the case of economically displaced persons, regardless of whether or not they are physically displaced, the borrower/client will promptly compensate for the loss of income or livelihood sources at full replacement cost. The borrower/client will also provide assistance such as credit facilities, training, and employment opportunities so that they can improve, or at least restore, their income-earning capacity, production levels, and standards of living to pre-displacement levels. The borrower/client will also provide opportunities to displaced persons to derive appropriate development benefits from the project. The borrower/client will compensate economically displaced people under paragraph 7(iii) for lost assets such as crops, irrigation infrastructure, and other improvements made to the land (but not for the land) at full replacement cost. In cases where land acquisition affects commercial structures, affected business owners are entitled to (i) the costs of reestablishing commercial activities elsewhere; (ii) the net income lost during the transition period; and (iii) the costs of transferring and reinstalling plant, machinery, or other equipment. Business owners with legal rights or recognized or recognizable claims to land where they carry out commercial activities are entitled to replacement property of equal or greater value or cash compensation at full replacement cost.
13. Involuntary resettlement should be conceived of and executed as part of a development project or program. In this regard, the best strategy is to provide displaced persons with opportunities to share project benefits in addition to providing compensation and resettlement assistance. Such opportunities would help prevent impoverishment among affected persons, and also help meet the ethical demand for development interventions to spread development benefits widely. Therefore borrowers/clients are encouraged to ascertain specific opportunities for engaging affected persons as project beneficiaries and to discuss how to spread such opportunities as widely as possible among affected persons in the resettlement plan.
14. The borrower/client will ensure that no physical displacement or economic displacement will occur until (i) compensation at full replacement cost has been paid to each displaced person for project components or sections that are ready to be constructed; (ii) other entitlements listed in the resettlement plan have been provided to displaced persons; and (iii) a comprehensive income and livelihood rehabilitation program, supported by an adequate budget, is in place to help displaced persons improve, or at least restore, their incomes and livelihoods. While compensation is required to be paid before displacement, full implementation of the resettlement plan might take longer. If project activities restrict land use or access to legally designated parks and protected areas, such restrictions will be imposed in accordance with the timetable outlined in the resettlement plan agreed between the borrower/client and ADB.

2. Social Impact Assessment

15. The borrower/client will conduct socioeconomic survey(s) and a census, with appropriate socioeconomic baseline data to identify all persons who will be displaced by the project and to assess the project's socioeconomic impacts on them. For this purpose, normally a cut-off date will be established by the host government procedures. In the absence of such procedures, the borrower/client will establish a cut-off date for eligibility. Information regarding the cutoff date will be documented and disseminated throughout the project area. The social impact assessment (SIA) report will include (i) identified past, present and future potential social impacts, (ii) an inventory of displaced persons³² and their assets,³³ (iii) an assessment of their income and livelihoods, and (iv) gender-disaggregated information pertaining to the economic and sociocultural conditions of displaced persons. The project's potential social impacts and risks will be assessed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to involuntary resettlement matters, including host country obligations under international law.
16. As part of the social impact assessment, the borrower/client will identify individuals and groups who may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. Where such individuals and groups are identified, the borrower/client will propose and implement targeted measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in relation to sharing the benefits and opportunities resulting from development.

3. Resettlement Planning

17. The borrower/client will prepare a resettlement plan, if the proposed project will have involuntary resettlement impacts. The objective of a resettlement plan is to ensure that livelihoods and standards of living of displaced persons are improved, or at least restored to pre-project (physical and/or economic) levels and that the standards of living of the displaced poor and other vulnerable groups are improved, not merely restored, by providing adequate housing, security of land tenure and steady income and livelihood sources. The resettlement plan will address all relevant requirements specified in Safeguard Requirements 2, and its level of detail and comprehensiveness of the resettlement plan will be commensurate with the significance of involuntary resettlement impacts.
18. A resettlement plan will be based on the social impact assessment and through meaningful gender inclusive consultation with the affected persons. A resettlement plan will include measures to ensure that the displaced persons are (i) informed about their options and entitlements pertaining to compensation, relocation, and rehabilitation; (ii) consulted on resettlement options and choices; and (iii) provided with resettlement alternatives. During the identification of the impacts of resettlement and resettlement planning, and implementation, the borrower/client will pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultation, information disclosure, and grievance mechanisms, to ensure that both men and women receive adequate and appropriate compensation for their lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards.

³² A population record of all displaced persons by their residence based on the census. If a census is not conducted prior to project appraisal and the resettlement plan is based on a sample survey, an updated resettlement plan will be prepared based on a census of displaced persons after the detailed measurement survey has been completed but before any land acquisition for the project.

³³ The asset inventory is a preliminary record of affected or lost assets at the household, enterprise, or community level.

19. The borrower/client will analyze and summarize national laws and regulations pertaining to land acquisition, compensation payment, and relocation of affected persons in the resettlement plan. The borrower/client will compare and contrast such laws and regulations with ADB's involuntary resettlement policy principles and requirements. If a gap between the two exists, the borrower/client will propose a suitable gap-filling strategy in the resettlement plan.
20. All costs of compensation, relocation, and livelihood rehabilitation will be considered project costs. To ensure timely availability of required resources, land acquisition and resettlement costs may be considered for inclusion in ADB financing. Resettlement expenditure is eligible for ADB financing if incurred in compliance with ADB's safeguard policy statement and with ADB-approved resettlement planning documents. If ADB funds are used for resettlement costs, such expenditure items will be clearly reflected in the resettlement plan.
21. The borrower/client will include detailed measures for income restoration and livelihood improvement of displaced persons in the resettlement plan. Income sources and livelihoods affected by project activities will be restored to pre-project levels, and the borrower/client will make every attempt to improve the incomes of displaced persons so that they can benefit from the project. For vulnerable persons and households affected, the resettlement plan will include measures to provide extra assistance so that they can improve their incomes in comparison with pre-project levels. The resettlement plan will specify the income and livelihoods restoration strategy, the institutional arrangements, the monitoring and reporting framework, the budget, and the time-bound implementation schedule.
22. The information contained in a resettlement plan may be tentative until a census of affected persons has been completed. Soon after the completion of engineering designs, the borrower/client will finalize the resettlement plan by completing the census and inventories of loss of assets. At this stage, changes to the resettlement plan take the form of revising the number of displaced persons, the extent of land acquired, the resettlement budget, and the timetable for implementing the resettlement plan. The entitlement matrix of the resettlement plan may be updated at this stage to reflect the relevant changes but the standards set in the original entitlement matrix cannot be lowered when the resettlement plan is revised and finalized. The borrower/client will ensure that the final resettlement plan (i) adequately addresses all involuntary resettlement issues pertaining to the project, (ii) describes specific mitigation measures that will be taken to address the issues, and (iii) ensures the availability of sufficient resources to address the issues satisfactorily.
23. Projects with significant involuntary resettlement impacts will need adequate contingency funds to address involuntary resettlement impacts that are identified during project implementation. The borrower/client will ensure that such funds are readily available. Moreover, the borrower/client will consult with displaced persons identified after the formulation of the final resettlement plan and inform them of their entitlements and relocation options. The borrower/client will prepare a supplementary resettlement plan, or a revised resettlement plan, and will submit it to ADB for review before any contracts are awarded.
24. The borrower/client will use qualified and experienced experts to prepare the social impact assessment and the resettlement plan. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation.

4. Negotiated Land Acquisition

25. Safeguard Requirements 2 does not apply to negotiated settlements, unless expropriation would result upon the failure of negotiations. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. The borrower/client is encouraged to acquire land and other assets through a negotiated settlement wherever possible, based on meaningful consultation with affected persons, including those without legal title to assets. A negotiated settlement will offer adequate and fair price for land and/or other assets. The borrower/client will ensure that any negotiations with displaced persons openly address the risks of asymmetry of information and bargaining power of the parties involved in such transactions. For this purpose, the borrower/client will engage an independent external party to document the negotiation and settlement processes. The borrower/client will document consultation processes, policies, and laws that are applicable to such transactions; third-party validation; mechanisms for calculating the replacement costs of land and other assets affected; and record-keeping requirements, and submit the documentation, together with the resettlement plan, through the [Name of Bank], to ADB for review in accordance with paragraph 10 of the main text of this ESMS (page 2).

5. Information Disclosure

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

6. Consultation and Participation

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

7. Grievance Redress Mechanism

289. The borrower/client will establish a gender responsive mechanism to receive and facilitate the resolution of affected persons' concerns and grievances about physical and economic displacement and other project impacts, paying particular attention to the impacts on vulnerable groups. The grievance redress mechanism should be scaled to the risks and adverse impacts of the project. It should address affected persons' concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to the affected persons at no costs and without retribution. The mechanism should not impede access

to the country's judicial or administrative remedies. The borrower/client will inform affected persons about the mechanism.

8. Monitoring and Reporting

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

9. Unanticipated Impacts

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

10. Special Considerations for Indigenous Peoples

32. The borrower/client will explore to the maximum extent possible alternative project designs to avoid physical relocation of Indigenous Peoples that will result in adverse impacts on their identity, culture, and customary livelihoods. If avoidance is impossible, a combined Indigenous Peoples plan and resettlement plan could be formulated to address both involuntary resettlement and Indigenous Peoples issues.³⁴ Such a combined plan will also meet all relevant requirements specified under Safeguard Requirements 3.

³⁴In accordance with paragraph 10 of this ESMS (page 2), [Name of Bank] will submit the combined involuntary resettlement and Indigenous Peoples plan of a category A investment to ADB for review

SAFEGUARD REQUIREMENTS 3: INDIGENOUS PEOPLES³⁵

A. Introduction

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

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

B. Objectives

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

C. Scope of Application

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

Within Asia and the Pacific, individual indigenous communities reflect tremendous diversity in their cultures, histories, and current circumstances. The contexts in which such peoples live are varied and changing and no universally accepted definition of Indigenous Peoples exists. Indigenous Peoples may be referred to in different countries by such terms as indigenous ethnic minorities, indigenous cultural communities, aboriginals, hill tribes, minority nationalities, scheduled tribes, or tribal groups. Such groups can be considered Indigenous Peoples for operational purposes when they possess the characteristics listed in para. 6.

³⁵ In this attachment, the term "projects" refers to subprojects by a subproject financed by [Name of Bank] using ADB funds, and the term "borrower/client" refers to "subproject company".

36. For operational purposes, the term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:
- (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
 - (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
 - (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
 - (iv) a distinct language, often different from the official language of the country or region.
37. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account.
38. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance remains eligible for coverage under this policy.
39. The Indigenous Peoples safeguards are triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as their ancestral domain.

D. General Requirements

1. Consultation and Participation

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

of the affected Indigenous Peoples communities. The borrower/client will pay special attention to the concerns of indigenous women and youth.

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

Social Impact Assessment

43. When screening by ADB confirms likely impacts on Indigenous Peoples, the borrower/client will retain qualified and experienced experts to carry out a full social impact assessment (SIA), and if impacts on Indigenous Peoples are identified, the borrower/client will prepare an IPP in conjunction with the feasibility study. The project's potential social impacts and risks will be assessed against the requirements presented in this document and applicable laws and regulations of the jurisdictions in which the project operates that pertain to Indigenous Peoples matters, including host country obligations under international law.
44. Based on the screening, a field-based SIA will be conducted either as part of the feasibility study or as a stand-alone activity. The SIA will, in a gender-sensitive manner, in consultation with Indigenous Peoples communities, identify the project-affected Indigenous Peoples and the potential impacts of the proposed project on them. The SIA will provide a baseline socioeconomic profile of the indigenous groups in the project area and project impact zone; assess their access to and opportunities to avail themselves of basic social and economic services; assess the short- and long-term, direct and indirect, and positive and negative impacts of the project on each group's social, cultural, and economic status; assess and validate which indigenous groups will trigger the Indigenous Peoples policy principles; and assess the subsequent approaches and resource requirements for addressing the various concerns and issues of projects that affect them.
45. The level of detail and comprehensiveness of the SIA will be proportional to the complexity of the proposed project and commensurate with the nature and scale of the proposed project's potential effects on Indigenous Peoples, whether positive or negative.

Indigenous Peoples Planning

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

47. If Indigenous Peoples are the sole or the overwhelming majority of direct project beneficiaries,³⁶ and when only positive impacts are identified, the elements of an IPP could be included in the overall project design in lieu of preparing a separate IPP. In such cases, the project document will include a summary of about how the project complies with Indigenous Peoples safeguards. In particular, it will explain how the requirements for meaningful consultation are fulfilled and how the accrual of benefits has been integrated into the project design.
48. The borrower/client will update the IPP following the completion of detailed engineering design and detailed measurement surveys. The updated IPP will closely follow the award of contract packages and the implementation time schedules of each project component or subproject. Mitigating measures to avoid adverse impacts on Indigenous Peoples and measures to enhance culturally appropriate development benefits will be adjusted, but the agreed outcomes as specified in the draft IPP will not be lowered or minimized. If new groups of Indigenous Peoples are identified prior to submission of the final IPP, through the [Name of Bank], to ADB, meaningful consultation will be undertaken with them also.
49. The borrower/client will use qualified and experienced experts to prepare the social impact assessment and IPP. For highly complex and sensitive projects, independent advisory panels of experts not affiliated with the project will be used during project preparation and implementation. Any highly complex and sensitive projects affecting Indigenous Peoples will require an Indigenous Peoples expert on the advisory panel.

Information Disclosure

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

Grievance Redress Mechanism

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

Monitoring and Reporting

52. The borrower/client will monitor and measure the progress of implementation of the IPP. The extent of monitoring activities will be commensurate with the project's risks and impacts. In addition to recording information to track performance, the borrower/client should use dynamic mechanisms, such as inspections and audits, to verify compliance with requirements and progress toward achieving the desired outcomes. For projects with significant adverse impacts on Indigenous Peoples, the borrower/client will retain qualified and experienced external experts or qualified nongovernment organizations to verify monitoring information. The external experts engaged by the borrower/client will advise on compliance issues, and if any significant

³⁶ This may be the case in certain developing countries such as Pacific island nations.

Indigenous Peoples issues are found, the borrower/client will prepare a corrective action plan or an update to the approved IPP. The borrower/client will implement the corrective actions and follow up on these actions to ensure their effectiveness.

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

Unanticipated Impacts

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

E. Special Requirements

1. Ancestral Domains and Lands and Related Natural Resources

55. Indigenous Peoples are closely tied to land, forests, water, wildlife, and other natural resources, and therefore special considerations apply if the project affects such ties. In this situation, when carrying out the social impact assessment and preparing the IPP, the borrower/client will pay particular attention to the following:
 - (i) the customary rights of the Indigenous Peoples, both individual and collective, pertaining to ancestral domains, lands, or territories that they traditionally own or customarily use or occupy, and where access to natural resources is vital to the sustainability of their cultures and livelihood systems;
 - (ii) the need to protect such ancestral domains, lands, and resources against illegal intrusion or encroachment;
 - (iii) the cultural and spiritual values that the Indigenous Peoples attribute to such lands and resources;
 - (iv) the Indigenous Peoples' natural resources management practices and the long-term sustainability of such practices; and
 - (v) the need to rehabilitate the livelihood systems of Indigenous Peoples who have been evicted from their lands.
56. If the project involves activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, such as land titling projects, or the acquisition of such lands, the borrower/client will integrate an action plan for the legal recognition of customary rights to such lands, territories, and ancestral domains in the IPP. The action plan is normally carried out before project implementation, but in some cases it may need to be formulated concurrently with the project itself. Such legal recognition may take the following forms:
 - (i) full legal recognition of existing customary land tenure systems of Indigenous Peoples, or
 - (ii) conversion of customary usage rights to communal and/or individual ownership rights.

57. If neither option is possible under national law, the IPP will include an action plan for legal recognition of perpetual or long-term renewable custodial or user rights.
58. In addition, for projects with potential impacts on Indigenous Peoples, the borrower/client will ensure their meaningful consultation and facilitate their informed participation on matters affecting them directly, such as proposed mitigation measures, sharing of project benefits and opportunities, and implementation arrangements.

2. Consent of Affected Indigenous Peoples Communities

59. Indigenous Peoples may be particularly vulnerable when project activities include (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. In deciding whether to proceed with a project involving such project activities, the borrower/client will seek the consent of affected Indigenous Peoples communities.
60. For purposes of policy application, consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for the project activities listed in para. 30. Such broad community support may exist even if some individuals or groups object to the project activities.
61. Where broad community support has been ascertained, the borrower/client will provide documentation that details the process and outcomes of consultations with Indigenous Peoples and Indigenous Peoples' organizations, including (i) the findings of the SIA; (ii) the process of meaningful consultation with the affected Indigenous Peoples communities; (iii) the additional measures, including project design modification, that may be required to address adverse impacts on the Indigenous Peoples and to provide them with culturally appropriate project benefits; (iv) the recommendations for meaningful consultation with and participation by Indigenous Peoples communities during project implementation, monitoring, and evaluation; and (v) the content of any formal agreements reached with Indigenous Peoples communities and/or Indigenous Peoples' organizations. The borrower/client will submit documentation of the engagement process, through the [name of Bank], to ADB for review and for ADB's own investigation to assure itself of the existence of broad community support for the project activities. For investments that are deemed by ADB not to have such support, the [Name of Bank] will reject the investments.
62. When the borrower/client and the affected Indigenous Peoples have major disagreements relating to the design, the IPP, or the implementation of the activities relating to commercial development of the cultural resources, physical displacement of Indigenous Peoples, and/or to commercial development of natural resources, the borrower/client will adopt a process of good faith negotiations for resolving such differences and disagreements.
63. **Commercial Development of Cultural Resources.** If the project involves the commercial development of Indigenous Peoples' cultural resources and knowledge, the borrower/client will ensure that the affected communities are informed of (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on Indigenous Peoples' livelihoods, environment, and use of such resources. The IPP will reflect the

nature and content of agreements and will include arrangements to ensure that Indigenous Peoples receive an equitable share of the benefits to be derived from such commercial development in a culturally appropriate way.

64. **Physical Displacement of Indigenous Peoples.** The borrower/client will explore to the maximum extent possible alternative project designs to avoid physical displacement of Indigenous Peoples that will result in adverse impacts on their identity, culture, and customary livelihoods. In exceptional circumstances, when avoidance is impossible, the borrower/client will prepare an IPP that could be combined with a resettlement plan. Such a combined plan needs to be compatible with the Indigenous Peoples' cultural preferences and will include a land-based resettlement strategy. Where possible, the plan will allow the affected Indigenous Peoples to return to the lands and territories they traditionally owned or customarily used or occupied if the reasons for their relocation cease to exist. The plan should include provisions to rehabilitate such lands, if needed.
65. **Commercial Development of Natural Resources.** If the project involves the commercial development of natural resources (such as minerals, hydrocarbons, forests, water, or hunting or fishing grounds) within customary lands under use by Indigenous Peoples, the borrower/client will ensure that the affected communities are informed of (i) their rights to such resources under statutory and customary law; (ii) the scope and nature of the proposed commercial development and the parties interested or involved in such development; and (iii) the potential effects of such development on the Indigenous Peoples' livelihoods, environment, and use of such resources. The borrower/client will include in the IPP arrangements to enable the Indigenous Peoples to receive in a culturally appropriate manner an equitable share of the benefits to be derived from such commercial development that is at least equal to or higher than that of any other affected landowners.

3. Indigenous Peoples and Development

66. In furtherance of the objectives to benefit Indigenous Peoples, developing member countries can ask ADB to support them in their development planning and poverty reduction strategies by providing financial assistance for a variety of initiatives, such as the following:
- (i) strengthen local legislation to establish legal recognition of the customary or traditional land tenure systems of Indigenous Peoples;
 - (ii) enhance participation by Indigenous Peoples in the development process by incorporating their perspectives into the design of development programs and poverty reduction strategies and providing them with opportunities to benefit more fully from development programs through policy and legal reforms, capacity building, and meaningful consultations, participation, and empowerment;
 - (iii) support the development priorities of Indigenous Peoples through programs developed by governments in cooperation with Indigenous Peoples;
 - (iv) address the gender and intergenerational issues that exist among many Indigenous Peoples, including the special needs of indigenous women, youth, and children;
 - (v) prepare participatory profiles of Indigenous Peoples to document their culture, demographic structure, gender and intergenerational relations, and social

organization, institutions, production systems, religious beliefs, and resource use patterns;

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

ADB's Social Protection Requirements

The Social Protection Strategy requires NDRMF to comply with applicable labor laws in relation to the Investment. Sub-borrowers should take the following measures to comply with the core labor standards³⁷:

- (a) Carry out its activities consistent with the intent of ensuring legally permissible equal opportunity, fair treatment and non-discrimination in relation to recruitment and hiring, compensation, working conditions and terms of employment for its workers (including prohibiting any form of discrimination against women during hiring and providing equal work for equal pay for men and women engaged by the sub-borrower);
- (b) Not restrict its workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and
- (c) Engage contractors and other providers of goods and services:
 - (i) Who do not employ child labor³⁸ or forced labor³⁹;
 - (ii) Who have appropriate management systems that will allow them to operate in a manner which is consistent with the intent of (A) ensuring legally permissible equal opportunity and fair treatment and nondiscrimination for their workers, and (B) not restricting their workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and
 - (iii) Whose subcontracts contain provisions which are consistent with paragraphs (i) and (ii) above.

The above measures should be incorporated in the sub-borrowers' environmental (and/or social) management plan (ESMP).

The monitoring and reporting requirements should also state that the (i) the sub-borrower will provide NDRMF with an annual report on its compliance with the measures identified above. NDRMF should monitor the compliance of the sub-borrower and include this in this in the Semi-Annual Environmental and Social Performance Report.

³⁷ The core labor standards are the elimination of all forms of forced or compulsory labor; the abolition of child labor; elimination of discrimination in respect of employment and occupation; and freedom of association and the effective recognition of the right to collective bargaining, as per the relevant conventions of the International Labor Organization.

³⁸ Child labor means the employment of children whose age is below the statutory minimum age of employment in the relevant country, or employment of children in contravention of International Labor Organization Convention No. 138 'Minimum Age Convention' (www.ilo.org).

³⁹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

Annexure – IV: ADB Environmental Assessment Checklists For Different Project Types

URBAN DEVELOPMENT PROJECTS

Rapid Environmental Assessment (REA) Checklist

Instructions:

(i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (RSES) for endorsement by the Director, RSES and for approval by the Chief Compliance Officer.

(ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.

(iii) Answer the questions assuming the “without mitigation” case. The purpose is to identify potential impacts. Use the “remarks” section to discuss any anticipated mitigation measures.

Country/Project Title:

Sector Division:

Screening Questions	Yes	No	Remarks
A. Project Siting Is the project area...			
▪ Densely populated?			
▪ Heavy with development activities?			
▪ Adjacent to or within any environmentally sensitive areas?			
• Cultural heritage site			
• Protected Area			
• Wetland			
• Mangrove			
• Estuarine			
• Buffer zone of protected area			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> • Special area for protecting biodiversity 			
<ul style="list-style-type: none"> • Bay 			
B. Potential Environmental Impacts Will the Project cause...			
<ul style="list-style-type: none"> ▪ Impacts on the sustainability of associated sanitation and solid waste disposal systems and their interactions with other urban services. 			
<ul style="list-style-type: none"> ▪ Deterioration of surrounding environmental conditions due to rapid urban population growth, commercial and industrial activity, and increased waste generation to the point that both manmade and natural systems are overloaded and the capacities to manage these systems are overwhelmed? 			
<ul style="list-style-type: none"> ▪ Degradation of land and ecosystems (e.g. loss of wetlands and wild lands, coastal zones, watersheds and forests)? 			
<ul style="list-style-type: none"> ▪ Dislocation or involuntary resettlement of people? 			
<ul style="list-style-type: none"> ▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable group? 			
<ul style="list-style-type: none"> ▪ Degradation of cultural property, and loss of cultural heritage and tourism revenues? 			
<ul style="list-style-type: none"> ▪ Occupation of low-lying lands, floodplains and steep hillsides by squatters and low-income groups, and their exposure to increased health hazards and risks due to pollutive industries? 			
<ul style="list-style-type: none"> ▪ Water resource problems (e.g. depletion/degradation of available water supply, deterioration for surface and ground water quality, and pollution of receiving waters)? 			
<ul style="list-style-type: none"> ▪ Air pollution due to urban emissions? 			
<ul style="list-style-type: none"> ▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical and biological hazards during project construction and operation? 			
<ul style="list-style-type: none"> ▪ Road blocking and temporary flooding due to land excavation during rainy season? 			

Screening Questions	Yes	No	Remarks
▪ Noise and dust from construction activities?			
▪ Traffic disturbances due to construction material transport and wastes?			
▪ Temporary silt runoff due to construction?			
▪ Hazards to public health due to ambient, household and occupational pollution, thermal inversion, and smog formation?			
▪ Water depletion and/or degradation?			
▪ Overpaying of ground water, leading to land subsidence, lowered ground water table, and Stalinization?			
▪ Contamination of surface and ground waters due to improper waste disposal?			
▪ Pollution of receiving waters resulting in amenity losses, fisheries and marine resource depletion, and health problems?			
▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Social conflicts if workers from other regions or countries are hired?			
▪ Risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during operation and construction?			
▪ Community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			

BUILDINGS

Rapid Environmental Assessment (REA) Checklist

Instructions:

(i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (RSES) for endorsement by Director, RSES and for approval by the Chief Compliance Officer.

(ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.

(iii) Answer the questions assuming the “without mitigation” case. The purpose is to identify potential impacts. Use the “remarks” section to discuss any anticipated mitigation measures.

Country/Project Title:

Sector Division:

Screening Questions	Yes	No	Remarks
A. Project Siting Is the project area adjacent to or within any of the following areas:			
▪ Underground utilities			
▪ Cultural heritage site			
▪ Protected Area			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Buffer zone of protected area			
▪ Special area for protecting biodiversity			
▪ Bay			
B. Potential Environmental Impacts Will the Project cause...			
▪ Encroachment on historical/cultural areas?			
▪ Encroachment on precious ecology (e.g. sensitive or protected areas)?			

Screening Questions	Yes	No	Remarks
▪ Impacts on the sustainability of associated sanitation and solid waste disposal systems?			
▪ Dislocation or involuntary resettlement of people?			
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ Accident risks associated with increased vehicular traffic, leading to loss of life?			
▪ Increased noise and air pollution resulting from increased traffic volume?			
▪ Occupational and community health and safety risks?			
▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
▪ Generation of dust in sensitive areas during construction?			
▪ Requirements for disposal of fill, excavation, and/or spoil materials?			
▪ Noise and vibration due to blasting and other civil works?			
▪ Long-term impacts on groundwater flows as result of needing to drain the project site prior to construction?			
▪ Long-term impacts on local hydrology as a result of building hard surfaces in or near the building?			
▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)?			
▪ Social conflicts if workers from other regions or countries are hired?			
▪ Risks to community safety caused by fire, electric shock, or failure of the buildings safety features during operation?			
▪ Risks to community health and safety caused by management and disposal of waste?			
▪ Community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			

IRRIGATION

Rapid Environmental Assessment (REA) Checklist

Instructions:

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (RSES) for endorsement by the Director, RSES and for approval by the Chief Compliance Officer.
- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.
- (iii) Answer the questions assuming the “without mitigation” case. The purpose is to identify potential impacts. Use the “remarks” section to discuss any anticipated mitigation measures.

Country/Project Title:

Sector Division:

Screening Questions	Yes	No	Remarks
A. Project Siting Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Protected Area			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Buffer zone of protected area			
▪ Special area for protecting biodiversity			
B. Potential Environmental Impacts Will the Project cause...			
▪ Loss of precious ecological values (e.g. result of encroachment into forests/swamplands or historical/cultural buildings/areas, disruption of hydrology of natural waterways, regional flooding, and drainage hazards)?			

Screening Questions	Yes	No	Remarks
▪ Conflicts in water supply rights and related social conflicts?			
▪ Impediments to movements of people and animals?			
▪ Potential ecological problems due to increased soil erosion and siltation, leading to decreased stream capacity?			
▪ Insufficient drainage leading to salinity intrusion?			
▪ Over pumping of groundwater, leading to salinization and ground subsidence?			
▪ Impairment of downstream water quality and therefore, impairment of downstream beneficial uses of water?			
▪ Dislocation or involuntary resettlement of people?			
▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
▪ Potential social conflicts arising from land tenure and land use issues?			
▪ Soil erosion before compaction and lining of canals?			
▪ Noise from construction equipment?			
▪ Dust during construction?			
▪ Waterlogging and soil salinization due to inadequate drainage and farm management?			
▪ Leaching of soil nutrients and changes in soil characteristics due to excessive application of irrigation water?			
▪ Reduction of downstream water supply during peak seasons?			
▪ Soil pollution, polluted farm runoff and groundwater, and public health risks due to excessive application of fertilizers and pesticides?			
▪ Soil erosion (furrow, surface)?			
▪ Scouring of canals?			
▪ Clogging of canals by sediments?			
▪ Clogging of canals by weeds?			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> ▪ Seawater intrusion into downstream freshwater systems? 			
<ul style="list-style-type: none"> ▪ Introduction of increase in incidence of waterborne or water related diseases? 			
<ul style="list-style-type: none"> ▪ Dangers to a safe and healthy working environment due to physical, chemical and biological hazards during project construction and operation? 			
<ul style="list-style-type: none"> ▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)? 			
<ul style="list-style-type: none"> ▪ Social conflicts if workers from other regions or countries are hired? 			
<ul style="list-style-type: none"> ▪ Risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation? 			
<ul style="list-style-type: none"> ▪ Community safety risks due to both accidental and natural hazards, especially where the structural elements or components of the project (e.g., irrigation dams) are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning? 			

GENERAL

Rapid Environmental Assessment (REA) Checklist

Instructions:

- (i) The project team completes this checklist to support the environmental classification of a project. It is to be attached to the environmental categorization form and submitted to the Environment and Safeguards Division (RSES), for endorsement by Director, RSES and for approval by the Chief Compliance Officer.

- (ii) This checklist focuses on environmental issues and concerns. To ensure that social dimensions are adequately considered, refer also to ADB's (a) checklists on involuntary resettlement and Indigenous Peoples; (b) poverty reduction handbook; (c) staff guide to consultation and participation; and (d) gender checklists.

- (iii) Answer the questions assuming the “without mitigation” case. The purpose is to identify potential impacts. Use the “remarks” section to discuss any anticipated mitigation measures.

Country/Project Title:

Sector Division:

Screening Questions	Yes	No	Remarks
A. Project Siting Is the Project area adjacent to or within any of the following environmentally sensitive areas?			
▪ Cultural heritage site			
▪ Legally protected Area (core zone or buffer zone)			
▪ Wetland			
▪ Mangrove			
▪ Estuarine			
▪ Special area for protecting biodiversity			
B. Potential Environmental Impacts Will the Project cause...			
▪ Impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?			
▪ Disturbance to precious ecology (e.g. sensitive or protected areas)?			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> ▪ Alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site? 			
<ul style="list-style-type: none"> ▪ Deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction? 			
<ul style="list-style-type: none"> ▪ Increased air pollution due to project construction and operation? 			
<ul style="list-style-type: none"> ▪ Noise and vibration due to project construction or operation? 			
<ul style="list-style-type: none"> ▪ Involuntary resettlement of people? (physical displacement and/or economic displacement) 			
<ul style="list-style-type: none"> ▪ Disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups? 			
<ul style="list-style-type: none"> ▪ Poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's and HIV/AIDS) from workers to local populations? 			
<ul style="list-style-type: none"> ▪ Creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents? 			
<ul style="list-style-type: none"> ▪ Social conflicts if workers from other regions or countries are hired? 			
<ul style="list-style-type: none"> ▪ Large population influx during project construction and operation that causes increased burden on social infrastructure and services (such as water supply and sanitation systems)? 			
<ul style="list-style-type: none"> ▪ Risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation? 			
<ul style="list-style-type: none"> ▪ Risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation? 			

Screening Questions	Yes	No	Remarks
<ul style="list-style-type: none"> ▪ Community safety risks due to both accidental and natural causes, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning? 			
<ul style="list-style-type: none"> ▪ Generation of solid waste and/or hazardous waste? 			
<ul style="list-style-type: none"> ▪ Use of chemicals? 			
<ul style="list-style-type: none"> ▪ Generation of wastewater during construction or operation? 			

Annexure – V: Involuntary Resettlement Impact Categorization

Involuntary resettlement impact categorization

Date:

A. Project Data Country/Project No./Project Title _____			
B. Involuntary Resettlement Category <input type="checkbox"/> New <input type="checkbox"/> Re-categorization — Previous Category []			
<input type="checkbox"/> Category A	<input type="checkbox"/> Category B	<input type="checkbox"/> Category C	<input type="checkbox"/> Category FI
C. Comments by Project:			
Field Team:		Consultant:	
D. Approval			
Prepared by: Date:		Reviewed/Cleared by: ADB Safeguard Unit: Date:	

Involuntary Resettlement Impact Categorization Checklist

Probable Involuntary Resettlement Effects (Please elaborate in the Remarks column)	Yes	No	Not Known	Remarks
Involuntary Acquisition of Land				
1. Will there be land acquisition?				
2. Is the site for land acquisition known?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing right of way (ROW)?				
5. Will there be loss of shelter and residential land due to land acquisition?				

Probable Involuntary Resettlement Effects (Please elaborate in the Remarks column)	Yes	No	Not Known	Remarks
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
Involuntary Restrictions on Land Use or on Access to Legally Designated Parks and Protected Areas				
10. Will people lose access to natural resources, communal facilities and services?				
11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				
Information on Displaced Persons:				
Any estimate of the likely number of persons that will be displaced by the Subproject? [] No [] Yes				
If yes, approximately how many? _____				
Are any of them poor, female-heads of households, or vulnerable to poverty risks? [] No [] Yes				
Are any displaced persons from indigenous or ethnic minority groups? [] No [] Yes				

Annexure – VI: Indigenous Peoples Impact Categorization

Indigenous peoples impact categorization

Date:

<p>A. Project Data</p> <p>Country / Project No. / Project Title _____</p> <p>_____</p>			
<p>B. Indigenous Peoples Category</p> <p><input type="checkbox"/> New <input type="checkbox"/> Re-categorization — Previous Category <input type="checkbox"/></p>			
<input type="checkbox"/> Category A	<input type="checkbox"/> Category B	<input type="checkbox"/> Category C	<input type="checkbox"/> Category FI
<p>Project requires the broad community support of affected Indigenous Peoples communities. <input type="checkbox"/> Yes <input type="checkbox"/> No</p>			
<p>C. Comments by Project Team</p>			
Field Team:		Consultant	
<p>D. Approval</p>			
Prepared by:		Reviewed/Cleared by:	
Date:		ADB Safeguard Unit	
		Date:	

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

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

D. Anticipated project impacts on Indigenous Peoples

Project component/ activity/ output	Anticipated positive effect	Anticipated negative effect
1. Not applicable	Not applicable	Not applicable

EPA - Projects requiring an IEE

A. Agriculture, Livestock and Fisheries

1. Poultry, livestock, stud and fish farms
2. Projects involving packaging, formulation, cold storage and warehouse of agricultural products.

B. Energy

1. Hydroelectric power generation less than 50 MW
2. Thermal power generation less than 100MW
3. Coal fired power plants with capacity less than 50 MW
4. Transmission lines less than 11 KV, and grid station
5. Waste-to-energy generation projects including bio-mass less than 25 MW
6. Solar project
7. Wind project

C. Oil and Gas projects:

1. Oil and gas 2D/3D Seismic survey and drilling activities
2. Oil and gas extraction projects including exploration and production located outside the environmentally sensitive areas
3. Construction of LPG storage facilities
4. Construction of LPG, CNG filling station and petrol pumps

D. Manufacturing and processing

1. Ceramics and glass units less than 500 million
2. Food processing industries with total cost less than Rs. 200 millions
3. Pharmaceutical units.
4. Marble units
5. Carpet manufacturing units
6. Rice mills, ghee/oil mills ,
7. Brick kilns
8. Stone crushing units
9. Man-made fibers and resin projects with total cost less than Rs. 200 millions
10. Manufacturing of apparel, textile garments unit , including dyeing, bleaching and printing, with total cost less than Rs.50 million

11. Wood products with total cost more than Rs.100 million
12. Steel re-rolling mills
13. Recycling plants

E. Mining and mineral processing

1. Commercial extraction of sand, gravel, limestone, clay, sulphur and other minerals not included in Schedule II with total cost less than Rs.100 million
2. Crushing, grinding and separation processes
3. Smelting plants with total cost less than Rs100 millions

F. Transport

1. Flyovers, underpasses and bridges having total length less than 500 meters

G. Water management, dams, irrigation and flood protection

1. Dams and reservoirs with storage volume less than 25 million cubic meters of surface area less than 4 square kilometers
2. Small-scale irrigation systems and drainage system with total cost less than Rs. 100 million

H. Water supply and filtration

1. Water supply schemes and filtration plants with total cost less than 100 million (Including projects of maintenance, up gradation, reconstruction of existing projects.)

I. Waste disposal and treatment

1. Solid and non-hazardous waste with annual capacity less than 10,000 tons
2. Waste water treatment for sewage treatment facility with total cost less than 200M
3. Industry specific Waste water treatment facility for Industrial effluent (small scale plant)

J. Urban development

1. Housing schemes less than 10 acres
2. Multi-story buildings having residential and commercial setup on the total plot size is less than 2000 sq. yards
3. Hospitals with capacity of 50 beds, health care unit/laboratories with 500 OPD/day.
4. Construction of Educational, Academic institutions on land less than 10 acres.

K. Other projects

2. Any other project for which filing of an IEE is required by the Agency under sub-regulation (2) of Regulation 6.

Annexure – VIII: EPA - Projects Requiring Environmental Screening (Through Checklist)

EPA - Projects requiring Environmental Screening (through Checklist)

- A.** Construction of, offices and small commercial buildings (1-6 story), home industrial units, warehouses, marriage / banquet facilities, large scale motor vehicles workshops, restaurants / food outlets, large baking unit subject to the compliance with existing zoning laws.
- B.** Reconstruction / rehabilitation of roads (small roads in urban area and farm to market roads more than 2 km).
- C.** On-farm dams and fish farms.
- D.** Pulses mills.
- E.** Flour Mills
- F.** Projects promoting energy efficiency (small scale).
- G.** Lining of existing minor canals and /or water courses.
- H.** Canal cleaning
- I.** Forest harvesting operations
- J.** Rain harvesting projects
- K.** Rural schools (Secondary and Higher Secondary) and rural and basic health units having at least ten beds capacity.
- L.** BTS Towers
- M.** Lime Kilns
- N.** Ice factories and cold storage.
- O.** Cotton oil mill
- P.** Warehouses for pesticides and pharmaceuticals

Procedural and Sectoral Guidelines for Environmental Assessment

- *Guidelines for the Preparation and Review of Environmental Reports, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Guidelines for Public Consultation, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Guidelines for Sensitive and Critical Areas, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Major Thermal Power Stations, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Major Chemical and Manufacturing Plants, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Housing Estates and New Town Development, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Industrial Estates, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Major Roads, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Major Sewerage Schemes, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines: Oil and Gas Exploration, 1997.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *National Biosafety Guidelines, 2005.* Pakistan Environmental Protection Agency, Government of Pakistan.
- *Sectoral Guidelines for Environmental Reports: Wind Power Projects, 2010.* Pakistan Environmental Protection Agency, Government of Pakistan.

EPA & ADB Project Environmental Assessment Guidelines

Category ‘B’ sub-projects

IEE Preparation

- Once the categorization for the sub-project is agreed by both ADB and in accordance with national environmental guidelines, the Terms of Reference for the IEE will be prepared by the FIP and provided to the SGU and will then be shared with ADB,
- Any comments from SGU or ADB will be incorporated into the ToRs for the study
- The IEE will be prepared by the FIP to meet national environmental regulations and guidelines as well as the ADB SPS, 2009 requirements and standards.
- The SGU will review and approve this draft version of the IEE report prior to submitting to ADB for review and comments.
- Any comments from ADB will be incorporated into the IEE report by FIP and this finalized version of the report shall be submitted to the respective EPA for review.

ADB review process

- The ADB project focal staff will review the report and assess compliance in terms of quality and compliance with the ADB SPS, 2009.
- The project environmental focal team will issue comments (if any), which will be compiled and provided to the Director QAG who will share the comments with the environment consultant and submit the revised IEE report with all comments incorporated to ADB for a second review.
- Upon satisfactory review of this revised IEE draft report, this version of the report will be approved internally and placed on the ADB website for public disclosure.

EPA review process

- The EPA will scrutinize the IEE report for its completeness within 15 days of submission and may require additional information.
- The EPA will also circulate the IEE report to the concerned Government Agencies and solicit their comments, which will be collated, tabulated and duly considered by it before decision on the IEE report.
- The EPA will commission review and/or field visit of the proposed project site to its staff or a committee of experts.
- Once the review and feedback process is complete, the EPA will communicate its approval of IEE along with conditions of approval, or otherwise to the FIP.
- Upon receiving the environmental approval with conditions, the FIP will acknowledge acceptance of the stipulated conditions through an undertaking before commencing construction or operations of the project. The FIP will request to the EPA for confirmation of compliance accompanied by an Environmental Management Plan

indicating the measures and procedures proposed to be taken to manage or mitigate the environmental impacts for the life of the project, including provisions for monitoring, reporting and auditing.

- The EPA will issue the requisite confirmation of compliance, ideally within 20 days, and may impose some other conditions regarding the Environmental Management Plan, operation, maintenance and monitoring of the project.
- Since, in most cases, the EMP is submitted along with the environmental assessment report, and the environmental approval includes conditions to be met with regard to EMP, this step is merely procedural.
- The EPA is bound to complete the review of an IEE within 60 days. If a decision on the IEE report is not made and communicated to the proponent within this deadline, the same would be deemed approved.

Category 'C' sub-projects

REA/EC Preparation

An Environmental Checklist on the format as provided by EPA shall be completed while in the case of fulfillment of ADB requirements, an ADB REA Checklist will be completed by choosing the applicable Checklist, based on the respective sub-project sector.

ADB review process

The completed REA Checklist will be submitted to the ADB project team, which will review the information provided and might request for additional information, if felt necessary. Once satisfied with the project information provided, the categorization of the project as Category 'C' will be confirmed. If felt necessary, due diligence visits will be conducted during the project construction phase to ensure as per REA Checklist, no significant impacts are taking place in the project area(s).

EPA review process

- The EPA will scrutinize the Environmental Checklist (EC) for its completeness within 15 days of submission and may require additional information.
- The EPA will also circulate the EC to the concerned Government Agencies and solicit their comments, which will be collated, tabulated and duly considered by it before the decision on the EC.
- The EPA will commission review and/or field visit of the proposed project site to its staff or a committee of experts.
- Once the review and feedback process is complete, the EPA will communicate its approval of EC along with conditions of approval, or otherwise to the FIP.
- The EPA is bound to complete the review of an Environmental Checklist within 30 days from the date of confirmation of completeness. If a decision on the environmental assessment report is not made and communicated to the FIP within this deadline, the same would be deemed approved.

Outline of a Resettlement Plan for Sub-Projects

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

A. Executive Summary

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

B. Project Description

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

C. Scope of Land Acquisition and Resettlement

This section:

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

D. Socioeconomic Information and Profile

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

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

E. Information Disclosure, Consultation, and Participation

This section:

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

F. Grievance Redress Mechanisms

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

G. Legal Framework

This section:

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

H. Entitlements, Assistance and Benefits

This section:

- i. Defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);

- ii. Specifies all assistance to vulnerable groups, including women, and other special groups; and.
- iii. Outline opportunities for affected persons to derive appropriate development benefits from the project.

I. Relocation of Housing and Settlements

This section:

- i. Describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
- ii. Describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- iii. Provides timetables for site preparation and transfer;
- iv. Describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- v. Outlines measures to assist displaced persons with their transfer and establishment at new sites;
- vi. Describes plans to provide civic infrastructure; and
- vii. Explains how integration with host populations will be carried out.

J. Income Restoration and Rehabilitation

This section:

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

K. Resettlement Budget and Financing Plan

This section:

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

L. Institutional Arrangements

This section:

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

M. Implementation Schedule

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

N. Monitoring and Reporting

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

Outline of an Indigenous Peoples Plan for Subprojects

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

A. Executive Summary of the Indigenous Peoples Plan

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

B. Description of the Subproject

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

C. Social Impact Assessment

4. This section:

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

mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the subproject.

D. Information Disclosure, Consultation and Participation

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

E. Beneficial Measures

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

F. Mitigative Measures

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

G. Capacity Building

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

H. Grievance Redress Mechanism

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

I. Monitoring, Reporting and Evaluation

10. This section describes the mechanisms and benchmarks appropriate to the subproject for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements

for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

J. Institutional Arrangement

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

K. Budget and Financing

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

Annexure – XIII: Suggested Outline Of Environmental And Social Due Diligence Report

Suggested Outline Of Environmental And Social Due Diligence Report

A. Introduction

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

B. Scope of Review and Methodology

1. Documents reviewed (e.g., environmental assessment reports, involuntary resettlement plan, Indigenous Peoples plan, or environmental and social compliance audit reports, copies of permits/licenses, etc.).
2. Methodology adopted (e.g. site visit, inspection report, etc)

C. Compliance and Liability (by relevant safeguard requirements applicable for the specific subproject, examine environmental and social issues and compliance)

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

(i) Environmental Safeguards

- a. Appropriate identification of major anticipated environmental impacts and risks;
- b. Adequacy of environmental assessment
- c. Compliance status with applicable requirements on (i) information disclosure, (ii) consultation with affected people and other stakeholders, (iii) occupational and community health and safety, biodiversity conservation and sustainable natural resource management, and physical cultural resources; and
- d. Adequacy of mitigation measures and EMP (mitigation measures, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any.

(ii) Involuntary Resettlement Safeguards

- a. Appropriate identification of major anticipated involuntary resettlement impacts and risks (including both physical displacement and economic displacement);
- b. Adequacy of assessment of social impacts, information disclosure and consultation with affected people and other stakeholders;
- c. Adequacy of compensation and benefits for displaced persons

- d. Adequacy of resettlement plan (measures to enhance or restore the livelihoods of displaced persons, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any; and
- e. Private sector responsibilities under government-manages resettlement.

(iii) Indigenous Peoples Safeguards

- a. Appropriate identification of major anticipated impacts on Indigenous Peoples (including potential impacts on traditional or customary lands under use; relocation of Indigenous Peoples from traditional and customary lands, and impacts on cultural resources);
- b. Adequacy of information disclosure and meaningful consultation;
- c. Broad community support, where applicable;
- d. Adequacy of measures to avoid adverse impacts; and
- e. Adequacy of Indigenous Peoples plan (benefit sharing, measures to mitigate and minimize adverse impacts, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any.

(iv) Adequacy of grievance redress mechanism arrangements

- 2. Recommend mitigation measures, or corrective action plans, if gaps are identified
- 3. For existing facilities including subprojects under construction, examine whether the subproject company paid pollution charges or fines/penalties for non-compliance in the last two years in accordance with national laws, whether the subproject company is exposed to potentially significant liabilities, such as those arising from known or suspected land/groundwater contamination, major accidents and incidents related to the company's past or ongoing operations, and state further actions required/planned by the subproject, in particular actions to address any non-compliance problems and liabilities. Also examine whether there are complaints from the public or local communities regarding the subproject company's environmental and social performance.
- 4. State any risk control or mitigation measures to be taken by the subproject, such as conditions, loan covenants or monitoring and reporting requirements

D. Other Subproject Specific Issues, if any

E. Conclusion and Recommendations

Annexure – XIV: Suggested Scope For A Semi-Annual Social
Safeguards Monitoring Report For Subprojects

**Suggested scope for an annual social safeguards
Monitoring report for subproject companies**

A. Introduction

- i. Brief subproject description

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

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

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

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

D. Institutional Arrangements

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

E. Compensation Rates, Payment and Assistance Delivery

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

F. Status of Land Acquisition, Resettlement, and Reconstruction

- i. Housing relocation and reconstruction
- ii. Provision of replacement agricultural and/or commercial land
- iii. Restoration of affected public infrastructure and facilities

- iv. Restoration of land used for construction-related activities
- v. Implementation progress of income restoration activities
- vi. Support to vulnerable groups
- vii. Implementation progress of specific measures for affected Indigenous Peoples

G. Status of Provisions for Indigenous Peoples

- i. Culturally appropriate beneficial measures for each affected IP groups
- ii. Mitigative measures for each affected IP groups
- iii. Capacity Building measures for IP communities in the subproject area
- iv. Broad community support, where required

H. Consultation and Disclosure Activities and Grievance Procedures

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

I. Grievance Redress Mechanism

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

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

K. Concerns and Work Plan

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

Name and Signature

Name:

Date:

Position:

Phone:

Signature:

E-mail

Outline Of A Semi-Annual Environmental And Social Performance Report For Funds

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

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

A. Portfolio Information

Report Covering Period:	
From:	To:

For the reporting period, please provide the following information about your portfolio where applicable:

Business Lines

Product line	Description	Total exposure outstanding for most recent FY year end (in US\$)	Average loan or transaction size (in US\$)
Retail banking/Consumer loans	Loans or other financial products for individuals (includes retail housing finance and vehicle leasing)		
Long term: Transactions with tenor greater than 12 months			
SME	Any lending, leasing or other financial assistance to any corporate or legal entity other than an individual, with individual transactions less than US\$ 1 million		
Subproject finance/Large Corporate finance	Any lending, leasing or other financial assistance to any corporate or legal entity other than an individual, with individual transactions larger than US\$ 1 million		
Trade finance			

Product line	Description	Total exposure outstanding for most recent FY year end (in US\$)	Average loan or transaction size (in US\$)
Short term (ST): Transaction with tenor less than 12 months			
ST Corporate finance			
ST Trade finance			
Other			
Microfinance			
Other (if applicable)	Please describe		

Exposure by Industry Sectors

If there is any exposure in the area of SME finance please provide an indicative % of portfolio that these sectors represent of the total SME portfolio.

Industrial Sector	% of Corporate Portfolio
Apparel	
Chemicals	
Collective investment vehicles	
Common carriers	
Construction and real estate	
Consumer goods	
Crop production	
Electrical equipment, appliances and components	
Fabric mills	
Fabricated metal product manufacturing	
Finance & insurance	
Finishing (dyeing, printing, finishing, etc.)	
Fishing	
Food & beverages	
Forestry	
Furniture and related products	

Industrial Sector	% of Corporate Portfolio
Integrated textile operation (spinning, weaving/knitting, but no garment)	
Internet subprojects	
Leather and allied products	
Livestock	
Machinery and other industrial	
Nonmetallic mineral product manufacturing	
Oil, gas and mining	
Plastics & rubber	
Primary metals	
Printing & publishing	
Pulp & paper	
Spinning (yarn, including integrated with fiber production)	
Telecommunications	
Textiles - others	
Transport service	
Transportation equipment	
Utilities	
Warehousing & storage	
Wholesale and retail trade covering any of the following: gasoline stations, dry cleaners, printing, large auto and truck fleets, photographic film processing and any operations involving the use of any chemical of biological wastes or materials	
Wood products	

{Note: Please attach environmental and social audit or due diligence reports and environmental and social monitoring reports for each Project Company, if available}

If engaged in long term project finance/corporate finance, please provide information as requested of all loan assets meeting the following conditions:

- Longer than 12 months tenor
- Larger than US\$ 1 million outstanding exposure

Name of Subpro-ject	Type of loan (large corporate/ SME/trade finance)	Tenor of loan (months)	Value of exposure (US\$ mn)	Industry Sector*	Safeguard category (see Annex of Attachment 12)			Any outstanding environmental and IR and IP issues during reporting period and actions taken to address the issues	Subpro- ject using ADB funds (yes/no)
					Env	IR	IP		

*Please use the sectors listed in the earlier table or any standard classification or

Note: Env=Environment, IR=Involuntary Resettlement, IP=Indigenous Peoples

B. Environmental and Social Management System (ESMS)

Policies & Processes	Yes / No	Remarks
Has your organization developed and implemented an ESMS?		If yes, please attach a copy of the ESMS to this report.
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 implement the ESMS.
Please give details of any transactions rejected due to environmental and/or social concerns.		
Please state any difficulties and/or constraints related to the implementation of the ESMS.		
Please describe how you ensure that your subproject companies and their subprojects are operated in compliance with the national laws and regulations and applicable ADB's requirements.		
Please give details of any material social and environmental issues associated with clients during the reporting period in particular.		
In case the existing ESMS is not fully functional, what is the action plan being implemented by your organization?		Please provide information or cite recommendation made by ADB's review mission to improve the ESMS and its implementation.
Capacity	Yes / No	Remarks
Please provide the name and contact information of the Environmental/Social Officer or Coordinator 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.
Monitoring	Yes / No	Remarks
Do you receive environmental and social monitoring reports from subproject companies that you finance?		If yes, please describe and provide supporting documents including any social and environmental considerations if applicable.

Policies & Processes	Yes / No	Remarks
Do you check for ongoing compliance of your subproject companies 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 subproject company and their subproject's social and environmental performance.		Please describe and provide supporting documents such as environmental and social monitoring reports and please provide information on the number of subprojects where a field visit was conducted by staff to review aspects including social and environmental issues.
Please provide details of any accidents/litigation/complaints/regulatory notices and fines: <ul style="list-style-type: none"> - Any incidents of non-compliance with the applicable Environmental and Social Requirements - Covenants/conditionalities imposed by the Bank to the subproject company as a result of any non-compliance 		
Reporting	Yes / No	Remarks
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: <ul style="list-style-type: none"> - For other multilateral agencies - Other stakeholders - E&S reporting in the Annual Report - Sustainability reports 		If yes, please provide copies of these reports.

Activities on ADB's Prohibited Investment Activities List

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 ADB's Prohibited Investment Activities List (Refer to Attachment 1).	%
If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.	

C. Subprojects Using ADB Funds

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

Name of Subproject Company:	
Subproject location:	
Industry sector:	
Value of exposure (US\$ mn):	
Safeguard category:	Environment: Involuntary Resettlement: Indigenous Peoples:
Were any environmental and social due diligence undertaken and by your organization?	If yes, provide information on due diligence activities, such as desk review of safeguard documents, and field visit, and by whom.
Any environmental assessment report (including environmental management plan), involuntary resettlement plan, or Indigenous Peoples plan, or audit reports reviewed by your organization?	If yes, please provide the names of documents reviewed.
What were the main environmental, involuntary resettlement and Indigenous Peoples issues associated with this subproject that were identified through due diligence conducted by your organization, and how were the issues dealt with (i.e., outcome of due diligence)?	
Did you discuss with the subproject the applicable environmental and social safeguard requirements and their implementation?	
For category A subprojects, were safeguards related documents such as EIA report, RP and IPP, or audit reports made publicly available, in addition to posting on ADB's website?	If yes, please provide website link and the date the documents were uploaded.
Were any conditions or covenants related to environmental and social issues made along with the investment?	If yes, please briefly describe.
Does the subproject comply with applicable government requirements?	
Does the subproject comply with applicable ADB safeguard requirements?	

Report on Compliance with ADB's Social Protection Requirements

Does the subproject Company/s carry out its activities consistent with the intent of ensuring legally permissible equal opportunity, fair treatment and nondiscrimination in relation to recruitment and hiring, compensation, working conditions and terms of employment for its workers (including prohibiting any form of discrimination against women during hiring and providing equal work for equal pay for men and women)?	
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Report on Compliance with ADB's Social Protection Requirements

<p>Does the subproject Company not restrict its workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment?</p>	
<p>Does the subproject Company engage contractors and other providers of goods and services:</p> <p>(i) who do not employ child labor⁴⁰ or forced labor⁴¹;</p> <p>(ii) who have appropriate management systems that will allow them to operate in a manner which is consistent with the intent of (A) ensuring legally permissible equal opportunity and fair treatment and nondiscrimination for their workers, and (B) not restricting their workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and</p> <p>(iii) whose subcontracts contain provisions which are consistent with paragraphs (i) and (ii) above.</p>	

Sustainable Finance (subprojects with environmental and social 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\$ million)	Type of social and environmental benefit

⁴⁰ Child labor means the employment of children whose age is below the statutory minimum age of employment in the relevant country, or employment of children in contravention of International Labor Organization Convention No. 138 'Minimum Age Convention' (www.ilo.org).

⁴¹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

Environment and Social Safeguards Categorization: Definition

Category	Environment	Involuntary Resettlement	Indigenous Peoples
A – Significant	Subprojects that anticipate significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works.	Subprojects where 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).	Subprojects that are expected to significantly ⁴² affect the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.
B – Less Significant	Subprojects with potential adverse impacts that are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be more readily designed than Category A subprojects.	Subprojects with involuntary resettlement impacts that are not deemed significant.	Subprojects that are likely to have limited impacts on Indigenous Peoples.
C – Minimal or impact	Subprojects that have minimal or no adverse environmental impacts	Subprojects with no involuntary resettlement impacts.	Subprojects that are not expected to have impacts on Indigenous Peoples.

⁴²The significance of impacts on Indigenous Peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socioeconomic status; (c) cultural and communal integrity; (d) health, education, livelihood, and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of vulnerability of the affected Indigenous Peoples community.

Annexure – XV: Comparison of ADB Safeguard Policies with National Regulations

ADB SPS 2009 w.r.t Environmental Safeguards

15. The ADB's SPS is approved by its Board of Governors and is required to be fully implemented on all ADB funded projects since June 2009. The SPS combines the three safeguard policies comprising the Involuntary Resettlement Policy (1995); the Policy on Indigenous Peoples (1998) and the Environment Policy (2002). The goal of SPS is to promote the sustainability of project outcomes by protecting the environment and people from project's potential adverse impacts. The objectives of ADB's safeguards are to
- (i) Avoid adverse impacts of projects on the environment and affected people, where possible;
 - (ii) Minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and
 - (iii) Help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.
16. For environmental safeguards, ADB has defined its policy objective as “to ensure the environmental soundness and sustainability of projects and to support the integration of environmental considerations into the project decision-making process.” As per Policy, “the environmental safeguards are triggered if a project is likely to have potential environmental risks and impacts”. The SPS outlines 11 policy principles for environmental safeguards compliance, which are provided in **Table 1** below. These Policy Principles elaborate the process of environmental assessment and management to be followed by proponents of projects and the Bank borrowers.

Table 01: ADB Policy Principles

	Policy principle	Summary
1	Screening and categorization	Screening process initiated early to determine the appropriate extent and type of environmental assessment.
2	Environmental assessment	Conduct an environmental assessment to identify potential impacts and risks in the context of the project's area of influence.
3	Alternatives	Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts, including no project alternative.
4	Impact mitigation	Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts. Prepare an environmental management plan (EMP).
5	Public consultations	Carry out meaningful consultation with affected people and facilitate their informed participation. Involve stakeholders early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation. Establish a grievance redress mechanism.
6	Disclosure of environmental assessment	Disclose a draft environmental assessment in a timely manner, in an accessible place and in a form and language(s) understandable to stakeholders. Disclose the final environmental assessment to stakeholders.

	Policy principle	Summary
7	Environmental management plan	Implement the EMP and monitor its effectiveness. Document monitoring results, and disclose monitoring reports.
8	Biodiversity	Do not implement project activities in areas of critical habitats.
9	Pollution prevention	Apply pollution prevention and control technologies and practices consistent with international good practices. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges. Avoid the use of hazardous materials subject to international bans or phase outs.
10	Occupational health and safety Community safety.	Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities
11	Physical cultural resources	Conserve physical cultural resources and avoid destroying or damaging them. Provide for the use of "chance find" procedures.

17. All loans and investments are screened for potential environmental and social impacts and risks. With regard to environment, categorization is to be undertaken using Rapid Environmental Assessment (REA) checklists, consisting of questions relating to (i) the sensitivity and vulnerability of environmental resources in project area, and (ii) the potential for the project to cause significant adverse environmental impacts. Projects are classified into one of the following environmental categories:

Environment Category A: Project/subproject is likely to have significant adverse environmental impacts that are irreversible, diverse or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An environmental impact assessment (EIA) is required.

Under NDRMF, Environment Category 'A' proposals will NOT be considered for financing.

Environment Category B: Project/subproject impacts are site-specific, few, irreversible, and in most cases mitigation measures can be designed more readily than for category A projects. An initial environmental examination (IEE) is required.

Environment Category C: Project/subproject is likely to have minimal or no adverse environmental impacts. No environmental assessment is required although environmental implications need to be reviewed.

Environment Category FI: Project/subproject involves investment of ADB funds to or through a financial intermediary (FI).

Comparison between GoP & ADB Safeguard policies

18. Most of the GoP and ADB requirements pertaining to environmental safeguard policies are similar. The environmental related steps for both types of policies i.e. EIA, IEE and Environmental Checklist preparation for Category A, B and C type of projects respectively in ADB terminology are equivalent to Schedule I, II and III type of projects in GoP terminology.

19. The only difference is that while the GoP have categorically issued specific project types along with details regarding capacities and/or capital investments in order to classify projects into Schedule I, II or III, the ADB policies require the REA Checklist to be completed and assessed by ADB staff to officially issue a categorization of the project under consideration.
20. In the case of the NDRMF, as long as any sub-project is placed in Category 'B' as per ADB SPS, it can be conducted, even if it lies in Schedule II as per PEPA rules, which would require an EIA to fulfill national requirements. However, such an instance taking place would be quite rare, if at all possible.

International Standards for Social Safeguards Management and Land Acquisition Act 1894 of Pakistan

21. NDRMF has made a comparison between Land Acquisition Act 1984 of Pakistan and international standards of social safeguards management by using the Safeguard Policy Statement (SPS) 2009 of Asian Development Bank (ADB) as a model of international standards and best practices. The ADB SPS is based on the following objectives: (i) to avoid involuntary resettlement wherever possible; (ii) to minimize involuntary resettlement by exploring project and design alternatives; (iii) to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups. The following principles are applied to reach the objectives provided in **Table 2** below.

Table 2: SPS Scope Triggers and Policy Principles

Scope and Triggers:	The involuntary resettlement safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.
Policy Principles:	
1	Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
2	Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
3	Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that

	cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.
4	Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
5	Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
6	Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
7	Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets.
8	Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.
9	Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
10	Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
11	Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
12	Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

22. According to ADB SPS, the projects/sub-projects are classified into one of the following four categories in terms of IR impacts and risks, but it is important to clarify that provision of ADB IR Category for financial intermediaries (FIs) is compatible with NDRMF mode of operations, and the Fund would not fund any sub-subprojects with heavy social/involuntary resettlement or irreversible environment impacts.or financing.

IR Category A: Project/subproject will have major involuntary resettlement (IR) impacts on 200 or more persons i.e. being physically displaced from housing, or losing 10% or more of their productive assets (income generating). A resettlement plan, including assessment of social and economic impacts is required.

IR Category B: Project/subproject that will have major IR impacts on less than 200

persons. A resettlement plan, including assessment of social and economic impacts is required.

IR Category C: Project/subproject is likely to have no IR impacts whatsoever. No further action is required.

IR Category FI: Project/subproject involves investment of ADB funds to or through a financial intermediary (FI), in this case NDRMF.

Under NDRMF, IR Category A proposals will NOT be considered for financing.

23. In terms of IP impacts and risks, projects/subprojects are classified into one of the following four categories:

IP Category A: Project/subproject is likely to have significant direct and indirect impacts on IPs' dignity, customary rights on use and access of land and natural resources, socioeconomic status, cultural and communal integrity, health, education, livelihood and social security status, recognition of indigenous knowledge and vulnerability. An Indigenous Peoples Plan (IPP), including assessment of social impacts, is required.

IP Category B: Project/subproject that will likely have limited impacts on IPs. An IPP, including assessment of social impacts, is required. Where IPs are the overwhelming majority of direct project/subproject beneficiaries, the elements of the IPP could be integrated into the project/subproject design in lieu of preparing a separate IPP.

IP Category C: Project/subproject is likely to have no impacts on IPs whatsoever. No further action is required.

IP Category FI: Project/subproject involves investment of ADB funds to or through a financial intermediary (FI).

Under NDRMF, IP Category A proposals will NOT be considered for financing.

Comparison of LAA 1894 and ADB's SPS 2009

24. A comparison of Pakistan's LAA and ADB's SPS 2009 (**Table 3.4** below) shows that there exist major differences in the two instruments. The objective of this comparison is to identify if and where the two sets of procedures are in conformity with each other and more importantly where there are differences and gaps. The key ADB Policy Principles are (i) the need to screen the project early on the planning stage (ii) carry out meaningful consultation (iii) at the minimum restore livelihood levels to the pre-project conditions and improve the livelihoods of the affected vulnerable groups (iv) prompt compensation at full replacement cost is to be paid (v) provide displaced men and women with adequate assistance (vi) ensure that displaced men and women who have no statutory rights to the land that they are working are eligible for resettlement assistance and compensation for the loss of no-land assets and (vii) disclose all reports. **Table 3** below presents a gap-analysis between the Pakistan's LAA and ADB's SPS 2009.

Table 3: Comparison of LAA and ADB's SPS 2009

Pakistan LAA 1894	ADB SPS 2009	Proposed Measures to Address the Gaps
Compensation for land and other assets is based on average values and department unit rates that do not ensure replacement market value of the property acquired. However, LAA requires that a 15% compulsory acquisition surcharge supplement the assessed compensation.	DPs are to be compensated for all their losses at replacement cost, including transaction cost and other related expenses, without deducting for depreciation.	Land valuation is to be based on current replacement (market) value with an additional payment of 15%. The valuation for the acquired housing land and other assets is the full replacement costs keeping in view the fair market values, transaction costs and other applicable payments that may be required.
No provision for resettlement expenses, income/livelihood rehabilitation measures or allowances for displaced poor and vulnerable groups.	Requires support for rehabilitation of income and livelihood, severe losses, and for vulnerable groups.	Provision should be made to pay for resettlement expenses (transportation and transitional allowances), compensate for loss of income, and provide support to vulnerable persons and those severely impacted (considered to be those losing more than 10% of their productive assets).
Lack of formal title or the absence of legally constituted agreements is a bar to compensation/rehabilitation. (Squatters and informal tenants/leaseholders are not entitled to compensation for loss of structures, crops).	Lack of formal title is not a bar to compensation and rehabilitation. All DPs, including non-titled DPs, are eligible for compensation of all non-land assets.	Squatters, informal tenants/ leaseholders are entitled to compensation for loss of structures and livelihood and for relocation.
Land acquisition and compensation process is conducted independently by the Land Acquisition Collector following a lengthy prescribed legal and administrative procedure. There are emergency provisions in the procedure that can be leveraged for civil works to proceed before compensation is paid.	Involuntary resettlement is conceived, planned and executed as part of the project. Affected people are supported to re-establish their livelihoods and homes with time-bound action in coordination with the civil works. Civil works cannot proceed prior to compensation.	Respective EAs will prepare land acquisition and resettlement plans, as part of project preparation based on an inventory of losses, livelihood restoration measures, Pakistan law and principles enumerated in SPS. Where gaps exist in the interpretation of Pakistan law and resettlement practices, requirements of ADB's involuntary resettlement policy will prevail. Civil works may only proceed after the resettlement plan is implemented and compensation for loss of assets and other allowances (budgeted as part of the project cost) is fully paid.
No convenient grievance redresses mechanism except recourse of appeal to formal administrative jurisdiction or the court of law.	Requires the establishment of accessible grievance redress mechanisms to receive and facilitate the resolution of DPs' concerns about displacement and other impacts, including compensation.	EAs will establish easily accessible grievance redress mechanism available throughout project implementation that will be widely publicized within respective project area and amongst the DPs.

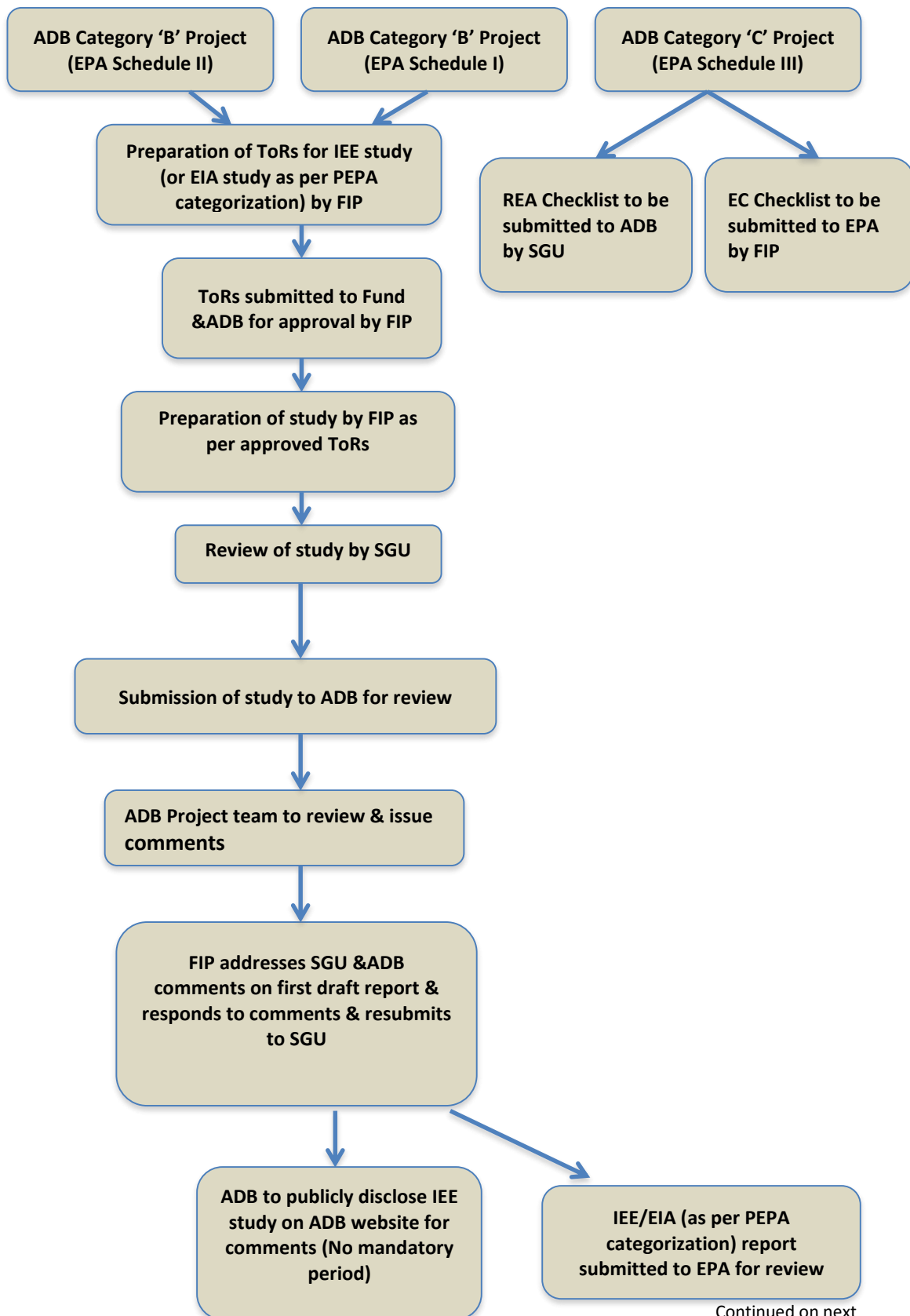
15. ADB's IPS policy principles as international standards on IPs safeguards management are provided below.

Table4: ADB's Indigenous Peoples (IP) Policy Principles

S#	Policy principle	Summary
1	Screening and categorization	Screen early on to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples are likely.
2	Impact assessment	Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.
3	Meaningful Consultations	Conducted meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected Indigenous Peoples communities in a culturally appropriate manner. To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the Indigenous Peoples' concerns.
4	Information disclosure	Ascertain the consent of affected Indigenous Peoples communities to the following project activities: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. For the purposes of policy application, the consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.
5	Mitigation Measures	Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected Indigenous Peoples communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.

S#	Policy principle	Summary
6	Indigenous Peoples plan	Prepare an Indigenous Peoples plan (IPP) that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. The IPP includes a framework for continued consultation with the affected Indigenous Peoples communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.
7	Disclosure of Disclose a draft IPP	Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.
8	An action plan	Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.
9	Monitoring of Implementation of IPP	Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.

Figure 1: Procedure Flow – Project Preparation



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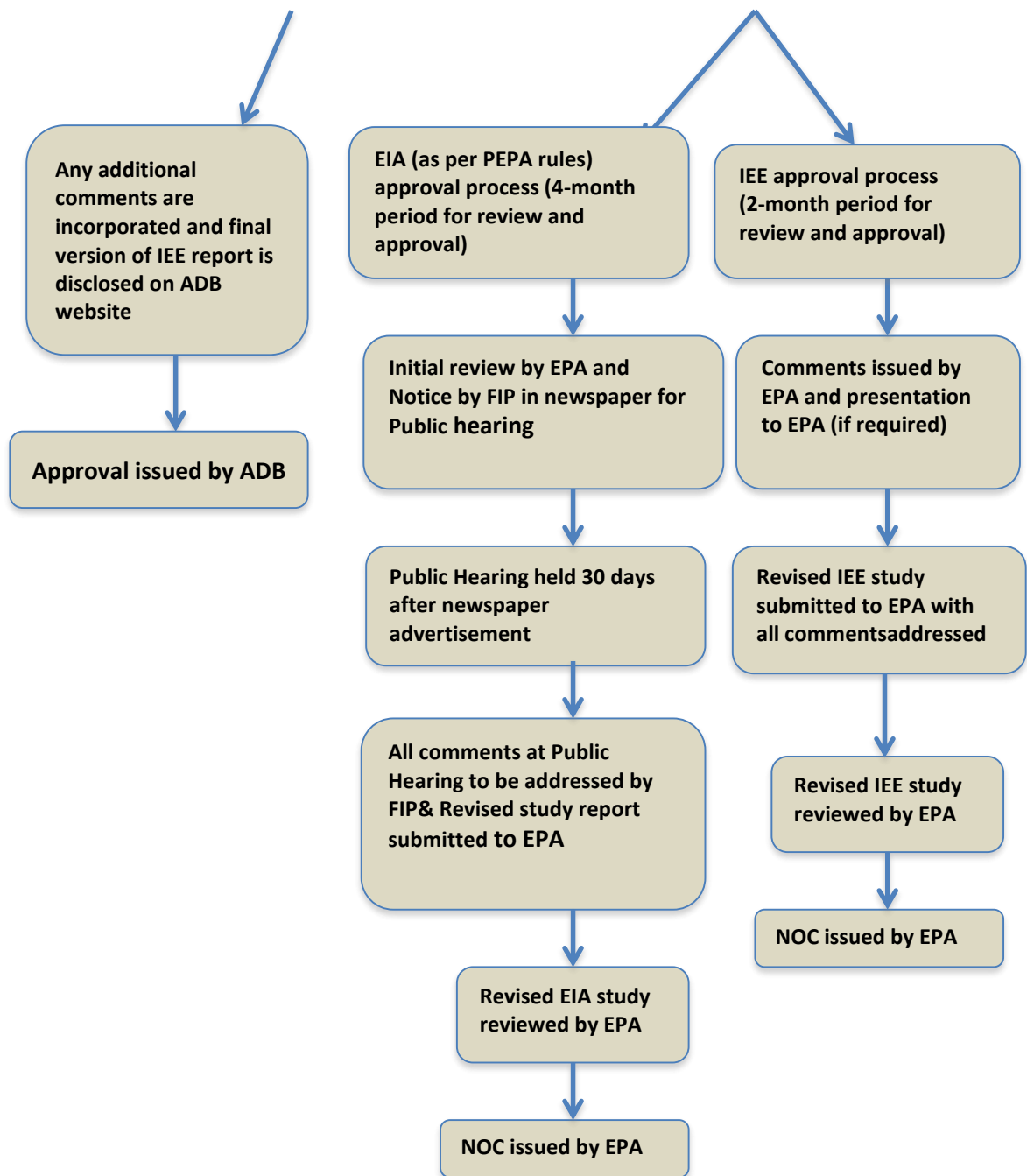


Figure 2: Expected Timelines for Category wise Environmental Approvals

