



Draft Environment and Social Safeguard Framework for World Bank Funded
Sub-Projects (ESSF WB)

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India Infrastructure Finance Company Ltd.

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ABBREVIATIONS:

CLA	-	Common Loan Agreement
DO	-	Dealing Officers
EDP	-	Environmental Due Diligence Procedures
EIA	-	Environmental Impact Assessment
EMP	-	Environment Management Plan
ESSDD	-	Environment and Social Safeguard Due Diligence
ESP	-	Environment and Social Policy
ESSF WB	-	Environment and Social Safeguard Framework for World Bank Funded Sub-Projects
ESMU	-	Environment and Social Management Unit
FI	-	Financial Intermediary
GOI	-	Government of India
IIFCL	-	India Infrastructure Finance Company Ltd.
IR	-	Involuntary Resettlement
IP	-	Indigenous People
LOI	-	Letter of Intent
NRRP	-	National Rehabilitation and Resettlement Policy
OM	-	Operational Manual
O&M	-	Operation & Maintenance
PLC	-	Project Life Cycle
PIM	-	Project Information Memorandum
PMC	-	Project Management Consultants
PPP	-	Public Private Participation
RAP	-	Resettlement Action Plan
SIA	-	Social Impact Assessment
SSDP	-	Social Safeguard Due Diligence Procedures
SIFTI	-	Scheme for Infrastructure Financing through IIFCL
TDP	-	Tribal Development Plan
WB	-	World Bank

EXECUTIVE SUMMARY

IIFCL was incorporated as a wholly-owned Government of India Company in January 2006 which commenced its operations from April 2006.

IIFCL's lending is being focused on infrastructure projects which may have potential to cause environmental and social impacts. IIFCL, being an environmentally aware and socially responsible institution is aware about the importance in mitigating and minimizing negative environmental and social impacts. Towards minimizing and mitigating of such impacts from projects under IIFCL's line of credit, IIFCL is proposing to adopt Environmental and Social Policy (ESP).

The ESP of IIFCL takes cognizance of applicable legal, policy and regulatory requirements of Government of India and related safeguard requirements of World Bank. The ESP of IIFCL is guided by its commitment to integrate environmental protection and social safeguards in its projects, in a proactive manner, to contribute towards sustainable development.

The ESP is implemented through a well structured Environmental and Social Safeguard Framework only for World Bank funded sub-projects (ESSF WB). The ESSF WB's objective is to integrate environmental and social safeguard considerations to, (i) minimize adverse environmental and social impacts and risks; (ii) ensure that adverse environmental and social impacts/risks are mitigated to achieve applicable environmental standards and social safeguard objectives; (iii) comply with applicable GOI and its state laws and regulations, and environmental and social safeguard requirements of World Bank; for long term financing in infrastructure projects in India.

These will be achieved through (i) providing guidance to its own staff, sensitizing lead banks/ designated lead syndicator and project developers in preparing projects for appraisal (ii) conducting subsequent monitoring & reporting; (iii) undertaking corrective actions; and, (iv) developing and exercising mechanisms for supervision by IIFCL during project implementation.

To achieve these objectives, projects financed by IIFCL will undergo an environmental and social review process as per the procedures described in the ESSF WB. The policy also explains the various steps mandated for environmental and social due diligence of projects funded by IIFCL. The ESSF WB is fully integrated with the Project Life Cycle of IIFCL. The environmental and social due-diligence processes for a new project start from the date of its Board's approval and remain active until IIFCL exposure to the project comes to an end.

To operationalise the ESSF WB, IIFCL has established an Environmental and Social Management Unit (ESMU). ESMU will be responsible for managing the environmental and social safeguard processes within IIFCL undertaking the due diligence steps at Pre-sanction stage, Project sanction stage and Post sanction stage.

The effectiveness of IIFCL's ESSF WB initially for a few years will depend considerably on the understanding and preparedness of lead banks/designated lead syndicator and the project developers. It is important that IIFCL makes effort to sensitize the lead banks/ project developers on management of environmental and social issues, provides guidance, and encourages them to build requisite capacities. To fulfill this purpose, IIFCL will conduct training and awareness programs for the stakeholders (lead banks/ project developers) on various aspects of ESSF WB.

ESSF WB also provides a Road Map for capacity building regarding its effective implementation for which it will develop requisite capacity to independently appraise environmental and social due-diligence at all stages of its project life cycle over a period of 18 months beginning from 1st July 2010.

For the project eligible for Retroactive financing and the project which enters IIFCL pipeline at the advanced stage of technical closure, IIFCL will have limited capacity for ESSF WB implementation for which IIFCL will attempt to persuade the project developers to fill the gaps as per applicable standards requirement. For the projects entering the IIFCL's pipeline at the stage of conceptualization, IIFCL will have higher ability to implement ESSF WB in a phased manner.

IIFCL will prepare annual reports on its performance on environmental and social safeguards and submit it to its Board and the World Bank. IIFCL will prepare good practices and lessons learnt reports for sharing with the lead banks/ project developers and the Bank. The ESSF WB will be reviewed and appropriately updated, preferably each year, especially after the results of annual environmental and social audit.

INDIA INFRASTRUCTURE FINANCING COMPANY LIMITED (IIFCL)

ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK for World Bank funded Sub-projects (ESSF WB)

I. The Context

About IIFCL

- 1 IIFCL was incorporated as a wholly-owned Government of India company in January 2006 and it IIFCL commenced its operations from April 2006.
- 2 IIFCL provides long-term financial assistance to various viable infrastructure projects in the country under the “Scheme for Financing Viable Infrastructure Projects through IIFCL” (SIFTI), via following modes:
 - (i) Long Term Debt (direct lending) to eligible projects;
 - (ii) Refinance to Banks and Financial Institutions (FIs) for loans with a tenor of 10 years or more; and,
 - (iii) Any other mode approved by the Government of India (GOI) time to time.
- 3 IIFCL participates only in commercially viable projects including projects that become viable after receiving viability gap funding under the government scheme. Projects eligible for financing by IIFCL are required to be implemented by :
 - i. A Public Sector Company;
 - ii. A Private Sector Company selected under a PPP initiative; or
 - iii. A Private Sector Company provided:
 - The private company has undertaken a project where the service to be provided is regulated; or
 - The project is being set up under an MoU arrangement with the Central Government, any State Government or a PSU;
 - Direct lending plus refinance business, if any, for such private projects shall not exceed 20% of the total lending of the company in any accounting year; and,
 - The tenor of IIFCL lending should be larger than that of the largest tenor commercial debt by at least two years.
- 4 IIFCL will assign overriding priority to the Public Private Partnership (PPP) projects that are implemented by private sector companies selected through a competitive bidding process.
- 5 IIFCL shall finance projects from one of the following sectors:
 - Roads, Bridges, Railways, Inland Waterways, Seaports, Airports and other Transportation projects;
 - Power;
 - Urban Transport, Water Supply, Sewerage, Solid Waste Management; and other physical infrastructure projects in urban areas;
 - Gas Pipeline;
 - Infrastructure Projects in Special Economic Zones (SEZ); and
 - International convention centers and other Tourism-related infrastructure projects.
- 6 IIFCL’s lending is being focused on infrastructure projects; have potential to cause significant environmental and social impacts. IIFCL, being an environmentally aware and socially responsible institution is aware about the importance in mitigating and minimizing negative environmental and social impacts. Towards this end, IIFCL has adopted the Environmental and Social Policy (ESP)

outlined below.

- 7 IIFCL's ESP takes cognizance of applicable legal, policy and regulatory requirements of Government of India and related safeguard requirements of World Bank.

II. The Environmental and Social Policy (ESP) of IIFCL

Statement and Scope

- 8 The ESP of IIFCL is guided by its commitment to integrate environmental protection and social safeguards in its projects, in a proactive manner, to contribute towards sustainable development. IIFCL. In order to achieve the fine balance between developmental imperatives and Environmental and Social wellbeing, IIFCL integrates the following points:
- (i) Environmental and Social considerations while appraising and financing infrastructure projects towards minimizing adverse environmental and social impacts and risks;
 - (ii) Compliance checking of Infrastructure projects with all relevant E&S policy and legislative requirements and laws of the lands with which it engages and remain responsive to the Environment and Social Safeguard requirements of World Bank.
- 9 This policy statement emphasizes IIFCL's sensitivity and concern to environmental and social safeguard issues, commitment towards compliance, and compliant towards environmental and social safeguard requirements of World Bank.
- 10 The ESP is being implemented through a well structured Environmental and Social Safeguard Framework (ESSF WB).

III. Environmental and Social Safeguards Framework for World Bank funded Sub-projects (ESSF WB)

Scope and Objectives of ESSF WB

- 11 The ESSF WB is applicable to infrastructure projects considered for re-financing under World Bank's line of credit to IIFCL. It provides an enabling mechanism to IIFCL in delivering its policy objectives throughout the Project Life Cycle (PLC) of projects. ESSF WB defines the required procedures, roles, and responsibilities, at various project milestones, for managing:
- Adverse impacts/risks on Environment;
 - Risks due to involuntary resettlement (IR); and,
 - Adverse effects on indigenous (tribal) peoples
- 12 The ESSF WB's objective is to integrate environmental and social safeguard considerations to (i) minimize adverse environmental and social impacts and risks; (ii) ensure that adverse environmental and social impacts/risks are mitigated to achieve applicable environmental standards and social safeguard objectives; (iii) comply with applicable GOI and its State laws and regulations, and environmental and social safeguard requirements of World Bank; for long term financing in infrastructure projects in India. These will be achieved through (i) providing guidance to its own staff, sensitizing lead banks/ designated lead syndicator and project developers in preparing projects for appraisal (ii) conducting subsequent monitoring & reporting; (iii) undertaking corrective actions; and, (iv) developing and exercising mechanisms for supervision by IIFCL during project implementation. Information related with national environmental rules and notifications relevant to infrastructure projects is provided in **Annexure-1** and details of World Bank safeguard operational policies has been given in **Annexure-2**.
- 13 To achieve these objectives, projects financed by IIFCL will undergo an environmental and social review process utilizing the procedures described in the ESSF WB.

- 14 As a part of ESP implementation, IIFCL is developing on independent appraisal capacity to review environmental and social safeguard due-diligence and check compliance of projects, across the sectors over a time frame of 18 months in a phased manner beginning from 1st July 2010.
- 15 The ESSF WB is fully integrated with the project Life Cycle of IIFCL. The environmental and social due-diligence processes for a new project start from the date of its Board's approval and remain active until IIFCL exposure to the project comes to an end.
- 16 The points of application of ESSF WB, in the project life cycle and required environmental and social due-diligence steps at various project milestones are depicted in Figure 1.
- 17 IIFCL will establish a management information system (MIS) Tracking system in a phased manner for the effective management of E & S safeguards and will also build up IIFCL's internal capacity for credit review process and post-sanction monitoring of projects, through a process of staff training.

Process of Proactive Engagement

- 18 As IIFCL's participation in any project is expected after technical closure. However, the projects which enter IIFCL's pipeline of projects at early stage, IIFCL will strive towards quality improvement of environmental and social due diligence in early project development steps of screening, scoping and stakeholder consultations through a process of proactive engagement (PPE). For this purpose, IIFCL will compile good practices examples and lessons learnt experiences through its own projects as well as that of World Bank and share them with the project developers, consultants and financial institutions that participate in projects at early stages.

It is envisaged that PPE will help generate better awareness and develop capacity among the stakeholders/ partners to incorporate environmental and social due-diligence in project development and over the time, will improve the quality of EIA, SIA, RAPs and TDPs and help IIFCL in effective implementation of ESSF WB.

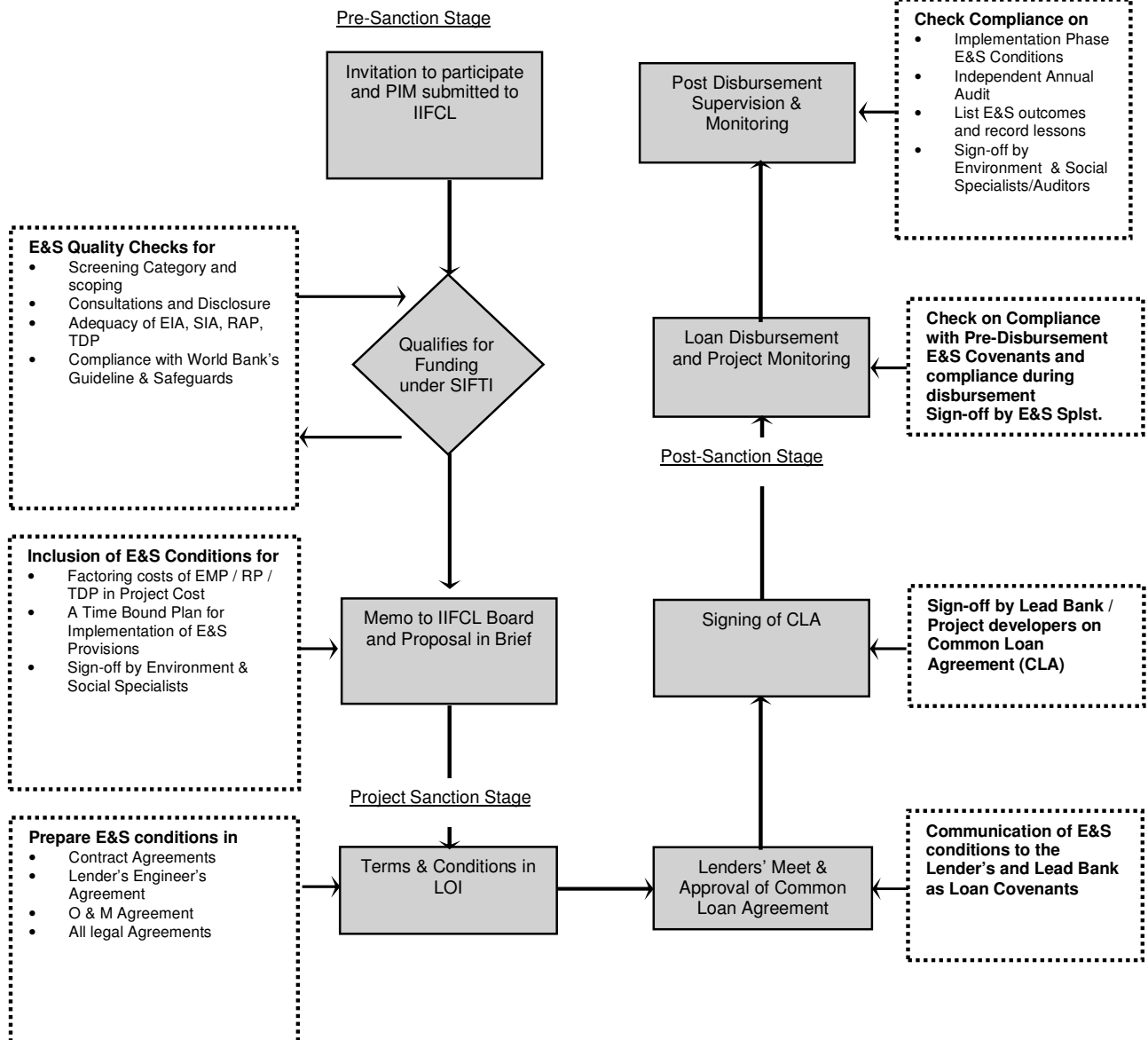
Structure and Key Elements of ESSF WB

- 19 To achieve its objectives, the ESSF WB focuses on six key elements, listed below, that define operational steps mandated for environmental and social due diligence of projects funded by IIFCL.,
- Organizational setup to Operate the ESSF WB;
 - Environmental Due-diligence Procedures (EDP);
 - Social Safeguard Due-diligence Procedures (SSDP);
 - Sensitization of lead banks and project developers; and,
 - Allocation of responsibility towards implementation of ESSF WB among stakeholders
 - Annual environmental and social audit and its disclosure

Organizational setup to Operate the ESSF WB

- 20 To operationalise the ESSF WB, IIFCL has established an Environmental and Social Management Unit (ESMU). ESMU will be headed by a full time staff of IIFCL who is supported by environmental and social safeguards specialists through direct employment or through external Project Management Consultants (PMC) with necessary technical expertise.

Figure-1 Integration of Environmental and Social Safeguards with Project Life Cycle of IIFCL



21 Head-ESMU along with the Dealing Officers (DOs) on various projects will be responsible for managing the environmental and social safeguard processes within IIFCL undertaking the following due diligence steps at various project stages:

22 **Pre-Sanction Stage:** Once the CGM (Credit), decides that the project is compliant with the SIFTI guidelines then Head-ESMU does preliminary review with respect to applicable environmental and social screening requirements and gives recommendations for further action. In case of positive recommendation, Head-ESMU will participate along with the Credit Head in preparing Memo to IIFCL's Board for approval of the project. At this stage the Head – ESMU will provide feedback on compliance adequacy of the project for environmental and social due-diligence requirements with respect to the GoI, State laws and World Bank's safeguard policies.

23 **Project Sanction Stage:** Upon receiving Board's Approval for the project, Head –ESMU will prepare the environmental & social safeguard covenants that need to be incorporated in the following documents:

(i) **Construction Contracts** to ensure adequate understanding and resource allocation by the contractors to ensure compliance with the EMP measures, environmental monitoring during the construction period and compliance with the RRP/RP/TDP measures and monitoring and evaluation during and after implementation.

(ii) **Lender's Independent Engineer's Agreement** The responsibility of supervising the compliance with the EMP, RAP and TDP measures will rest with the Lenders' Independent Engineer (LIE) and the construction contract will include necessary clauses for environmental supervision, reporting and compliance with recommended corrective actions. The timeframe of such supervision will be co-terminus with the period of appointment of Lender's Engineer and include the period of defect liability by the contractor;

(iii) **Legal Agreements** to ensure that the responsibilities in relation to the environmental and social safeguards are adequately defined and assigned.

(iv) **Operational and Maintenance Contracts** to ensure that the project remains compliant with the environmental and social safeguards throughout the period of engagement of IIFCL and undertakes corrective actions for any unforeseen adverse conditions. Towards this end, the operation and maintenance contract will clearly define the extent of environmental and social monitoring, triggers to reexamine the monitoring requirement and allocation of responsibility of conducting and reporting the results of such monitoring.

Head –ESMU may also participate in the lenders meet for communicating E&S conditions in of loan covenants and review of Common Lenders Agreements before its acceptance by the IIFCL.

In addition, the **Concession Agreement** would also be looked into for adequate sensitivity and responsibility on the part of concessionaire towards environmental and social obligations.

24 **Post-Sanction Stage:** During loan disbursement, supervision and monitoring stages, the Head-ESMU will periodically check the compliance of environmental and social loan covenants to ensure compliance adequacy of environmental and social aspects on the ground as per the agreements and may also recommend remedial actions for compliance inadequacy. During this period, Head-ESMU may also organize Annual Environmental and Social Audit of the projects.

Environmental Due-diligence Procedures (EDP) for ESSF WB

25 Given the requirement of compliance and considering the comprehensiveness of GOI's and World Bank's EIA, EDP for ESSF WB has been developed around GOI's environmental policy and regulatory framework, relevant state laws and World Bank's guidelines and operational policies .Specified requirements for Environmental Clearance as listed in EIA Notification, of MoEF,2006 and further amendments has been provided in **Annexure-3** whereas details of World Bank safeguard policies are already referred in **Annexure-2**. EDP for ESSF WB rationalizes the project categorization

done by GoI (as per EIA notification) and World Bank safeguard policies. EDP follows processes like screening, scoping, environmental impact assessment, risk assessment, public hearing, review, monitoring, and mainstreams key outcomes like Environmental Management Plans (EMPs), Disaster Management Plans (DMPs, if any) in project design and implementation which ensures compliance with World Bank's guidelines and operational policies. Recommended coverage of Environmental Impact Assessment to meet World Bank's requirement has been provided in **Annexure-4** and TOR for detailed EIA of high impact category highway projects has been given in **Annexure-5**.

- 26 As per the safeguards policy of World Bank, IIFCL falls into category FI (financial intermediary). The ESSF WB is drawn in line with the safeguards of World Bank and adopts additional environmental due diligence wherever such steps provide added scope of effectively achieving its policy objectives.

Social Safeguard Due-diligence Procedures (SSDP) for ESSF WB

- 27 SDP for ESSF WB has been developed significantly around GOI's policies and also drawn references from World Bank's safeguard policies on Involuntary Resettlement and Indigenous people. SDP for ESSF WB, therefore, follows the provisions of National Rehabilitation and Resettlement Policy 2007, State Policies for R&R and Tribal policies, other Traditional Forest Dwellers Act, 2006 (Refer **Annexure -6**, National policies for social safeguard measures) and World Bank's safeguard operational policies (**Annexure-2**) to review the provisions/processes like Social Impact Assessment (SIA), entitlements, resettlement plans, tribal's development plan, public hearing, grievance redressal mechanism, and stakeholder consultations accordingly. These social safeguard policies are followed to monitor that the provisions outlined in R&R plan includes the list of affected person and consultations with local bodies, benefit sharing, employment and training opportunities, subsistence allowances size and standards of alternative housing units for displaced families, assistance to vulnerable people, additional provisions for ST and SCs, indexation of the rehabilitation grants and allowance, grievance redressal mechanism, and information sharing **Annexure- 7** has been provided for Scope of Full Resettlement Plan and Scope of Tribal Development Plan has been given in **Annexure-8**. Same steps as of environmental safeguards will be followed for social safeguards also at various stages of project life cycle as mentioned in respect of EDP.
- 28 The key objective of the SSDP is to involve lead banks and project developers in preparing projects for appraisal/financing at IIFCL and in conducting subsequent monitoring, reporting, and in undertaking corrective actions.
- 29 Other key objective for the SSDP is to help IIFCL along with the other stakeholders in the project to achieve management of Involuntary Resettlement ensuring project-affected families are adequately and timely compensated for the land and assets acquired at market cost before their actual displacement and improving or at least restoring their pre acquisition/displacement socio-economic status as per GoI/ National policy. This also includes addressal of impact mitigation processes related to tribal populations and to facilitate ST and SC affected families with adequate compensation and assistance. Details of paying Replacement cost Value has been given in **Annexure- 9** and Entitlement Matrix Format is provided in **Annexure -10**. The definition of various expressions used in this document is attached as **Annexure- 11**.
- 30 The SSDP defines processes and procedures that apply to all through its project life cycle and are in line with the following;
- (i) Applicable GOI and state laws and regulations governing land acquisition, compensation, resettlement & rehabilitation and,
 - (ii) SSDP has also derived inputs from World Bank's operational policies on Involuntary Resettlement and management of impacts on Indigenous People
- 31 In the case of varying standards among the various applicable policies (GOI, state, agency, World Bank), ESSF WB would attempt that the best provisions implementable will be used to mitigate social impacts of project.
- 32 The guiding principles of the SSDP for managing IR/IP impacts and risks are

- (i) To avoid IR/impacts in IP, wherever feasible;
 - (ii) To minimize resettlement, where population displacement is unavoidable;
 - (iii) To identify project alternatives that will
 - a. minimize the displacement of people due to the acquisition of lands for the project;
 - b. minimize the total area of land to be acquired for the project; and,
 - c. minimize the acquisition of agricultural land for non-agricultural purpose in the project
 - (iv) To ensure transparency and accountability of any mechanism applied as part of project intervention;
 - (iv) To deliver culturally appropriate programs and benefits;
 - (v) To ensure meaningful consultations with the affected people and host community regarding the scope and delivery of compensatory mechanisms and benefits; and,
 - (vi) To ensure that affected people receive adequate and timely assistance so that they will be at least as well off as they would have been in the absence of the project.
- 33 SSDP follows social safeguard due diligence steps similar to environmental due diligence steps at various stages of project cycle. The detailed procedure for social safeguard due diligence are presented in the safeguards' OM relating to ESSF WB.

Sensitization Plan for lead banks and project developers

- 34 IIFCL has signed a Memorandum of Understanding (MOU) for cooperation/participation in infrastructure finance together with several banks/FIs. These include Public Sector Banks, Private Sector Banks, FIs and other financial organizations.
- 35 The effectiveness of IIFCL's ESSF WB initially for a few years will depend considerably on the understanding and preparedness of lead banks/designated lead syndicator and the project developers, it is important that IIFCL makes effort to sensitize the lead banks/project developers on management of environmental and social issues, provides guidance, and encourages them to build requisite capacities. To fulfill this purpose, IIFCL may need to conduct training and awareness programs for the stakeholders (lead banks/ project developers) on various aspects of ESSF WB.
- 36 To achieve this objective, IIFCL will organize short workshops (1 to 2 days duration), at least 2 times a year with the technical consultants, appraising agencies, lead banks/ syndicators and project developers to explain IIFCL's ESSF WB, its importance and benefits. **Annexure- 12** provides Outline training programme for Lead Bank/ project developers on ESDD

Sharing of Responsibilities towards implementation of ESSF WB among stakeholders

- 37 Proposals to IIFCL will typically arise from lead banks/designated lead syndicator and project developers either for seeking direct lending, refinance and take out finance.
- 38 Lead Bank means an FI that is funding the project and is designated as such by the inter-institutional group or consortium of FIs provided the risk exposure of IIFCL is less than that of the lead bank in a project.
- 39 The lead bank/designated lead syndicator and project developers shall present its appraisal of the project for the consideration of IIFCL. They will be expected to provide IIFCL all the required documentation (consents, clearances, EIA reports, SIA, RAP, TDP) in line with the requirements of IIFCL's ESSF WB.
- 40 Similarly, the lead banks/designated lead syndicator and project developers shall be responsible for regular monitoring and periodic evaluation of compliance of the project with agreed milestones and performance levels for purposes of disbursement of IIFCL funds. Project developers shall send periodic

progress reports on environmental and social safeguard compliances to IIFCL.

41 Following table summarize sharing of responsibilities for environmental and social safeguards.

Table 1: Sharing of Responsibilities for Environmental and Social Due-diligence

Tasks	Primary Responsibility	Secondary responsibility
Submit to IIFCL all documentation related to environmental and social consents, clearances	Lead Bank/ project developers	
Check environmental and social safeguard compliance <ul style="list-style-type: none"> • Screening category • Incorporation of outcome of consultation during scoping phase • Environmental and social approvals 	ESMU/ IIFCL	PMC-I
Check quality of documents <ul style="list-style-type: none"> • Analysis of alternatives • Adequacy and effectiveness of EMP, RAP/TDP • Recommendations for environmental and social monitoring • Provision for budget and allocation of implementation responsibility 	ESMU/ IIFCL	PMC-I
Update EMP; RAP/TDP, SIA conduct financial appraisal	ESMU/ IIFCL	PMC-I
Specify covenants and update legal document	ESMU/ IIFCL	PMC-I
Prepare memo to IIFCL Board	ESMU/ IIFCL	
Implement and monitoring of EMP, RAP/TDP	Project developers/ Lead Bank/ IIFCL	
Meet environmental and social safeguard compliance	Project developers/ Lead Bank	
Conduct monitoring and evaluation	ESMU/ IIFCL	PMC-I, Lead Bank / project developers
Conduct annual environmental and social audits and disclose the annual audit report	ESMU/ IIFCL	PMC-II, Lead Banks/project developers
Conduct awareness and training	ESMU/ IIFCL	PMC-I and PMC-II
Preparation of sector specific standard TORs for EIA	ESMU/ IIFCL	PMC-I
Update ESSF WB document	ESMU/ IIFCL	PMC-I

Roadmap for ESSF WB Application

(A) Road map for Capacity Building of ESSF WB

42 IIFCL will develop capacity to independently appraise environmental and social due-diligence at all stages of its project cycle over a period of 18 months beginning from 1st July 2010. At the end of 18 months of implementation of ESP, IIFCL will develop adequate capacity to independently appraise the projects for environmental and social safeguards commensurate to such standards followed by the World Bank.

(B) Road map for ESSF WB implementation

43 For the project eligible for Retroactive financing and the project which enters IIFCL pipeline at the advanced stage of technical closure, IIFCL will have limited capacity for ESSF WB implementation and it will be IIFCL's endeavour to persuade the project developers to fill the gaps as per applicable standards requirement. For the projects entering the IIFCL's pipeline at the stage of conceptualization, IIFCL will have higher ability to implement ESSF WB in a phased manner.

Process for Conducting Secondary Appraisal

44 At the present stage, IIFCL enters the projects at a late stage of project development and does not undertake primary appraisal of the projects. As a result, IIFCL, for environmental and social due diligence, relies up on the appraisal by the lead bank/project developers. With the adoption of ESP, as the first step, ESSF WB defines the process of secondary appraisal that will be followed by the IIFCL for all its mandates.

45 The secondary environmental and social appraisal essentially follows a check list approach and ensures that the lead bank has examined the project for compliance with the required aspects. Under secondary appraisal, Environmental and social due-diligence is based on the documents and information received from the Lead Bank. The Environmental and Social specialist of IIFCL will check the project for compliance with the quality checks applicable at various stages of project cycle.

46 For the projects which enter IIFCL's pipeline after appraisal/Financial Closure/advanced stage, the lead bank may not have adequate information on compliance of environmental and social safeguards for required aspects, in such a case IIFCL may attempt to seek additional information. IIFCL will take efforts to sensitize the project developers for filling the gaps.

Risk Evaluation and Mitigation Measures during Secondary Appraisal

47 When fully adopted the ESSF WB is expected to mitigate the project risks due to environmental and social issues to the bare minimum. However, during the secondary appraisal, when IIFCL relies upon the ESDD by the lead bank, residual such risks may remain. As a mitigation measure for such risks, IIFCL will use the services of the ESMU/PMC-1 for monitoring through LIE's quarterly reports. PMC-1 will seek quarterly reports on EMP and RAP compliance and will examine the EMP and RAP performance for the following risks:

- Construction Risks – these risks typically arise due to gap in regulatory compliance and can pose the risk of delayed project completion. This in turn leads to commercial/ reputation risks. The risk mitigation measures to these risks are strict adherence to EMP measures, compliance with EC clearance, regular environmental monitoring for environmental risks and provision of robust grievance redressal system, timely payment of adequate compensation, completion of resettlement and rehabilitation measures before physical displacement of project affected families and transparency in implementation for social risks.
- Operational Risks – These risks typically arise when the operational phase project impacts are more adverse than the projected level and can lead to regulatory action or public protest. To mitigate this risk, IIFCL will ask the lead bank to seek regular operational phase reports and seek corrective measures by the project proponent in case of non-compliance of standards or adverse impact on population. To ensure compliance, IIFCL will ask the lead bank to provide enabling clauses in operation and maintenance contracts.
- Commercial and reputation risks - These risks typically arise if the construction risks or operational risks remain unmitigated and the negative impacts further escalate. IIFCL will mitigate these risks with timely management of construction and operation risks by interaction with the Lead bank/Project developers.

Corporate Reporting

- 48 IIFCL will prepare annual reports on its performance on environmental and social safeguards and submit it to its Board and the World Bank. IIFCL will also share annual environmental and social audit reports with the Bank. The content of the environmental and social performance will be in the format mutually agreed with the Bank.
- 49 IIFCL will prepare good practices and lessons learnt reports for sharing with the lead banks/ project developers and the Bank.
- 50 Such reports may be prepared by the ESMU of IIFCL, in consultation with the World Bank, under the support of PMC, building on the regular monitoring and review process under ESSF WB as well as annual environmental and social audit.

ESSF WB Update

- 51 IIFCL's ESSF WB will be maintained on its website for the purposes of sharing and towards receiving any comments or suggestions.
- 52 The ESSF WB will be reviewed preferably each year, especially after the results of annual environmental and social audit. Based on the experience gained and requirement of audit in further changes, if any, in GOI's environmental policy and regulatory framework or in the safeguard policies of the World Bank, the ESSF WB document will be appropriately updated. The draft updates will be reviewed by the World Bank before formalizing the revision. This task will be the responsibility of IIFCL's ESMU.

Note: For any clarification/comments/suggestions related with IIFCL's ESSF WB, please send your feedback by mail at essf@iifcl.org.

ANNEXURES

Annexure-1: National Environmental Rules and Notifications Relevant to Infrastructure Projects

Sr. No.	Name of GoI Act/Rule/ Notification	Short Description	Website Address
1.	The Environment (Protection) Act, 1986, amended 1991	This act was enacted in 1986 with the objective of providing for the protection and improvement of the environment. It empowers the Central Government to establish authorities [under section 3(3)] charged with the mandate of preventing environmental pollution in all its forms and to tackle specific environmental problems that are peculiar to different parts of the country. The Act was last amended in 1991. This Act is an umbrella legislation providing a single focus in the country for the protection of environment and seeks to plug the loopholes of earlier legislation relating to environment.	http://moef.nic.in/modules/rules-and-regulations/environment-protection/
2.	The Environmental Impact Assessment Notification, 2006, amended in 2009	This notification lays down specific project categories that require environmental clearance from the Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central Government, prior to establishing an industrial unit (see "Specified Requirements for Environmental Clearance as listed in the Environment Impact Assessment Notification, 2006, MoEF" in this document). It also addresses the composition of Screening, Scoping and Appraisal Committees, stages prior to environmental clearance, including public consultation and post-environmental clearance monitoring as well as transferability of environmental clearance.	http://www.envfor.nic.in/legis/env_clr.htm
3.	The Water (Prevention and Control of Pollution) Act, 1974, amended 1988	The act was enacted in 1974 to provide for the prevention and control of water pollution, and for the maintaining or restoring of wholesomeness of water in the country. The Act was amended in 1988. The main provisions of this Act aim at prevention and control of water pollution as well as restoration of water quality, through the establishment of SPCB.	http://moef.nic.in/modules/rules-and-regulations/water-pollution/
4.	The Water (Prevention and Control of Pollution) Cess Act, 1977, amended in 2003	This act was enacted in 1977, to provide for the levy and collection of a cess on water consumed by persons operating and carrying on certain types of industrial activities. This cess is collected with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution constituted under the Water	http://moef.nic.in/modules/rules-and-regulations/water-pollution/

		(Prevention and Control of Pollution) Act, 1974. The Act was last amended in 2003.	
5.	The Air (Prevention and Control of Pollution) Act, 1981, amended 1987	The objective of the Air Act is to prevent, control and reduce air pollution including noise pollution and to establish Boards at the States/UTs for this. Under the provisions of this Act, no person shall establish or operate any industrial plant without the consent of the SPCB. This act was enacted in 1981 and amended in 1987.	http://moef.nic.in/modules/rules-and-regulations/air-pollution/
6.	Environment (Siting for Industrial projects) Rules, 1999	These are the various environmental guidelines mandated by the MoEF for siting of industries. Topics addressed include (i) prohibition for setting up of certain industries, (ii) establishment of new units with certain conditions, (iii) restrictions on the units in Taj Trapezium and (iv) establishment of new units around archaeological monuments	http://wildlifelaw.in/Data/statutes/Environment%20(Siting%20for%20Industrial%20projects)%20Rules,%201999%20-%20Notification.htm
7.	Forests (Conservation) Act, 1980, amended in 1988	Forests Clearance. Under Forests (Conservation) Act, 1980, de-reservation of forests, transfer to forest land by way of lease and clearing of trees for the purposes of reforestation during the undertaking of any infrastructure projects requires prior approval from the MoEF.	http://www.envfor.nic.in/legis/forest/forest2.html
8.	Indian Forest Act, 1927, amended in 1984	The Indian Forest Act, 1927 consolidates the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce.	http://www.envfor.nic.in/legis/forest/forest4.html
9.	Wild Life (Protection) Act 1972, amended in 2003	The Government of India enacted Wild Life (Protection) Act 1972 with the objective of effectively protecting the wild life of this country and to control poaching, smuggling and illegal trade in wildlife and its derivatives. The Act was amended in January 2003 and punishment and penalty for offences under the Act have been made more stringent. The Ministry has proposed further amendments in the law by introducing more rigid measures to strengthen the Act. The objective is to provide protection to the listed endangered flora and fauna and ecologically important protected areas.	http://moef.nic.in/modules/rules-and-regulations/wildlife/
10.	Notifications concerning Ecosensitive Zones	The MoEF has prohibited and/or restricted specified industrial activities in certain areas of the country. These zones are also called ecosensitive zones.	http://www.envfor.nic.in/legis/ecosensitive.htm
11.	Notifications concerning Coastal Regulation Zones.	To further supplement the law on site clearance, there is a notification declaring coastal stretches in various States and Union Territories (namely, Gujarat, Daman and Diu, Maharashtra, Goa, Kerala, Karnataka, Pondicherry, Tamil Nadu, Orissa, West	http://www.envfor.nic.in/legis/crz.htm

		Bengal, Lakshadweep, Andhra Pradesh and Andaman and Nicobar) as Coastal Regulation Zones (CRZs). The notifications aim at regulating activities in the CRZs.	
12.	The Public Liability Insurance Act, 1991	This Act imposes on the owner the liability to provide immediate relief with respect to death or injury to any person or damage to any property resulting from an accident while handling any of the notified hazardous chemicals. This relief has to be provided on 'on fault' basis.	http://moef.nic.in/modules/rules-and-regulations/public-liability-insurance/
13.	Noise Pollution (Control and Regulation) Rules, 2000, amended 2002,2006 and 2010	As per these rules, the noise levels in any area/zone shall not exceed the ambient air quality standards with respect to noise as specified in the Schedule.	http://www.envfor.nic.in/legis/noise/noise.html
14.	The Environmental Audit Notification, 1992	This notification directs that an environmental audit report be submitted yearly to the Pollution Control Board in cases where consent is required under the Water/Air Act or authorisation under the Hazardous Wastes (Management and Handling) rules.	http://www.cpcb.nic.in/oldwebsite/Publications/List%20of%20publications/probes/probes50.html
15.	The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, Notification (Suppression of The Hazardous Wastes (Management and Handling) Rules, 1989, amended 2003)	These rules lay down the responsibility of the 'occupier' of the infrastructure project for the handling of hazardous wastes. The occupier shall take all practical steps to ensure that such wastes are properly handled and disposed of without any adverse effects which may result from such wastes. The occupier shall also be responsible for proper collection, reception, treatment, storage and disposal of these wastes either himself or through the operator of a facility. The rules also specify criteria for the grant of authorizations for the handling of hazardous wastes, rules to be followed during the packaging, labelling and transport of hazardous wastes, inventory of disposal sites, generation and maintenance of records, accident reporting and follow-up. The Ministry Environment and Forests shall be the nodal ministry to deal with the trans-boundary movement of the hazardous wastes and to grant permission for transit of the hazardous wastes through any part of India.	http://www.envfor.nic.in/legis/hsm/HAZMAT_2265_eng.pdf
16.	The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989, amended 2000	These rules apply to an industrial activity in which a hazardous chemical, which satisfies any of the criteria laid down in the rules, and/or isolated storage in which there is involved a threshold quantity of a hazardous chemical are involved. The occupier (who has control of an industrial activity) has to provide evidence to show that he has identified the	http://www.envfor.nic.in/legis/hsm/hsm2.html

		major accident hazards and taken adequate steps to prevent such major accidents and limit their consequences to persons and the environment and provide the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. These rules also lay down the criteria for the notification of major accidents, notification of sites and the updating the site notification following changes in the threshold quantity, safety reports, and preparation of on-site and off-site emergency plans by the occupier, as well as information disclosure.	
17.	Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996	These rules concern chemical accidents - any accident involving a sudden or unintended occurrence while handling any hazardous chemicals resulting in continuous, intermittent or repeated exposure to death, or injury to, any person or damage to any property. Schedules 2 and 3 of the Rules list the threshold quantities and names of the various chemicals to which they are applicable.	http://www.envfor.nic.in/legis/hsm/gsr347.htm
18.	The Batteries (Management and Handling) Rules, 2001	These rules shall apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of lead acid batteries or components thereof. The rules delineate the responsibility of the consumer, (the category under which infrastructure project sites using plants, equipment and vehicles would fall) namely that they must ensure that used batteries are not disposed of in any manner other than depositing with a dealer, manufacturer, importer, assembler, registered recycler, reconditioner or at designated collection centres.	http://www.envfor.nic.in/legis/hsm/leadbat.html
19.	The Biomedical Waste (Management and Handling) Rules, 1998, amended 2003	These rules apply to all projects which generate, collect, receive, store, transport, treat, dispose, or handle bio medical waste in any form. They deal with the various categories of biomedical waste, segregation, packaging, transportation, storage and disposal of such waste.	http://www.envfor.nic.in/legis/hsm/biomed.html
20.	Manufacture, Use, Import, Export and Storage of Hazardous Micro-Organisms and Genetically Engineered Organism or	The Department of Bio-Technology under the Ministry of Science and Technology is the nodal agency for granting licences for manufacture, import and export of micro-organisms and genetically engineered organisms. However, such licences are issued only after the proposal is cleared from the environmental angle by the Ministry of Environment and Forests. For according such clearances, the Ministry has notified the	http://www.envfor.nic.in/legis/hsm/hsm3.html

	Cell Rules, 1989, further amendments in 2006, 2007 and 2008	`Rules for the Manufacture, Use, Import, Export and Storage of Hazardous Micro-organisms and Genetically Engineered Organisms or Cells' in 1989 under the EPA, 1986.	
21.	Ozone Depleting Substances (Regulation and Control) Rules, 2000.	These rules have been laid down for the regulation of production and consumption of ozone depleting substances.	http://www.envfor.nic.in/legis/ods/odsrrcr.html

Annexure-2: World Bank Safeguard Operational Policies

Sr. No.	Name of Operational Policy	Short Description	Website Address
1.	OP 4.01 - Environmental Assessment	The Bank requires environmental assessment (EA) of projects proposed for Bank financing to help ensure that they are environmentally sound and sustainable, and thus to improve decision making. EA takes into account the natural environment (air, water, and land), human health and safety; social aspects (involuntary resettlement, indigenous peoples, and physical cultural resources) and trans-boundary and global environmental aspects. EA considers natural and social aspects in an integrated way. EA is initiated as early as possible in project processing and is integrated closely with the economic, financial, institutional, social, and technical analyses of a proposed project. EA's should include analysis of alternative designs and sites, or consideration of "no option" requiring public consultation and information disclosure should be done throughout the project cycle. The World Bank's environmental assessment policy and recommended processing are described in Operational Policy (OP) /Bank Procedure (BP) 4.01: Environmental Assessment.	http://go.worldbank.org/RUEQVWD550
2.	OP 4.02 - Environmental Action Plans	The Bank encourages and supports the efforts of borrowing governments to prepare and implement an appropriate Environmental Action Plan (EAP) and to revise it periodically as necessary. Although the Bank may provide advice, responsibility for preparing and implementing the EAP rests with the government, and the EAP is the country's plan.	http://go.worldbank.org/E59104DIW0
3.	OP 4.04 - Natural Habitats	The conservation of natural habitats, like other measures that protect and enhance the environment, is essential for long-term sustainable development. The Bank therefore supports the protection, maintenance, and rehabilitation of natural habitats and their functions in its economic and sector work, project financing, and policy dialogue. The Bank supports, and expects project developers to apply, a precautionary approach to natural resource management to ensure opportunities for environmentally sustainable development.	http://go.worldbank.org/WZQM56JT30
4.	OP 4.10 - Indigenous Peoples	This policy contributes to the Bank's mission of poverty reduction and sustainable development by ensuring that the development process fully respects the dignity, human rights, economies, and cultures of Indigenous Peoples. For all projects that are proposed for Bank financing and affect Indigenous Peoples, the Bank requires the project developers to engage in a process of free, prior, and informed consultation. The Bank provides project financing only where free, prior, and informed consultation results in broad community support to	http://go.worldbank.org/T E769PDWN0

		the project by the affected Indigenous Peoples. Such Bank-financed projects include measures to (a) avoid potentially adverse effects on the Indigenous Peoples' communities; or (b) when avoidance is not feasible, minimize, mitigate, or compensate for such effects. Bank-financed projects are also designed to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate and gender and intergenerationally inclusive.	
5.	OP 4.11 - Physical Cultural Resources	This policy addresses physical cultural resources, which are 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 or national level, or within the international community.	http://go.worldbank.org/7T8EIAJQU0
6.	OP 4.12 - Involuntary Resettlement	Bank experience indicates that involuntary resettlement under development projects, if unmitigated, often gives 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. This policy includes safeguards to address and mitigate these impoverishment risks.	http://go.worldbank.org/96LOB2JT50
7.	OP 4.36 - Forests	The management, conservation, and sustainable development of forest ecosystems and their associated resources are essential for lasting poverty reduction and sustainable development, whether located in countries with abundant forests or in those with depleted or naturally limited forest resources. The objective of this policy is to assist project developers to harness the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.	http://go.worldbank.org/6NODXLHG10
8.	OP 4.37 - Safety of Dams	For the life of any dam, the owner is responsible for ensuring that appropriate measures are taken and sufficient resources provided for the safety of the dam, irrespective of its funding sources or construction status. Because there are serious consequences if a dam does not function properly or fails, the Bank is concerned about the safety of new dams it finances and existing dams on which a Bank-financed project is directly dependent.	http://go.worldbank.org/58SMB2JRC0
9.	OP 7.50 - projects on	projects on international waterways may affect relations between the Bank and its project	http://go.worldbank.org/LYIKQ2JTV0

	International Waterways	developers and between states (whether members of the Bank or not). The Bank recognizes that the cooperation and goodwill of riparians is essential for the efficient use and protection of the waterway. Therefore, it attaches great importance to riparians making appropriate agreements or arrangements for these purposes for the entire waterway or any part thereof. The Bank stands ready to assist riparians in achieving this end. In cases where differences remain unresolved between the state proposing the project (beneficiary state) and the other riparians, prior to financing the project the Bank normally urges the beneficiary state to offer to negotiate in good faith with the other riparians to reach appropriate agreements or arrangements.	
10.	OP 7.60 - Projects in Disputed Areas	Projects in disputed areas may raise a number of delicate problems affecting relations not only between the Bank and its member countries, but also between the country in which the project is carried out and one or more neighboring countries. In order not to prejudice the position of either the Bank or the countries concerned, any dispute over an area in which a proposed project is located is dealt with at the earliest possible stage.	http://go.worldbank.org/BNX4KXDJT0

Annexure 3: Specified Requirements for Environmental Clearance as listed in the Environment Impact Assessment Notification, MoEF, 2006 and as amended in 2009

- The following projects or activities are some of those activities/ projects prescribed by MoEF which shall require prior environmental clearance from the concerned regulatory authority, i.e. the Central Government in the MoEF for matters falling under Category 'A' in the Schedule (see below) and at State level the State Environment Impact Assessment Authority (SEIAA) for matters falling under Category 'B' in the Schedule, before any construction work, or preparation of land by the project management except for securing the land, is started on the project or activity. Below mentioned projects /activities also come under the domain of activities in which IIFCL focuses to fund.

Projects/Activities Requiring Environmental Clearance

Project or Activity		Category with Threshold Limit		Conditions if any
1		A	B	
(1)	(2)	(3)	(4)	(5)
1.	River valley projects	(i) > 50 MW hydroelectric power generation; (ii) > 10,000 ha. of culturable command area	(i) < 50 MW >25 MW hydroelectric power generation; (ii) < 10,000 ha. of culturable command area	General Condition shall apply Note: Irrigation projects not involving submergence or inter-state domain shall be appraised by the SEIAA as category "B" projects.
2.	Thermal power plants	≥ 500 MW (coal/lignite/naphtha and gas based); ≥ 50 MW (pet coke diesel and all other fuels including refinery residual oil waste except biomass); ≥ 20 MW (based on biomass or non-hazardous municipal solid waste as fuel)	< 500 MW (coal/lignite/naphtha ha and gas based); <50 MW ≥ 5MW (pet coke ,diesel and all other fuels including refinery residual oil waste except biomass) <20MW>15MW (based on biomass or non-hazardous municipal solid waste as fuel)	General Condition shall apply Note: (i) Power plants upto 15MW based on biomass and using auxiliary fuel such as coal/lignite/petroleum products up to 15% are exempted;(ii) Power plants up to 15MW based on non-hazardous municipal solid waste and using auxiliary fuel such as coal/lignite/petroleum products up to 15% are exempted.; (iii) Power plants using waste heat boiler without any auxiliary fuel are exempted
3.	Oil and gas transportation pipe line (crude and refinery/ petrochemical products), passing through national parks /sanctuaries/coral reefs /ecologically sensitive areas including LNG Terminal	All projects	-	
4.	Air ports	All projects including air strips, which are for commercial use	-	Note: Air strips, which do not involve bunkering/refueling facility and or Air Traffic Control, are exempted.

5.	Ports, Harbours, Break Waters and Dredging	>5 million TPA of cargo handling capacity (excluding fishing harbors)	< 5 million TPA of cargo handling capacity and/or ports/ harbors >10,000 TPA of fish handling capacity	General Condition shall apply Note: (i) Capital dredging inside and outside the ports or harbors and channels are included; (ii) Maintenance dredging is exempt provided it formed part of the original proposal for which Environment Management Plan (EMP) was prepared and environmental clearance obtained.
6.	Highways	i) New National Highways; and ii) Expansion of National High ways greater than 30 KM, involving additional right of way greater than 20m involving land acquisition and passing through more than one State.	i) All state highway projects ; (ii) State highway expansion projects in hilly terrain (above 1000m AMSL) and or ecologically sensitive areas.	General Condition shall apply; Note: Highways include expressways
7.	Common Municipal Solid Waste Management Facility (CMSWMF)	-	All projects	General Condition shall apply

Notes:

General Condition (GC):

Any project or activity specified in Category B will be treated as Category A, if located in whole or in part within 10 km from the boundary of: (i) Protected Areas notified under the Wild Life (Protection) Act, 1972, (ii) Critically Polluted areas as notified by the Central Pollution Control Board from time-to-time, (iii) Notified Eco-sensitive areas, (iv) inter-State boundaries and international boundaries:

Provided that the requirement regarding distance of 10km of the inter-state boundaries can be reduced or completely done away with by an agreement between the respective states or U.Ts sharing the common boundary in case the activity does not fall within 10km of the areas mentioned at item (i), (ii) and (iii) above.

Specific Condition (SC):

If any Industrial Estate/Complex/Export Processing Zone/ Special Economic Zone/Biotech Park/Leather Complex with homogeneous type of industries such as Items 4(d), 4(f), 5(e), 5(f), or those Industrial estates with pre-defined set of activities (not necessarily homogeneous), obtains prior environmental clearance, individual industries including proposed industrial housing within such estates / complexes will not be required to take prior environmental clearance, so long as the terms and conditions for the industrial estate / complex are complied with. Such estates/complexes must have a clearly identified management with the legal responsibility of ensuring adherence to the terms and conditions of prior environmental clearance, and must indicate the authority to be held responsible for violation of the same throughout the life of the complex / estate

1. For details, please refer Ministry of Environment and Forests, Govt. of India
(Website: http://www.envfor.nic.in/legis/env_clr.htm)
2. For details of projects eligible for financing by IIFCL, please refer to SIFTI on IIFCL's website.

Annexure 4: Recommended Coverage of Environmental Impact Assessment as Per World Bank's Requirements

The EA report for Category A projects should provide the following information:

A. Executive Summary

This section will capture the key findings of the project and will act as a stand alone report. The executive summary will follow the structure of the main report and will summarize salient points under each sub-section of the report.

1. Introduction

The introduction should provide a brief background to the project including the major stakeholders and institutional arrangement for project development and implementation. The section should detail the objective and scope of the EA and describe in brief the methodology adopted to undertake the EA. The section should end with the organization of the EA to facilitate quick understanding of coverage of the report and ease of reference to the reader.

2. Policy, Legal and Institutional Framework

This section of the EA should present the environmental laws and regulations applicable to the project, regulatory clearances required by the project, the agencies involved and process of seeking approval from respective agencies. The section should also present the status of permits obtained/applied and include the copies in the Annexure. This section should also mention the relevant operational policies of World Bank. and their salient requirements. This section of report explains the environmental requirements of any co financiers and identifies relevant international environmental agreements to which the country is a party.

3. Project Description

This section concisely describes the proposed project and its geographic, ecological, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). This section of report will also indicate the need for any resettlement plan or indigenous people's development plan. Normally includes a map showing the project site and the project's area of influence. Construction methodology, land and material requirement, procurement plan and project completion schedule along with the estimated costs and financing arrangements should be covered to provide the reader a comprehensive understanding of the project.

4. Baseline Data

This section of report assesses the dimensions of the study area and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigatory measures. The section indicates the accuracy, reliability, and sources of the data. The focus of this chapter should primarily be on providing a comprehensive understanding of existing physical, biological and socio-cultural environment and land use of the project area. The information should be collected from secondary sources that are relevant to understanding the baseline conditions and mitigation of impacts due to projects as well as enhancement measures.

On physical environmental baseline information on ambient air quality, noise level, water and soil quality of the project area should be presented. Where relevant, baseline information to assess the visual as well as severance impacts should be provided. The information gaps should be covered by primary data collection survey. Care should be exercised to cover environmentally sensitive locations and locations likely to be significantly impacted during the primary survey. The baseline environmental quality stations should be carefully identified and covered to provide data that can be compared with the data collected during the project construction and operations to assess the actual impacts as well as the efficacy of the mitigations measure.

All surveys will be carried out in compliance with GoI standards / guidelines / norms. Wherever such guidelines / norms are unavailable, the techniques, tools and samples employed for the surveys shall conform to

international practices. Where feasible, use of satellite data and geo-reference maps should be made to provide a record of environmental information for future reference. The baseline data should also provide the findings of additional specialized surveys, such as biodiversity assessment survey, and/or hydrological surveys shall be conducted, if and when recommended by environmental scoping.

5. Environmental Impacts

This section predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for environmental enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention.

6. Analysis of Alternatives

This section systematically compares feasible alternatives to the proposed project site, technology, design, and operation--including the "without project" situation--in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. For each of the alternatives, quantifies the environmental impacts to the extent possible, and attaches economic values where feasible. States the basis for selecting the particular project design proposed and justifies recommended emission levels and approaches to pollution prevention and abatement.

7. Stakeholder Consultation.

This section of the report should present the findings of the stakeholder consultations undertaken at the stage of (i) scoping of the impacts and (ii) identification of mitigation measures. The section should clearly present the steps undertaken to facilitate the stakeholder consultation including notice for consultation, means of communication, stakeholder opinions/concerns expressed and how the opinion were incorporated in the design. The section should also provide photo-documentation of the consultation, list of participants and date and venue of consultation.

8. Environmental Management Plans

A project's environmental management plan (EMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures. Management plans are essential elements of EA reports for Category A projects; for many Category B projects, the EA may result in a management plan only. To prepare a management plan, the project developers and its EA design team (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements. More specifically, the EMP includes the following components:

Mitigation

The EMP identifies feasible and cost-effective measures that may reduce potentially significant adverse environmental impacts to acceptable levels. The plan includes compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. Specifically, the EMP

(a) identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement);

(b) describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;

(c) estimates any potential environmental impacts of these measures; and

(d) provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

Monitoring

Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the project developers and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed. Therefore, the EMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the EA report and the mitigation measures described in the EMP. Specifically, the monitoring section of the EMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

Capacity Development and Training

To support timely and effective implementation of environmental project components and mitigation measures, the EMP draws on the EA's assessment of the existence, role, and capability of environmental units on site or at the agency and ministry level. If necessary, the EMP recommends the establishment or expansion of such units, and the training of staff, to allow implementation of EA recommendations. Specifically, the EMP provides a specific description of institutional arrangements--who is responsible for carrying out the mitigatory and monitoring measures (e.g., for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training). To strengthen environmental management capability in the agencies responsible for implementation, most EMPs cover one or more of the following additional topics: (a) technical assistance programs, (b) procurement of equipment and supplies, and (c) organizational changes.

Implementation Schedule and Cost Estimates

For all three aspects (mitigation, monitoring, and capacity development), the EMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the EMP. These figures are also integrated into the total -project cost tables.

Integration of EMP with project

The project developers's decision to proceed with a project, and the Bank's decision to support it, are predicated in part on the expectation that the EMP will be executed effectively. Consequently, the Bank expects the plan to be specific in its description of the individual mitigation and monitoring measures and its assignment of institutional responsibilities, and it must be integrated into the project's overall planning, design, budget, and implementation. Such integration is achieved by establishing the EMP within the project so that the plan will receive funding and supervision along with the other components.

9. Appendixes

- i. List of EA report preparers--individuals and organizations.
- ii. References--written materials both published and unpublished, used in study preparation.
- iii. Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected people and local nongovernmental organizations (NGOs). The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs.
- iv. Tables presenting the relevant data referred to or summarized in the main text.
- v. List of associated reports (e.g., resettlement plan or indigenous people's development plan).

Annexure 5: TOR for Detailed Environmental Impact Assessment of High Impact Category Highway Projects²

- 1) General:
- 2) Project EIA is the stage when a thorough assessments of project impacts and their mitigation are done. It includes carrying out detailed surveys, analysis of data, assessment of impacts and corresponding mitigation and/or enhancement measures, and preparing various reports that include the detailed EIA and EMPs. The Consultants shall carry out the project EIA based on the ToR which is the outcome of the project specific scoping process by modifying this ToR that is of generic nature suitably.
- 3) Baseline surveys:
- 4) The Consultants will (a) collect information from secondary sources that are relevant to understanding the baseline, as well as design and mitigation of enhancement measures, as pertaining to physical, biological and socio-cultural environments, (b) carry out site visits and investigations of all environmentally sensitive locations and document them on base maps to identify conflict point with preliminary designs (including verification of these from authentic sources of information, such as from revenue and forest records, etc.), and (c) prepare detailed specific maps showing details of candidate sites for environmental enhancements.
- 5) Additional baseline surveys:
- 6) The Consultants shall collect information on the existing environmental scenario from secondary sources, and identify gaps to be filled, relevant to the environmental screening needs from primary surveys. The Consultants shall survey the environmentally sensitive locations on and along the project road, as well as within the project's influence area. The Consultants shall extensively use the video and other records of the project road (carried out as part of engineering surveys). All regionally and nationally recognized environmental resources and features within the project's influence area shall be clearly identified and studied in relation to the activities proposed. Typically, these will include stretches with significant roadside trees, environmental and common property resources such as forests, large water bodies, and major physical cultural properties. All these may be depicted using a line diagram or a strip map.
- 7) All surveys will be carried out in compliance with GoI standards / guidelines / norms. Wherever such guidelines / norms are unavailable, the techniques, tools and samples employed for the surveys shall conform to international practices. Whenever directly relevant secondary data is available, these should be used, while indirectly relevant data should be verified through primary survey. Environmental quality (air, water, land and noise) monitoring shall include an adequate number of samples, as established on a sampling network, so as to provide a representative sample of the entire project corridor. Additional sample data for sensitive environmental/ecological receptors, if any, shall be collected such as to analyse and predict the possible impacts to a large degree and precision of acceptable professional standards. Further, additional specialized surveys, such as biodiversity assessment survey, and / or hydrological surveys shall be conducted, if and when recommended by environmental scoping. It is recommended that environmental surveys be co-ordinated with social and engineering surveys as far as practical.
- 8) The Consultants shall also collect information on the various prevailing environmental and forest laws / regulations so as to carry out the project EA in conformity with these laws and regulations.
- 9) Stakeholder consultation:

²Adapted from "Management of Environmental and Social Issues in Highway Projects in India" by the World Bank

- 10) The Consultants shall undertake community consultation sessions at the State, District, Village and Road-side Community levels. The objective of these sessions shall be to improve the project's interventions with regard to environmental management. At least two rounds of consultations shall be carried out – the first to seek views from the stakeholders on environmental issues and ways that these could be resolved, and the second to provide feedback to stakeholders that their views have been taken into account for the project (when the EMPs are nearly complete). Following this the final feedback received shall be analysed, and the Consultants shall determine how these shall be addressed in the Final EMP and project designs. The Consultants shall co-ordinate the entire consultation programme with social and engineering consultants.
- 11) Environmental analysis of alternatives:
- 12) As the overall highway alignments are final at this stage, the environmental analysis of alternatives shall focus on location-specific issues relating to cross-sections, materials and their sources from an environmental management perspective. This analysis shall also cover comparisons in relation to siting, design, technology selection, construction techniques and phasing, and operating and maintenance procedures.
- 13) Impact prediction and management:
- 14) The Consultants shall determine the potential impacts due to the project through identification, analysis and evaluation on sensitive areas (natural habitats, sites of historic, cultural and conservation importance), urban settlements and villages / agricultural areas. These should be classified as significant positive and negative impacts, immediate and long-term impacts, and unavoidable and reversible impacts.
- 15) For each impact predicted, feasible and cost-effective mitigation measures shall be identified to reduce potentially significant adverse environmental impacts to acceptable levels. The capital and recurring costs of the measures, and the institutional training and monitoring requirements to effectively implement these measures shall be determined. The Consultants shall explore and recommend environmental enhancements including roadside landscaping, separation of non-motorized lanes in an aesthetically appealing manner, provision of pilgrimage pathways, and development of cultural properties, and improving access along the corridor. At this stage, it would be important to identify issues that cannot be dealt with during the project preparation stage, but should be undertaken during the implementation stage.
- 16) Institutional arrangements to manage environmental impacts effectively:
- 17) The Consultants shall identify institutional and organisational needs to implement the recommendations of the project EA, and to propose steps to strengthen / expand them if needed. This may extend to new agency functions, inter-sectoral arrangements, management procedures and training, staffing, operation and maintenance, training and budgeting.
- 18) Training of staff:
- 19) The Consultants shall develop and implement a plan for training the client's staff. This plan must specify types of training, participants for each type, number of sessions, duration of each session and when they should be conducted. At the end of the training, when the draft EMPs are ready, brief reports shall be prepared on the training conducted and observations relevant for future training, if any.
- 20) Other assistance to be provided by the Consultants:
- 21) The Consultants shall support the client to furnish any relevant information required for obtaining clearance from several state and central government agencies. These may include (a) assistance in the submission of application for clearance of reserved or protected forests to the Forest Department, (b) completion of forms and submission of the same for obtaining No-Objection certificates (or NOCs) under the Water and Air Acts from SPCBs, (c) completion and submission of the MoEF questionnaire for Environmental Appraisal of the project to obtain environmental clearance from MoEF, (d) assistance in presentation to the Wildlife Board of the MoEF in obtaining clearance for the section of

- the corridor passing through wildlife reserves or sanctuaries and other protected areas (if any), (e) assistance in submission of any other clearance requirements with regard to environmental components relevant to the project.
- 22) The Consultants shall discuss and co-ordinate with the engineering and social Consultants, the findings and recommendations of the project EA in a *continuous manner*. The Consultants shall then prepare an EAR, which will be revised in consideration of the comments of client and World Bank (if any).
- 23) Environmental Management Plans:
- 24) Based on the predicted environmental impacts, separate EMPs, for each construction contract package, shall be prepared in such a manner that they can be incorporated in the bidding/contract documents. The EMP shall be prepared to fulfil all the requirements of the GoI, and at the minimum, shall meet the requirements of World Bank. The EMP shall also include a list of design modifications recommended by the project EA along with the road chainages .
- 25) Environmental mitigation and enhancement measures:
- 26) The EMP shall describe feasible and cost-effective measures to prevent or reduce significant negative impacts to acceptable levels. Apart from mitigation of potential adverse impacts on environmental components, the EMP shall identify opportunities that exist for enhancement of environmental quality along the corridor. This shall include the enhancement of specific locations as water bodies, enhancement of scenic areas along the corridor, etc. residual impacts from environmental measures shall also be clearly identified. The EMP shall include specific or sample plans for common road construction-related activities, such as the management and redevelopment of quarries, borrow areas and construction camps, and good practice guides related to construction and upkeep of plant and machinery. The EMP shall include detailed specification, bill of quantities, execution drawings and contracting procedures for execution of the environmental mitigation and enhancement measures suggested, separate for pre-construction, construction and operation periods. Responsibilities for execution and supervision of each of these mitigation and enhancement measures shall be specified in the EMP. A plan for continued consultation to be conducted during the implementation stage of the project shall also be prepared.
- 27) Capacity building and training:
- 28) The EMP shall describe the implementation arrangement for the project, especially the capacity building proposals including the staffing of the environmental unit (as and when recommended) to implement the environmental mitigation and enhancement measures. For each staff position recommended to be created, detailed job responsibilities will be defined. Equipment and resources required for the environmental unit shall be specified, and bill of quantities be prepared. A training plan and schedule shall be prepared specifying the target groups (environmental unit, supervision consultants, and contractors) for individual training programmes, the content and mode of training.
- 29) Monitoring and reporting:
- 30) The EMP shall specify the environmental supervision, monitoring and auditing requirements. The monitoring programme shall specify parameters, reference standards, monitoring methods, frequency, duration, location, reporting responsibilities, and any other necessary inputs (e.g. training). In addition, the programme will specify what actions shall be taken and by whom in the event that the proposed mitigation measures fail, either partially or totally, to achieve the level of environmental protection expected. Customised formats for reporting on the progress of EMP activities to different stakeholders shall be prepared and included in the EMP.
- 31) Each EMP shall list all mandatory government clearance conditions and the status of procuring the clearances. Additionally, the EMPs shall include as separate attachments, if applicable, Natural Habitat Plan and / or Cultural Properties Plan, etc. to satisfy the requirements of World Bank's operational policies.
- 32) Each EMP shall provide a summary description of where and how the recommendations of EA and EMP are made part of the project's design, construction schedule, and all contract documents.

Annexure 6: National Policies and Acts for Social Safeguard

S.I.N o	Policy	Policy description	Website Address
1	Land Acquisition Act-1894	The Land acquisition Act (LAA) 1894, as amended in 1984 provides the legal framework for land acquisition for a public purpose in India. It enables the State Government to acquire private lands for a public purpose, and seeks to ensure that no person is deprived of land except under the Act. Under the Land Acquisition Act 1894, compensation is paid only to the legal titleholders and does not provide any compensation package to the non-titleholders like encroachers, squatters etc.	http://www.dolr.nic.in/hyperlink/acq.htm
2.	National Rehabilitation and Resettlement Policy, 2007 (NRRP-2007)	The National Rehabilitation and Resettlement Policy, 2007 (NRRP-2007) was adopted by the Government of India in 31st October, 2007 to address development-induced resettlement issues. The policy provides for the basic minimum requirements, and all projects leading to involuntary displacement of people must address the rehabilitation and resettlement issues comprehensively. The State Governments, Public Sector Undertakings or agencies, and other requiring bodies shall be at liberty to put in place greater benefit levels than those prescribed in the NRRP-2007. The principles of this policy may also apply to the rehabilitation and resettlement of persons involuntarily displaced permanently due to any other reason.	http://www.dolr.nic.in/NRRP2007.pdf
3.	The Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006	An Act to recognize and vest the forest rights and occupation in forest land in forest dwelling Scheduled Tribes and other traditional forest dwellers who have been residing in such forests for generations but whose rights could not be recorded; to provide for a framework for recording the forest rights so vested and the nature of evidence required for such recognition and vesting in respect of forest land.	http://tribal.gov.in/writereaddata/mainlinkFile/File1033.pdf

Annexure 7: Scope of Full Resettlement Plan

Topic	Contents
Executive Summary	
Scope of land acquisition and resettlement	<ul style="list-style-type: none"> • Scope of and rationale for land acquisition • Alternative options, if any, considered to minimize land acquisition and its effects, and justification for remaining effects • Key effects in terms of land acquired, assets lost, and number of affected people • Primary responsibilities for land acquisition and resettlement
Socioeconomic information	<ul style="list-style-type: none"> • Population record of affected people • Data on existing economic and social conditions of affected people, including socioeconomic survey. Gender disaggregated socioeconomic data is necessary • Asset inventory, land assessment, and assessment of other losses resulting from land acquisition, taking into account social, cultural, and economic impact on affected people • Details on common property resources, if any • Project impact on the poor, tribal people, ethnic minorities, and other vulnerable groups (including women) • Special measures needed to enhance economic and social base of vulnerable groups
Objectives, policy framework and entitlements	<ul style="list-style-type: none"> • Purpose and objectives of land acquisition and resettlement • Policy and legal framework for resettlement, with any gaps in this framework as compared to lenders' policies and the SSF • Measures proposed to bridge the gap between lenders' and policies and the SSF and national/provincial laws and regulations • Principles, legal, and policy commitments from executing agency for different categories of project impacts • Eligibility policy and entitlement matrix for all categories of loss, including compensation rates at replacement costs • Principles for determining valuation and compensation for assets, incomes, and livelihoods
Gender impact and mitigating measures	<ul style="list-style-type: none"> • Identification of socioeconomic condition, needs, and priorities of women • Measures to ensure that process of land acquisition and resettlement does not disadvantage women • New land/house titles should be in the name of both spouses. For land/house given as replacement property, titles should be in the name of the person who brought in the original property
Information dissemination, consultation, participatory approaches, and disclosure requirements	<ul style="list-style-type: none"> • Identification of project stakeholders • Disclosure of project information • Consultations for determining principles • Mechanisms for stakeholder participation in planning, management, monitoring, and evaluation • Disclosure of RP to affected people • Local institutions or organizations to support affected people. Potential role of non-government organizations (NGOs), women's groups, and community-based organizations (CBOs)
Grievance redress mechanisms	<ul style="list-style-type: none"> • Mechanisms for resolution of conflicts and appeals procedures
Relocation of housing and settlements	<ul style="list-style-type: none"> • Options for relocation of housing and other structures, including replacement housing, replacement cash compensation, and/or self selection • Measures to assist with transfer and establishment at new sites • Options for developing relocation sites, if required, in terms of location, quality of site, and development needs • Plan for layout, design, and social infrastructure and services for each site • Measures for planned integration with host communities • Special measures for addressing gender issues and those related to vulnerable groups • Environmental risks identification and arrangements for environmental management and monitoring
Income restoration strategy	<ul style="list-style-type: none"> • Identification of livelihoods at risk • Income restoration strategy with options to restore all types of livelihoods • Job creation plan, including provisions for income substitution, retraining, self-employment, and pensions, where required • Business relocation and restoration plan, including income substitution, where required • Environmental risks identification and arrangements for environmental management and monitoring
Institutional framework	<ul style="list-style-type: none"> • Main tasks and responsibilities in planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring, and evaluating land acquisition and resettlement • Review of mandate of the land acquisition and resettlement agencies and their capacity to plan and manage these tasks • Provision for capacity building, including technical assistance, if required • Role of NGOs, if involved, and organizations of affected persons in resettlement planning and management • Involvement of women's groups in resettlement planning, management, and

	operations, job creation, and income generation • Female staff should be hired by the resettlement agency to work with and assist women in all aspects of resettlement activities, including planning and implementation of income restoration programs
Resettlement budget and financing	• Cost estimates, budgets, and cash flows for meeting the objectives of the RP according to established schedules • Land acquisition and resettlement costs • Annual budget and timing for release of funds • Sources of funding for all land acquisition and resettlement activities
Implementation schedule	• Time schedule showing start and finish dates for major resettlement tasks • Time-bound actions for projected activities to ensure that affected people are compensated and assisted before award of civil works contracts or similar milestone, ensuring as a minimum that affected people will be provided with entitlements, such as land and asset compensation and transfer allowances, prior to their displacement
Monitoring and evaluation	• Plan for internal monitoring of resettlement targets, specifying key indicators of progress, mechanisms for reporting, resource requirements, and database maintenance • Plan for external and independent M&E • Participation of affected people in M&E • Impacts on women

Annexure 8: Scope of Full Tribal Development Plan

Executive Summary	
I. Background and context	
a.	The project and project components
b.	Relevant state legal framework
c.	Baseline data of tribal peoples in the project area
(i)	maps of the area of project influence and the areas inhabited by tribal peoples
(ii)	brief analysis of the social structure and income sources of project affected tribal peoples.
(iii)	information on relevant cultural practices and patterns
(iv)	relationship of tribal peoples to other local/national groups
d.	Key positive project effects on tribal peoples
e.	Key negative project effects on tribal peoples
II. Development and/or mitigating activities	
a.	Describe details of development (e.g. benefits-sharing) activities
b.	Describe details of mitigating activities
III. Strategy for tribal peoples participation	
a.	Describe mechanism for participation by tribal peoples in planning, implementation, monitoring, and evaluation
b.	Describe procedures for a project-related grievance procedure
IV. Institutional arrangements - implementing agency (IA)	
a.	Identify main tasks and responsibilities in planning, managing, and monitoring development and/or mitigating activities
b.	Identify role of NGOs or tribal peoples organizations in implementing the development and/or mitigating activities
V. Budget and financing	
a.	Identify development and/or mitigating activity costs (including contingency funds) and funding resources
b.	Provide detailed cost estimates for planned activities and investments, such estimates should be broken down into unit costs by project year and linked to a financing plan
VI. Supervision/Implementation	
Specify arrangements for supervision of TDP, e.g. annual reports, inspections	
VII. Monitoring	
a.	Prepare a plan for internal and independent monitoring and evaluation of the targets of the major development and/or mitigating activities related to tribal peoples

Annexure 9: Paying Replacement Value

A. Replacing what is lost

1. If individuals or a community must lose all or part of their land, means of livelihood, or social support systems so that a project might proceed, they will be compensated and assisted to replace lost land, housing, infrastructure, resources, income sources, and services in cash or kind so that their economic and social circumstances will be at least restored to the pre-project level. If the residual of an asset taken is not economically viable, compensation and other assistance are provided as for the entire asset. Non-land-based options may be used where land is not the preferred option of the affected people or where land of similar quality and quantity is not available.
2. All compensation is based on the principle of replacement cost. Replacement cost means the method of valuing assets to replace the loss at market value or its nearest equivalent plus any transaction costs such as administrative charges, taxes, registration, and titling costs. Where GOI regulations do not meet this standard, the replacement cost will be supplemented as necessary. Replacement cost is based on market value before the project or dispossession, whichever is higher. In the absence of functioning markets, a compensation structure is required that enables affected people to restore their livelihoods to levels at least equivalent to those maintained at the time of dispossession, displacement, or restricted access. Replacement cost of an affected asset is equivalent to the amount required to replace the asset in its existing condition. The replacement cost of structures should be equal to the cost of constructing/purchasing a new structure, without making any deductions for depreciation.

B. Civil Works and Resettlement Assistance

3. The NRRP, 2007 recognizes that displacement and other project impacts make it difficult for affected families to continue their livelihood. The policy proposes that a project provide each affected family 'on market cost basis' agricultural land or cultivable wasteland, if government land is available for distribution. This benefit would also be available to affected families who have, as a consequence of land acquisition, been reduced to the status of marginal farmers.
4. The NRRP, 2007 lays special emphasis on payment of compensation and completion of resettlement and rehabilitation ahead of displacement. In this context the Policy entails that the compensation award, full payment of compensation, and adequate progress in rehabilitation and resettlement shall precede the actual displacement of the affected families. Following the NRRP 2007, IIFCL will ensure that the rehabilitation and resettlement on the project is completed before displacement of the affected families.
5. The Policy, however, provides for acquisition of land under urgency and in such case allows for provision of transit/temporary accommodation to the displaced families. The operating procedures of the World Bank, however, discourage transit accommodation. Such a provision. Although may be necessary in some projects, IIFCL as a policy will participate in such projects only if there is commitment by the project developers to complete resettlement before physical displacement of affected families.
6. In addition to receiving replacement value of all acquired property prior to physical displacement and commencement of physical works of a project, each AP is entitled to economic rehabilitation. A comprehensive economic rehabilitation plan should be ready before the project is approved which shall include the Resettlement and Rehabilitation cost as part of the total project cost. As part of the economic rehabilitation programs, local skill development and income generation programs should be examined and priority registration in such programs should be given to APs.

Annexure 10: Entitlements Criteria

1. The entitlement criteria provide guidance and information for compensation, resettlement, and rehabilitation assistance planning. Lack of title/customary rights recognized under law will not be a bar to entitlement. Hence, encroachers and squatters as well as indigenous or other groups with customary rights over land or resources, if present in the project area, will be eligible for compensation (vulnerable persons has the provision for additional elements). However, people moving into the project area after the cut-off date are not entitled to compensation and resettlement benefits.
2. For detailed information about Entitlement criteria, reference may be made to the National Rehabilitation and Resettlement Policy 2007. However, project Developers are encouraged to ensure that all affected family (including those who do not have legal or recognized rights) are compensated, at market/ replacement cost, timely and adequately. Whenever possible it shall be ensured that the local employment is being provided to the affected people to help them to restore their livelihood.

Annexure 11: Definitions

Affected Family:

(i) a family whose primary place of residence or other property or source of livelihood is adversely affected by the acquisition of land for a project or involuntary displacement for any other reason; or

(ii) any tenure holder, tenant, lessee or owner of other property, who on account of acquisition of land (including plot in the abadi or other property) in the affected area or otherwise, has been involuntarily displaced from such land or other property; or -

(iii) any agricultural or non-agricultural labourer, landless person (not having homestead land, agricultural land, or either homestead or agricultural land), rural artisan, small trader or self-employed person; who has been residing or engaged in any trade, business, occupation or vocation continuously for a period of not less than three years preceding the date of declaration of the affected area, and who has been deprived of earning his livelihood or alienated wholly or substantially from the main source of his trade, business, occupation or vocation because of the acquisition of land in the affected area or being involuntarily displaced for any other reason;

Affected Area:

Means area of village or locality notified by the appropriate Government under paragraph 6.1 NRRP-2007 of Govt. of India

Agricultural labourer:

Means a person primarily resident in the affected area for a period of not less than three years immediately before the declaration of the affected area who does not hold any land in the affected area but who earns his livelihood principally by manual labour on agricultural land therein immediately before such declaration and who has been deprived of his livelihood;

Agricultural Land:

Includes lands being used for the purpose of- (i) agriculture or horticulture; (ii) dairy farming, poultry farming, pisciculture, breeding of livestock or nursery growing medicinal herbs; (iii) raising of crops, grass or garden produce; and (iv) land used by an agriculturist for the grazing of cattle, but does not include land used for cutting of wood only;

Appropriate Government:

(i) in relation to the acquisition of land for the purposes of the Union, the Central Government; (ii) in relation to a project which is executed by the Central Government agency or undertaking or by any other agency on the orders or directions of the Central Government, the Central Government; (iii) in relation to the acquisition of land for purposes other than (i) and (ii) above, the State Government; and (iv) in relation to the rehabilitation and resettlement of persons involuntarily displaced due to any other reason, the State Government;

Affected Person (AP):

An affected person is a person who, in consequence of the project sustains damages (a) by reasons of severing of such land, or (b) by affecting his/her immovable property in any manner, (c) by adversely affecting his/her livelihood/earnings as calculated by an objective assessment.

Displaced Person (DP):

Any affected person who has to move away from the current location as a result of the project implementation is considered to be a displaced person.

Note: This may include moving out of his land or structure. Every DP is an AP, but every AP is not a DP. However, certain policies have considered PAPs losing more than 25% of their land or structure as DPs certain other policies have defined an AP as displaced if the land or structure affected is rendered economically unviable after acquisition

Family:

Includes a. person, his' or her spouse, minor sons, unmarried daughters, minor brothers, unmarried sisters, father, mother and other relatives residing with him or her and dependent on him or her for their livelihood; and includes "nuclear family" consisting of a person, his or her spouse and minor children;

Holding:

Means the total land held by a person as an occupant or tenant or as both;

Land acquisition or acquisition of land:

Acquisition of land under the Land Acquisition Act, 1894 (1 of 1894), as amended from time to time, or any other law of the Union or a State for the time being in force;

Marginal Farmer:

Cultivator with an un-irrigated land holding up to one hectare or irrigated land holding up to half hectare;

Non-agricultural labourer:

A person who is not an agricultural labourer but is primarily residing in the affected area for a period of not less than three years immediately before the declaration of the affected area and who does not hold any land under the affected area but who earns his livelihood principally by manual labour or as a rural artisan immediately before such declaration and who has been deprived of earning his livelihood principally by manual labour or as such artisan in the affected area;

Notification:

Notification published in the Gazette of India or, as the case may be the Gazette of a State;

Occupiers:

Members of the Scheduled Tribes in possession of forest land prior to the 13th day of December, 2005;

Ombudsman:

The person appointed under paragraph 8.3 of NRRP-2007 of Govt. of India for redressal of grievances;

Project:

A project involving involuntary displacement of people, irrespective of the number of persons affected;

Replacement Value:

Amount paid over and above compensation to enable AP to buy land, house or any such immovable productive asset.

Requiring body:

Means a company, a body corporate, an institution, or any other organization for which land is to be acquired by the appropriate Government, and includes the appropriate Government if the acquisition of land is for such Government either for its own use or for subsequent transfer of such land in public interest to a company, a body corporate, an institution, or any other organization, as the case may be, under lease, license or through any other system of transfer of land;

Resettlement area:

Means any area so declared under paragraph 6.9 of NRRP-2007 of Govt. of India this policy by the appropriate Government;

Squatter:

A person who has settled on public land without prior permission and has been occupying public land or building prior to the cut-off date. These persons will be entitled to assistance and compensation for lost structures at replacement cost.

Encroacher:

An encroacher is a person who has extended his property to public land, or in other words a person who has trespassed government land, adjacent to his/her own land or asset, to which he/she is not entitled, and deriving his/her livelihood or extended his/her property there from prior to the cut-off date. These persons are not entitled to assistance or compensation unless they fall within the category of vulnerable groups.

Note:- (There is a very thin line differentiation between squatter and encroacher. An encroacher legally owns the land but has extended his property to public land, whereas squatter is completely on public land)

Cut-off date:

Cut-off date shall be the following

- (a) In the cases of land acquisition affecting legal title-holders (*khatedars*), the cut-off date will be the date of issuing the notice under Section 3A(1) of the NH Act 1956 or under Section 4 of Land Acquisition Act 1894.
- (b) In cases where people lack title, the cut-off date will be the date of start of the census survey undertaken by the project authority.

Subtenants:

Person who not being tenants, are allowed to cultivate land on certain terms and conditions.

Small farmer

Means a cultivator with an un-irrigated land holding up to two hectares or with an irrigated land holding up to one hectare, but more than the holding of a marginal farmer.

Titleholder or Tenant

Persons who possess legal documents in support of claims made towards ownership of structure of land are titleholder. According to law, all land belongs to the state and all the so-called landowners are tenants of the state and they are called *khatedars*,.

Transitional Allowance:

Transitional Allowance is provided as assistance to all adversely affected/displaced persons, except owners of kiosks, in different projects. It is a one-time grant.

Shifting Allowance

Shifting Allowance is a one-time lump sum amount to enable shifting of family and household assets. Anybody getting displaced is entitled for this allowance.

Vulnerable Family:

A vulnerable family includes family headed by a woman any family coming under scheduled list, family below poverty line, vulnerable persons such as the disabled, destitute, orphans, widows, unmarried girls, abandoned women, or persons above fifty years of age; who are not provided or cannot immediately be provided with alternative livelihood, and who are not otherwise covered as part of a family;

Land less Family:

Families that are landless (not having homestead land, agricultural land, or either homestead or agricultural land) and below poverty line, but residing continuously for a period of not less than three years in the affected area preceding the date of declaration of the affected area;

The appropriate Government:

The appropriate Government shall, by notification, declare any area (or areas) as a resettlement area (or areas) for rehabilitation and resettlement of the affected families.

Rehabilitation and Resettlement Committee

The Rehabilitation and Resettlement Committee constituted as above shall include, apart from officers of the appropriate Government, as one of its members:- i) a representative of women residing in the affected area; ii) a representative each of the Scheduled Castes and Scheduled Tribes residing in the affected area; iii) a representative of a voluntary organization; iv) a representative of the lead bank; v) Chairperson(s) of the panchayats and municipalities located in the affected area, or their nominee(s); vi) Members of Parliament and Members of Legislative Assembly of the area included in the affected area; vii) the Land Acquisition Officer of the project; and viii) a representative of the requiring body.

**Annexure 12: Outline Training Programme for Lead Banks/ project developers on
IIFCL's ESSF WB**

Day 1:

Morning Session

Environmental and Social Issues in Infrastructure projects

(two presentations)

Discussions

Afternoon Session

Overview of Environmental and Social Policies and Regulatory Framework in India

(two Presentations)

Discussions

Day 2

Morning Session

IIFCL's Environmental and Social Management System (ESSF WB) – Policy, Procedures and Benefits

(two Presentations)

Discussions

Afternoon Session

Case Studies on projects that have followed IIFCL's ESSF WB

Discussions