

Environmental and Social Management Systems Arrangements

Matching Grant

Project Number: 53264-001
March, 2021

IND: Maharashtra Agribusiness Network Project

Prepared by Grant Thornton Bharat LLP, in consultation with the Maharashtra State Agricultural Marketing Board for the Asian Development Bank.

CURRENCY EQUIVALENTS

(As of March, 2021)

Currency unit	–	Indian Rupees (INR)
INR1.00	=	\$0.013 USD
\$1.00	=	INR 73.33

Abbreviations

ADB	–	Asian Development Bank
CO2	–	Carbon dioxide
CAP	–	Corrective Action Plan
ES	–	Environmental and Social
ESMS	–	Environmental and Social Management System
ESSM	–	Environmental and Social Safeguard Manager
FPO	–	Farmers Producer Organizations
GHG	–	Greenhouse gas
GRO	–	Grievance Redressal Officer
IEE	–	Initial Environmental Examination
IP	–	Indigenous Peoples
IPP	–	Indigenous Peoples Plan
IR	–	Involuntary Resettlement
MAGNET	–	Maharashtra Agribusiness Network Project
MG	–	Matching Grant
NOx	–	Nitrogen oxides
PIAL	–	Prohibited Investment Activities List
PISC	–	Project Implementation Support Consultant
PIU	–	Project Implementation Unit
PMU	–	Project Management Unit
PO	–	Project Officer
SPS	–	Safeguard Policy Statement
ST	–	Scheduled Tribes
TC	–	Technical/Investment Committee

NOTES

- (i) The fiscal year (FY) of the Government of India, its agencies and participating financial institutions ends on 31 March.
- (ii) In this report, “\$” refers to US dollars unless otherwise stated.
- (iii) The term PMU refers to the PMU to be established within the MAGNET Society.

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I. ASSESSMENT OF ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM OF MAGNET SOCIETY (PMU)

Introduction

1. Agriculture plays a vital role in India's economy, but the sector faces many challenges. More than 54% of the population engages in agriculture and allied activities (census 2011), but the sector's contribution to gross value added has declined steadily from 18.6% (2013–14) to 17.4% (2016–17) and then 17.1% (2017–18) (at current prices). With a large area under cultivation, India is the second-largest producer of fruits and vegetables in the world. The growth of horticulture crops production in India has outpaced the food grains production since FY2012/13.

2. Maharashtra is one of the largest producers of fruits and vegetables in India. The demand for fruits and vegetables is expected to increase by 4%–7% annually during 2015–2025. The area under fruit crops increased by 341% from FY1990/91 to FY2017/18. This is the result of the national and state governments' various programs and initiatives to promote horticulture development since the 1990s. Fresh fruits and vegetables are highly perishable. Almost 40% of fruits and vegetables are lost or wasted in different stages of the agriculture value chains, of which 60% of waste in India happens between the farm and the end-consumer. The losses can be reduced by proper post-harvest practices and agriculture value chain facilities, especially warehousing and cold chain facilities¹. Enhancing networks of FPOs with storage and cold chain facilities can significantly increase their business opportunities and contribute to food safety and security.²

3. Despite ample opportunities for Maharashtra's horticulture growth to contribute to poverty reduction among farmers, they face challenges related to the agricultural sector's structural issues. While small and marginal holding farmers operate 80% of agriculture in rural Maharashtra, they still predominantly practice subsistence farming and do not grow produce to sell in the markets due to fragmented land ownership structure. Most do not have direct access to emerging, lucrative, and high-value markets and rely on traditional marketing channels, which often involve multiple layers of traders and pre-harvest contracts and offer no price incentives or bargaining power to the farmers. Further, FPOs' technical and financial capacities in farming, post-harvest handling, and marketing of horticultural produce are still limited, and a majority of the FPOs are dominated by men in decision making.

Project Background

4. The proposed Maharashtra Agribusiness Network (MAGNET) Project will focus on the horticulture sector; the project's overall outcome is to achieve increased horticultural production in Maharashtra and an increase in farmer producer organizations' (FPOs') profits. The project is financed by the Asian Development Bank (ADB).

¹ The cold chain maintains the temperature of fruits and vegetables in a specific range required to keep them fresh, edible, and safe for a more extended period than in normal ambient conditions.

² FAO. 2019. *The State of Food and Agriculture 2019. Moving forward on food loss and waste reduction*. Rome.

5. The project aims to enhance the incomes of small land-holding farmers in Maharashtra in line with the state government's Vision 2030 by providing holistic agribusiness and value chain support in horticulture. The project will provide (i) institutional, technical, and marketing capacity enhancement to agribusiness institutions and FPOs, (ii) access to finance enhancement to FPOs and value chain operators (VCOs), and (iii) improved horticulture value chain infrastructure. The project will also focus on the inclusion of women in trainings and financing opportunities, while the infrastructure will include GESI supporting designs, including women and persons-with-disabilities (PWD) responsive designs, as well as include climate adaptation and mitigation financing. These opportunities as well as inclusion of scheduled tribes (STs) are detailed through the gender equality and social inclusion action plan (GESI/AP) and will be monitored periodically through GESI reports.

6. Financial support from the project to the subprojects will take the form of matching grant (MG) to FPOs and VCOs. The MG is justified by the positive externalities that are generated by the subproject and the lack of access to commercial finance by small-scale farmers. The levels of grant support and arrangements for co-financing will vary according to the financial viability of the subproject. The MG would provide up to 60% (not exceeding INR 6 crore grant) of FPOs' post-harvest facility development costs, and VCOs' business plans. However, the MG will vary for FPOs and VCOs. Attention will be focused on investments supporting the increased competitiveness of the sector, setting up processing and preservation infrastructure, agri-logistics and marketing infrastructure. Overall, Output 2 is expected to provide support to 300 subprojects (FPOs and VCOs) over the project's life, with at least 20% of the financial support targeting women-owned or women-led beneficiaries and sub-borrowers and X% targeting scheduled tribe-owned or -led beneficiaries or sub-borrowers, whereby X will be defined based on the outcomes of the baseline study to be conducted through the GESI/AP and prior to loan sanctioning.

7. The MG shall be used to finance two groups of beneficiaries, (i) VCOs³ for post-harvest enterprises, and (ii) members of farmer producer groups (legally registered FPO)⁴ with audited books of accounts (audited by a Chartered Accountant). The MG shall be provided on the basis of (i) a sound and viable business plan for the post-harvest enterprise establishing backward and forward linkages, i.e., access to raw material, market demand, financial viability and overall feasibility, and (ii) a farmer cooperative members group with production plans that ensure at least 60% of FPO's shareholders are involved in production of one or more of the targeted crops and collectively have considerable production within their catchment zone. Each FPO shall aggregate inputs across its members for a single application on behalf of its members, which will be sent to the ESMS Manager, at the PMU⁵ to be set-up within MAGNET society. The farmer cooperative will be the initial beneficiary of the MG and will on behalf of its members purchase eligible goods and services and then distribute these to its members on mutually agreed conditions.

³ Value Chain Operators (Non FPO Entities), which may include aggregators/processors/exporters/mid and large size retail organizations/Ag-tech or Fin-tech organizations - working actively with producers and their collectives.

⁴ Farmer Producer Organizations (also including legally constituted Cluster Level FPO Federations/Association and Existing and New Anchor Organizations selected/nominated for financial assistance under MAGNET Project).

⁵ The project is planned to focus its lending activities (MG) through the Project Management Unit (PMU), which will be setup as part of the MAGNET Society.

8. **It is envisaged that the grant will:**

- i) Assist in creating modern processing infrastructure closer to production areas.
- ii) Enable linking groups of producers to processors and market through a well-equipped supply chain and cold chain, thereby ensuring remunerative prices to farmers and year-round availability of food products to consumers.
- iii) Assist projects that ensure plugging of critical gaps in supply-chain (and lead to considerable increase in producer's remuneration).
- iv) Assist FPOs to invest in farm equipment's/ other capital investment that support advanced techniques in production (such as High-Density Plantation, Integrated Pest Management, etc.).
- v) Assist FPOs in the targeted value chains to develop suitable infrastructure at farm level which will help in increasing the level of processing/ value addition/ preservation capacities and thereby lead to reduction of wastage and enhancement of other associated benefits.
- vi) Assist other value chain operators in setting up relevant projects that are of pioneering nature by way of new product / new process.
- vii) Assist projects in achieving greater financial viability which otherwise have high gestation period sans grant (hence delayed break even and low ROI).

Agribusiness Matching Grant - Grant Applications

Information for Applicants, Advisors and Assessors

9. MGs are available to eligible applicants (FPOs and VCOs) for development of agribusiness and demand driven agricultural production activities to support their post-harvest facility development costs.

10. **Grant Applications.** Applicants are required to prepare business plans which outline the development or expansion of business activity for post-harvest management. All business plans and applications must be prepared in the format outlined in this information note. Applications must meet the selection criteria and requirements. Business plans and applications must be well prepared and will be assessed carefully by the Technical/Investment (TC) Approval Committee all recipients to participate in project monitoring, impact assessments, evaluations, and audit procedures.

11. Applications must be sent to Project Director, MAGNET Society, who will be assisted by Deputy Project Director, Financial Support⁶.

12. **Assistance to Prepare Business Plans and Grant Applications.** The Project will set-up a Project Implementation Unit (PIU) at the regional level (covering all the eight project regions), and staff of PIUs can be contacted in case of assistance while preparing sound, viable and sustainable business plans. PIU agribusiness specialists and safeguards specialists

⁶ Will act as de-facto ESMS Manager

will be based in the project regions and provide detailed guidance to applicants to prepare business plans and sources of specialized inputs needed for the business plan.

13. **Type of sub-project to be assessed by MAGNET.** The project will include subprojects related to the post-harvest facilities value, and marketing of select horticulture crops⁷ within the state of Maharashtra. The project will support in-situ redevelopment of select facilities to improve post-harvest processing facilities, and establishment of nurseries, greenhouses, and protected cultivation, etc. The proposed infrastructure to be financed under MAGNET are listed below while **Appendix 1** lists the eligible infrastructure components.

- a. Facilities to house core plant & machinery and other equipment's
- b. Standalone pack-house
- c. Standalone cold storage unit(s) [associated with value addition]
- d. Integrated pack-house (with mechanized sorting & grading line/ packing line/ waxing line/ staging cold rooms, etc.)
- e. Ripening chamber(s)
- f. Processing Infrastructure-
 - i. Sorting, grading, washing, peeling, cutting, sizing;
 - ii. Blanching, crushing, extraction, pulping;
 - iii. Deseeding, color sorting, pulverization, extrusion, freeze drying / dehydration, frying, etc.;
 - iv. Packaging facilities like canning, aseptic packaging, vacuum packaging, bottling, edible packaging, labelling, any other specialized packaging etc.
 - v. Chemical preservation, pickling, fermentation, or any other specialized facility required for preservation activities etc.

14. **Environmental and Social Criteria for Subproject Selection.** Environmental and social (E&S) criteria will form one of the stages of screening process for the selecting future subprojects. The PMU will ensure that:

- a. The subprojects must not involve any physical or economic displacement (including housing demolition) and/or land acquisition. The subproject proposal will be screened through an involuntary resettlement impact screening checklist. The checklist will be submitted to ADB for approval to confirm that no land acquisition, physical and economic displacement of people will be required.
- b. The subprojects must not have adverse impacts on indigenous (tribal)⁸ people. The subproject proposal will be screened through an Indigenous Peoples impact screening checklist. The checklist will be submitted to ADB for approval to confirm no adverse impacts on Indigenous Peoples.

⁷ Banana, Custard Apple, Green and Red Chili, Guava, Okra, Orange, Pomegranate, Sapota, Strawberry, Sweet Lime.

⁸ Maharashtra's tribal population is close to 10% (Census of India), and close to 10 districts (Thane, Palghar, Nashik, Dhule, Nandurbar, Jalgaon, Ahmednagar, Pune, Nanded, Amravati) fall under Schedule V areas

- c. The subprojects must not be located in any eco-sensitive⁹ zone and/or within any national heritage zone/structure.
- d. Each subproject must be designed, constructed, and operated in accordance with relevant national, and state social and environmental laws and regulations and policies.
- e. Subproject must meet requirements of the ESMS developed for the loan project
- f. Subprojects must be designed to ensure adherence to GESI/AP.

Selection Criteria

15. **FPO.** The following selection criteria for FPOs applying for Project assistance to improve post-harvest infrastructure:

- i) **Minimum Shareholding-** 250 producers; the MAGNET Society/Steering Committee, using its discretion, can allow FPOs with lower Shareholding
For legally constituted Cluster Level FPO Federations/Association- A minimum of 10 Institutional members with an aggregate shareholder base of a minimum of 2500 producers may be considered for Financial Assistance basis discretion of the MAGNET Society/Steering Committee.
- ii) **FPO** should have a turnover of more than INR 5 lakhs in at least one audited financial statement in the last three years.
Exception: FPOs that primarily support farm-level production for a larger project headed by an Anchor FPO, thus proposing to operate minimal processing and/or logistics as a decentralized activity –will be exempted.
- iii) Minimum 5 Forward Linkages MOU/Contract with Large/SME buyers. FPOs already having Trade History with large processors will be given priority.
Exception: FPOs that primarily support farm-level production for a larger project headed by an Anchor FPO, thus proposing to operate minimal processing and/or logistics as a decentralized activity –will be exempted.
- iv) At least 60% of applicant FPO's shareholders should be involved in producing one or more of the targeted crops and collectively have considerable production within their catchment zone. This is to be backed by crop-wise data in the catchment area, indicating the source of data.
- v) Priority to be given to FPOs that have shown growth in membership on a year-to-year basis for two years preceding the year in which the proposal is submitted.
- vi) Priority to be given to the FPOs meeting the E&S Safeguards criteria of the Project.
- vii) Priority to be given to FPOs that are women/scheduled tribe (ST) -owned or -led or have a majority stake/shareholding of women/STs.¹⁰

⁹ Eco-Sensitive Zones or Ecologically Fragile Areas are areas within 10 kms around Protected Areas, National Parks and Wildlife Sanctuaries notified by Ministry of Environment, Forest and Climate Change, Government of India under Environment Protection Act 1986.

¹⁰ Percentages for priority targets for women are detailed in the GESI/AP and for STs will be detailed in the GESI/AP upon completion of the baseline survey.

- viii) Priority to be given to FPOs meeting core labor standards, and principles of GESI in standard operating procedures and infrastructure design.¹¹
- ix) Priority to be given to FPOs implementing climate adaptation and mitigation financing
- x) The final selection for assistance to any entity will be based on meeting the above criteria and the MAGNET Society/Steering Committee's discretion.

16. **VCOs.** Post-harvest value chain investments by the VCOs will be demand driven. Applications for support will be evaluated based on the following basic eligibility criteria

- i) Applicant should have a turnover of more than INR 50 lakh in at least one audited financial statement in the last three years.
- ii) Net worth of the Applicant should be at least 1.5 times of proposed equity in their proposed project
- iii) Applicants with a minimum of previous two years record establishing sizeable procurement of listed and other horticulture crops from Maharashtra State.

OR

Applicants that have considerable procurement of listed crops from other States and want to set up their project in Maharashtra and which will have a minimum 50% of the project's capacities utilization towards listed crops sourced from the State of Maharashtra.

- iv) Priority to be given to applicants that are women/scheduled tribe (ST) -owned or -led or have a majority stake/shareholding of women/STs.¹²
- v) Priority to be given to applicants meeting core labor standards, and principles of GESI in standard operating procedures and infrastructure design.
- vi) Priority to be given to FPOs implementing climate adaptation and mitigation financing
- vii) The final selection for assistance to any entity will be based on meeting the above criteria and the MAGNET Society/Steering Committee's discretion.

17. **Not Eligible for MG.** The applications will be screened based on the environmental and social criteria; the following are not eligible for MG:

- i) Subprojects that are on the ADB's Prohibited Investment Activities List (PIAL) per ADB's Safeguard Policy Statement (SPS) 2009 (**Appendix 2**).
- ii) Subprojects that involve involuntary resettlement as defined under ADB SPS, including physical or economic displacement due to involuntary land acquisition or involuntary restriction on land use.
- iii) Subprojects that have adverse impacts on Indigenous Peoples (scheduled tribes).¹³

¹¹ For example: Accessible/friendly to women and PWDs (ramps, accessible toilets); assuring a safe work environment for women, including separate bathrooms and changing rooms; provisions for minimum wage, equal pay, occupational accident insurance, protection from sexual harassment, necessary infrastructure (like drainage, lactation room) etc. See the GESI/AP for more information on these provisions.

¹² Percentages for priority targets for women are detailed in the GESI/AP and for STs will be detailed in the GESI/AP upon completion of the baseline survey.

¹³ Maharashtra's tribal population is close to 10% (Census of India), and close to 10 districts (Thane, Palghar, Nashik, Dhule, Nandurbar, Jalgaon, Ahmednagar, Pune, Nanded, Amravati) fall under Schedule V areas

- iv) Subprojects located in any eco-sensitive zone and or within 500 mts from any national heritage zone/ structure.
- v) Activities that do not comply with ADBs SPS.
- vi) Subprojects classified as environment category A, and environment category B in accordance with ADB's safeguard policy statement, using the Environmental checklist **(Appendix 3a and 3b)**.
- vii) Subproject classified as category "A" and/or "B" for (a) involuntary resettlement, and "A" for (b) Indigenous Peoples in accordance with ADB's safeguard policy statement, using the Social checklist **(Appendix 3c and 3d)**.

Assessment Process

18. The business plan and grant application (hereinafter "the Application") will be considered by the Technical / Investment Approval Committee with expertise in business development, financial analysis, environmental protection, social and gender improvement, and corporate governance. The assessment will be based on the viability, sustainability, and impact of the business plan, the quality and thoroughness of its preparation, and the soundness of documentation and evidence provided. All the applications for MG must provide full details and must be able to pass close scrutiny and assessment against instructions below and the selection criteria. The FPO or VCO (hereinafter "the Applicant") must show they are competent and have excellent understanding of the business; demonstrate that it will benefit horticulture sector; and that there will be no negative social or environmental impacts. The Application may be approved, rejected, or the Applicant may be requested to provide additional information.

19. **Grant Agreement and Grant Payment:** For approved MG Applications, the Deputy Project Director, Financial Support, will send the Applicant a MG Agreement, which is a legal contract binding both the Applicant and the project to fulfill the conditions of the MG Agreement. Conditions will include the schedule of MG payments, and the Applicant's reporting and acquittal requirements, and monitoring schedule. The MG Agreement must be signed and witnessed, and a copy returned to the Deputy Project Director.

20. The application will be reviewed by the staff of PMU and PISC, which will make recommendations to the TC on the merit/shortcomings of each application. The TC will make the final decision regarding the grant application.

Instructions and Requirements for Grant Applications

21. The purposes of the Application are to provide: (i) evidence of the legal status of the business entity (—the Applicant) and its compliance to local and national law and regulations; (ii) information for assessment of the business viability, the impact on people in the project area, the environmental impact; and (iii) specifications and costs of the items proposed to be financed with Grant assistance.

22. All MG applications must comprise of the following information:

1) Business or Individual Registration Legal details:

- i. Type of FPO (Farmer Producer Companies, Farmer Cooperative Societies, other Producer Organizations (legal entities), etc.)
- ii. Type of VCO (Central or State PSUs / Joint Ventures / Public and Pvt. Ltd. Companies / Limited Liability Partnerships/Corporate Entity/ Proprietorship Firms/ Partnership Firms)
- iii. Business Address (location and contact details)
- iv. Name(s) of responsible person(s) and contact details (details of Board of Directors, in case of an FPO)
- v. Taxation File Number
- vi. Bank account details (Bank, account number for deposits, address)
- vii. Evidence of land ownership (registration, title, lease or user right)

2) Business Plan. As applicable to the applicant:

i. Production Plan – describe the product and how it is produced

- Description of the products or services
- Description of the production process, and facilities, equipment and labor involved (mandatory: **environmental management plan**)
- Sources and annual quantity of inputs and raw materials (including procedures to ensure safety, quality, and sustainability of supply)
- Quantity of annual production

ii. Management Plan – describe how business is managed

- Management structure (brief description of positions and roles, name(s) of top management/ Board members)
- Community consultation: **mandatory** (at a minimum, the Applicant with assistance of the PIU staff must hold a gender-inclusive meeting with people (at least 15% women) who live next to the business, or who may be affected by the business; minutes of the meeting signed by people attending the meeting must be included in the application)
- Compliance (permits or other written evidence from planning and regulatory authorities approving business operations and any planned civil works)

iii. Financial Plan – describe the financial status of the business

- Statement of Assets (**mandatory**: evidence of business premises land ownership, lease or legal use right)
- Statement of Liabilities
- Financial Projections (at least 5 years)

iv. Planned Business Development – describe the plan and costs to develop the business

- Describe the plan for business development

- Specifications of the items required for the planned development (typically these will be facilities and equipment for Production)
- For purchase of goods and services, provide 3 price quotations based on the specifications.
- Cost and Finance table: list all items and costs for items required for the planned business development, and the source of finance for each (i.e. the business owner, Agribusiness Grant).

3) Priority Eligibility

- i. Describe how the Applicant fulfils the criteria for priority access to MGs based on women/ST -ownership, -leadership or majority stake/shareholding.
- ii. Verification of relevant members per target priority.

II. ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY AND APPLICABLE REQUIREMENTS

Policy

23. The E&S management policy of MAGNET Society was approved by the Governing Council on [date/month/year] and states that:

24. The objectives of the environmental and social management system are

- To avoid and when avoidance is not possible, to minimize and mitigate or offset adverse impacts of subprojects on the environment, involuntary resettlement, and Indigenous Peoples; (scheduled tribes);
- To maximize opportunities for environmental and social benefits, including on women and STs; and
- To help MAGNET Society and borrowers to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

25. MAGNET Society continually endeavours to ensure and enhance effective E&S management practices in all its activities, products, and services with a special focus on the following:

- Establish clear policies and procedures for identifying, screening, assessing, monitoring, and reporting E&S risks in all business areas;
- Support finance activities with appropriate consideration for environmental, social, health, safety, core labor standards, and GESI aspects;
- Ensuring that applicable environmental and social safeguard requirements, **Appendix 4**, are met for all investee subprojects;¹⁴
- Financing sub-projects only when they are expected to be designed, constructed, operated, and maintained in a manner consistent with applicable environmental and

¹⁴ The term "subprojects" is used in this document to mean horticulture-related business activities financed in part or in full by MAGNET Society using ADB funds.

social safeguard requirements, and compliant to national, state, regulatory requirements, and policies, as defined in Appendix 4;

- Integrating environmental and social risk into its internal risk management analysis;
- Ensuring appropriate consultation and transparency in its subproject company's activities;
- Working together with sub-project companies to put into practice applicable environmental and social safeguard requirements; and
- Promoting sub-projects with environmental and social benefits.

26. The policy will be well communicated to all the stakeholders, including all staff and operational employees of MAGNET, investors, funders, and the loanees.

Applicable Environmental, Social Safeguard and Social Protection Requirements

27. MAGNET Society will ensure that:

- i. All subprojects financed under the MG component of MAGNET will be evaluated on Environmental and Social Safeguard requirements.
- ii. The Environmental and Social Management System developed by the MAGNET Society will be adhered to in letter and spirit.
- iii. All subprojects comply with relevant national regulations for Environmental and Social Safeguards in India, and per ADB SPS (**Appendix 4**).
- iv. All subprojects financed under the MAGNET project are screened particularly ensuring that:
 - The sub-projects are screened against the Prohibited Investment Activities List (PIAL) of the ADB SPS (Appendix 2)¹⁵
 - Project applications are screened using the Environmental Safeguards Checklist (Appendix 3a and 3b)
 - Project applications are screened using the Social Safeguards Checklist (involuntary resettlement safeguards checklist and the Indigenous Peoples checklist) (Appendix 3c and 3d)
 - All PIAL compliant subprojects will proceed to the next stage screening process involving assessment under subproject selection criteria for the project (section I Agribusiness Matching Grant - Grant Applications) which should exclude all environment and Indigenous Peoples category A subprojects and involuntary resettlement category A and B subprojects based on ADB SPS.
 - All compliances / permissions / documentation / clearances as required by the government for catering to Environmental and Social safeguards are sought diligently
 - All mitigation measures suggested and agreed to are regularly monitored and adhered to by the subproject operators / owners

III. ENVIRONMENTAL AND SOCIAL MANAGEMENT PROCEDURES

Screening and Categorization

¹⁵ ADB. 2009. Safeguard Policy Statement. Manila

28. The safeguard policies require that (i) impacts are identified and assessed early in the project cycle; (ii) plans to avoid, minimize, mitigate, or compensate for the potential adverse impacts are developed and implemented; and (iii) affected people are informed and consulted during project preparation and implementation.

29. At the initial stage of the ESMS application for possible ADB funded subprojects, the PMU staff under the guidance of the ESMS Manager, will first screen the loan application per the ADB's PIAL-(Appendix 2). Where a prospective client is involved in any of the List activities, the MAGNET Society shall deny the client's request for MG. The outcome of the Exclusion List Assessment will be documented in the PMU's files. For PIAL compliant investments, the PMU staff will bring the subproject environmental and social selection criteria to the sub-project applicant's attention.

30. The environmental and social expert, PISC along with the safeguards officer, PIU¹⁶, will work with the sub-project company/applicant for a quick evaluation of the likely environmental and social impact (involuntary resettlement and Indigenous Peoples). The environmental assessment checklist (Appendix 3a and 3b), the involuntary resettlement impact screening checklist (Appendix 3c), and the Indigenous Peoples screening checklist (Appendix 3d) are designed to guide the regional PIU head and safeguards team, PISC and MAGNET Society clients¹⁷ to determine the significance of potential environmental and/or social impacts associated with the subproject. The selection of the category should be based on professional judgment and information available at the time of project identification.

31. Once the checklists and the verification work are reviewed by the ESMS Manager, the subproject will be classified as one of the following categories: Category A (with potentially significant environmental and/or social impacts); Category B (with less significant environmental and/or social impacts), and Category C (with minimal or no impacts) using **Appendix 5**. *Table 1 defines the categorization of sub-projects and summarizes the level of assessment required for MAGNET sub-projects that are Category A, B, and C for the environment, involuntary resettlement, and Indigenous Peoples.* The E&S Risk Categorization process facilitates a first-level evaluation of the E&S risk profile of a project. The primary purpose of this activity is to identify the scale of the E&S risks, to determine the required E&S assessment/surveys that should be done and outline the E&S documentation that is needed.

32. Subproject screening will be mandatory for all subprojects to be financed under the project, and the ESMS Manager, PMU will inform the applicant project/company of the applicable requirements as presented in Section II [B] and in Table 1. For applicant's subprojects with potential environmental and/or social impacts, the PMU will advise the applicant project/company that (i) the Safeguard Requirements 1-3 of the ADB Safeguard Policy Statement will apply, including the preparation of relevant safeguard documents. Only subprojects classified as "B" (medium risk) and "C" (low risk) for the environment and Indigenous Peoples are allowed to be funded under MAGNET. No subproject requiring land acquisition (category A and B) is allowed to be funded. It will exclude all subprojects categorized A for the environment and Indigenous Peoples. For category B subprojects, the PIU social and environment experts, in consultation with their counterparts in PISC, will

¹⁶ With the concerned regional PIU

¹⁷ Series of capacity building exercises and orientation on ADB's SPS 2009 (safeguards policies), including PIAL, will be organized by MAGNET

prepare an initial environmental examination (IEE) and environmental management plan (EMP), using **Appendix 6**, or an Indigenous Peoples Plan (IPP), using **Appendix 7**, and submit the appropriate plan for ADB's approval before the subproject is financed.

33. On this basis, the ESMS Manager will indicate the applicable environmental and social safeguard requirements for the subproject, and commence the preparation of relevant documents, i.e., IEE, EMP and IPP. The safeguard documents will be prepared using the checklists for each subproject, as early as possible, and preferably during the project identification/pre-construction stage, to determine the appropriate extent and type of environmental and social impacts and risks. These requirements are also stipulated in the ADB's SPS 2009. The regional PIU team of MAGNET Society will assure that the subproject owners are fully aware of the applicable requirements, as presented in Table 1.

Table 1: Safeguard Requirements

Category (Risk Rating)	Definition	Environmental	Involuntary Resettlement	Indigenous Peoples
Category A	If the proposed sub-project is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works.			
	If the sub-project is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts are considered significant, if 200 or more persons will experience major impacts, which are defined as (a) being physically displaced from housing or (b) losing 10% or more of their productive assets (income generating).	Excluded, no further action required	Excluded, no further action required	Excluded, no further action required
	If the sub-project is likely to have significant impacts on indigenous (tribal) peoples. This is determined by assessing the magnitude of impact in terms of: customary rights of use and access to land and natural resources; socioeconomic status; cultural and communal integrity; health, education, livelihood, and social security status; and the recognition of indigenous knowledge; as			

Category (Risk Rating)	Definition	Environmental	Involuntary Resettlement	Indigenous Peoples
	well as, the level of vulnerability of the affected Indigenous Peoples community.			
Category B	If sub-project's potentially adverse environmental impacts are less adverse than category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects.	Comply with national laws, ADB PIAL, & sector exclusions Prepare Initial Environmental Examination (IEE)	Excluded, no further assessment	An Indigenous Peoples Plan (IPP), including assessment of social impacts, is required
	If the sub-project includes involuntary resettlement impacts that are not deemed significant			
	If the sub-project is likely to have limited impacts on Indigenous Peoples			
Category C	If the sub-project is likely to have minimal or no adverse environmental impacts	Comply with national laws, ADB PIAL, & sector exclusions	No impacts. No further action required	No impacts. No further action required
	If the sub-project has no involuntary resettlement impacts.			
	If the sub-project is not expected to have impacts on Indigenous Peoples			

34. ESMS Manager will record environmental and social categorization documents of all subprojects with the categorization results, and summary of these reports will be included in the semi-annual performance report and available for review by ADB Mission Members during ADB Review Missions.

35. Once the safeguard categorizations are completed for the subprojects, candidate project will be screened out (excluded) or pre-selected for carrying out further applicable environmental and social due diligence under the ESMS. The pre-selection list of the potential subprojects will be reviewed and approved by the PMU and the pre-selected subprojects will be taken forward to due diligence.

Due-Diligence

36. The ESMS Manager with support from PMU staff and the Environment and Social Expert, PISC will undertake environmental and social due diligence. Depending on the subproject's complexity, due diligence can be a desk review followed by a brief site visit to confirm categorization (for category C subprojects) or based on a site assessment (for

environment and Indigenous Peoples category B subprojects). For environment and Indigenous Peoples category B sub-projects, it is highly recommended that PIU staff conduct site visits, followed by a due diligence brief note (Appendix 8) submitted to the ESMS Manager and kept in the subproject files. The subproject must provide all requested information to the ESMS team and should be able to demonstrate compliance with the applicable environmental and social safeguard requirements as Appendix 4. The PIU staff will also prepare and share a due diligence note for category C subprojects (**Appendix 8**). For the proposed greenfield subproject likely to be classified as Category B for any of their environment and B for IPs, PMU will refer the subproject to ADB and provide relevant information to ADB (Environment and Social Safeguards Specialist) early in its due diligence process, and submit the draft IEE report, and/or IPP to ADB (Safeguards Specialist) for review before funds for the subproject are disbursed. If the pre-selected subprojects involve existing facilities (brownfield), due diligence will require environmental and social compliance audits including on-site assessment to identify past or present concerns related to impacts on the environment, and IR.

37. For all category B subprojects, an audit report will be prepared by the PIU staff for environment and/or Indigenous Peoples (**Appendix 9**), and the results of the audit will be reflected in the report to the investment committee of the MAGNET Society, which will take into account these in approving the subproject. For environment and/or Indigenous Peoples category B projects, an IEE and/or IPP, as relevant, will be prepared and will take into account if the findings of the audit report (i.e. if there are finds gaps between ADB environment and social safeguard guidelines and existing performance, IEE reports and/or IPP reports must address these gaps). PMU, MAGNET Society will furnish the evidence that due diligence results have been incorporated in IEE reports and/or IPP, as relevant, by submitting such the IEE reports and highlighting the gaps, if any, to ADB. For category C projects, gaps found must be addressed through an appropriate action plan.

38. The PMU will ensure that all investment agreements for subprojects contain adequate environmental and social protection, and GESI covenants requirements. Particularly sub-borrowers comply with: (i) all applicable national laws and regulations relating to the environment; (ii) core labor standards and the applicable laws and regulations, including, but not limited to, the requirements relating to (a) workplace occupational safety norms; (b) no use of child labor¹⁸; (c) no discrimination against workers in respect of gender, employment and occupation; and (d) no use of forced labor. The PMU and PIU will ensure that the workers engaged by sub-borrowers for the subprojects are not restricted from developing legally permissible means of expressing their grievances and protecting their rights regarding conditions and terms of employment.

Compliance, Monitoring, and Reporting

39. After an environment and/or Indigenous Peoples category B subproject is approved, the ESMS Manager/ E&S Experts, PISC will: (i) maintain regular communications (through e-mail/phone) with the subproject applicant /owners to confirm the ADB project team, semi-annually that the subproject owner is undertaking the obligations of compliance with all

¹⁸ Child labor refers to the employment of children at regular and sustained labor. This practice is considered exploitative by many international organizations and is illegal. In most countries it is considered inappropriate or exploitative if a child below 14 years of age works (excluding household chores, in a family shop, or school-related work) or below 18 years is engaged in hazardous work. International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

applicable environmental and social safeguard requirements including the PIAL, EMP, IPP; and (ii) check sub-borrowers' bidding documents to verify if they include or refer to the subproject's EMP and IPP during the subproject pre-construction and/or implementation, and (iii) get copies of monitoring reports of the sub-project owners from the PIU staff, and conduct site visits (whenever required) and prepare site inspection reports. All permits and reports prepared by the owners and credit/monitoring officers are required to be kept by the ESMS Manager in a track record system.

40. During the project implementation, the PMU will ensure that environmental and social mitigation measures are implemented. The sub-borrower will need to ensure that EMP measures be included in all bidding documents for subproject construction and operation. In the case of non-compliance, Project Director (PD)/ESMS Manager will notify the ADB project team immediately within 36 hours, if there is a major unanticipated environment and social management inconsistency. Significant environmental and social management inconsistencies include: (i) has not yet resulted but is expected to result in clearly identified damage or harm or irreversible environmental or social impact; and (ii) requires expeditious corrective action and site-specific attention to prevent severe damage or irreversible environmental or social impact; or (iii) is a material misuse of Hazardous Substances. The PD/ESMS Manager will also work with the subproject owner to bring the project back into compliance.

41. As soon as reasonably practicable, the PMU will investigate the nature and reason(s) for non-compliance, and a decision is taken about what is needed to bring a subproject into compliance by means of a corrective action plan (CAP) whereby activities are defined to bring the project into compliance and a specific timeline for their implementation established or whether financing should be suspended. In the former case, the CAP will be shared with the ADB for review within 30 days of becoming aware of the incidence. During the project implementation, the PMU ensures that environmental and social mitigation measures are implemented. In the case of non-compliance, mitigation of any environmental and social effects from financed activities will be the responsibility of the activity proponent; however, it will also be the responsibility of the PMU to ensure that mitigation is carried out successfully for environment and/or Indigenous Peoples category B subprojects.

42. The ESMS Manager will evaluate the environmental and social (ES) performance of category B and C subprojects, semi-annually (first five years after loan effectiveness) and on an annual basis in the following 10 years. The benchmark for performance will be the ongoing compliance against the ADB SPS, applicable environmental and social safeguard national requirements in the Project loan agreement, IEE, IPP, audit report, GRM, applicable CAP, EMP, ESMS, and any other safeguard documents. PMU will ensure that the environment and/or Indigenous Peoples category B subprojects owner prepares and submits an annual environmental and social monitoring report. Based on these reports, quarterly site visits, and semi-annual progress reports, the ESMS Manager will review and assess the subproject's environmental and social safeguard performance.

43. In case any environmental and/or incident related to Project activities/area during reporting period, the Project (PMU) shall prepare an incident report and attach it to the environmental and social monitoring report using an incident report form (**Appendix 10**) including identification of corrective action. In the event of an unanticipated impacts or major

changes in Project scope, the categorization will be reconfirmed, and it may be necessary to update the IEE, EMP, and prepare a CAP in accordance with ADB's SPS 2009 requirements.

44. Based on the review of the environmental and social monitoring reports for Projects prepared by the Project companies, ESMS Manager, PMU will prepare (i) consolidated semi-annual environmental and social performance report of MAGNET Society (**Appendix 12**) during Project implementation stage and submit them to PD, MAGNET Society; and (ii) ESMS implementation reports annually during Project implementation stage and submit them to ADB. A template form for the ESMS implementation report is attached in **Appendix 13**.

45. Based on the review of the environmental and social monitoring reports for subprojects prepared by the ESMS Manager, The PD (PMU) will prepare (i) consolidated semi-annual environmental and social monitoring reports (**Appendix 14**) to ADB within one-month following the reporting period covered and begins after the loan has become effective; and (ii) ESMS implementation reports annually during Project implementation stage and submit them to ADB.

46. All subproject investment agreements will contain appropriate environmental and social covenants requiring that sub-borrowers are in compliance in all material respects with the applicable environmental and social safeguard requirements as stated in the ESMS.

Grievance Redress Mechanism

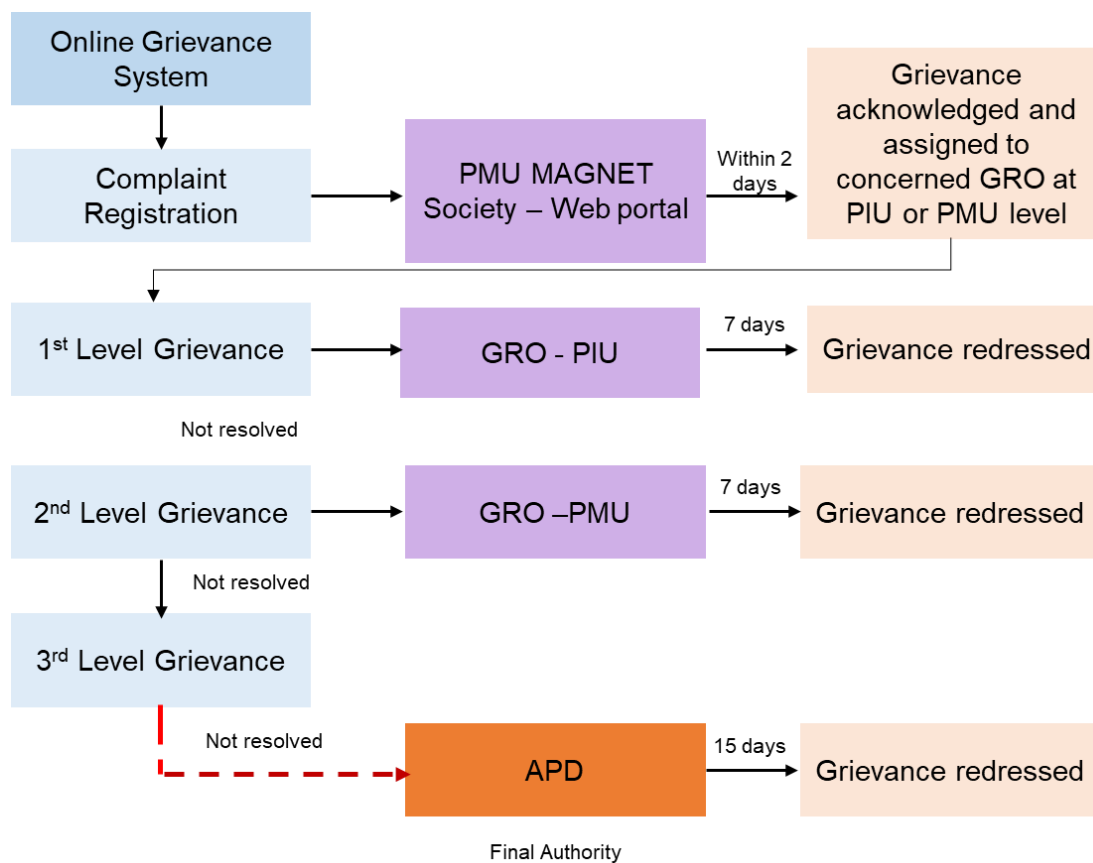
47. A Centralized Control and Monitoring System (CCMS) will be established at the PMU for MAGNET. The CCMS / GRM tool will provide a suitable platform supporting the sub-borrower owner/ companies to receive evaluate and address complaints from the general public/project affected people regarding potential E&S violations committed by the projects financed through the project MG. The GRM will be open to all project affected people, regardless of the nature of their complaint and will be gender inclusive and responsive, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution.

48. At PIU level, a Project Officer (Output 1&2) will be appointed as the Grievance Redress Officer¹⁹ (GRO). At PMU level, a Project Officer on the MG will be appointed as GRO. The Additional Project Director (APD) will be appointed as the final authority for the GRM²⁰.

¹⁹ Grievance Redress Officer will be assigned to register and process the complaints from citizens and customers and take necessary measures to resolve, or escalate the complaint.

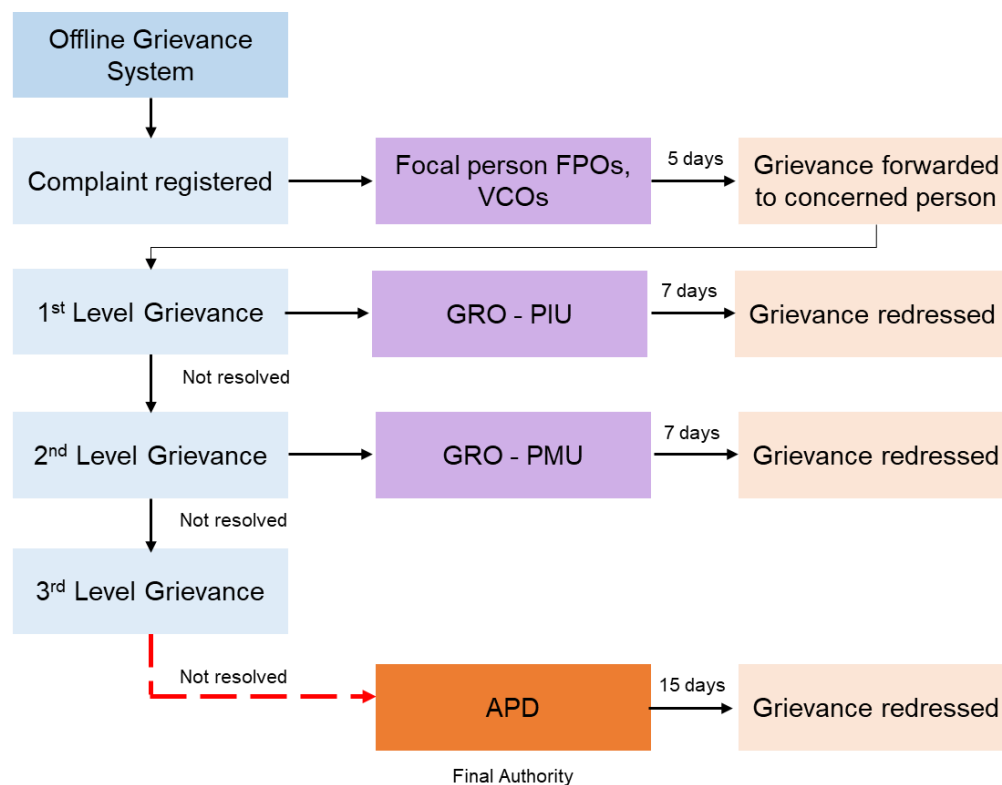
²⁰ A similar provision has been made for the government Right to Information Act to appoint APD as the final authority

Figure 1: Online GRM Process



GRO –Grievance Redressal Officer, APD- Additional Project director

Figure 2: Offline GRM Process



GRO –Grievance Redressal Officer, APD- Additional Project director

The detailed stepwise process to be adopted for receiving complaints and addressing (online and offline) is described below:

Online Grievance System:

Level of addressing grievance	Action to be taken	Responsibility	Timeline
First level	1. Grievance will be received and automatically registered on the web portal of MAGNET at PMU and a unique code will be sent to the aggrieved person as an acknowledgment.	Webportal of MAGNET Society will be managed by MIS Section.	Immediately
	2. Will be forwarded to the respective GRO of concerned PIU at the divisional level or at the PMU level depending on the query		Within 2 days of receipt
	3. Addressing the grievance	GRO - PIU ²¹	Within 7 working days from the receipt of grievances.
	4. Sending reply of the grievance to the aggrieved person with a copy of information to GRO of concerned PIU/PMU.		
	5. If cannot be addressed at the level of PIU, will be forwarded to the GRO at PMU with a copy of information to GRO- PIU.		
	6. In case of forwarding as mentioned above in sl. No. 5, reasons for not addressing the grievance at the second level will be explained by the GRO of the PIU		
Second level	7. Addressing the grievance	GRO - PMU ²²	Within 7 working days of receipt of grievances
	8. Sending reply of the grievance to the aggrieved person with a copy of information to GRO of PIU		
	9. If cannot be addressed at the level of PIU, will be forwarded to APD, with a copy of information to GRO of PIU & PMU.		
	10. In case of forwarding as mentioned above in Sl. No. 9, reasons for not addressing the grievance at third level will be explained.		
Third Level	11. Addressing the grievance		

²¹ At PIU level, Project Officer (Output 1&2) will be appointed as the GRO – PIU

²² At PMU level, Project Officer – MG will be appointed as GRO – PMU

Level of addressing grievance	Action to be taken	Responsibility	Timeline
	12. Sending reply of the grievance to the aggrieved person with a copy of information to GRO PIU and PMU.	Assistant Project Director, PMU MAGNET Society ²³	Within 15 working days of receipt of grievances

Offline Grievance System:

Level of addressing grievance	Action to be taken	Responsibility	Timeline
First Level	1. Grievance will be received and registered manually on the grievance redressal register with Sl. No. given to selected FPOs and VCOs	Focal person of selected FPOs and VCOs	Within 5 working days of receipt of grievances
	2. After review and sorting, grievances will be forwarded to the concerned authorities for resolution		
	3. Sending reply of the grievance to the aggrieved person with a copy of information to GRO of PIU		
	4. Addressing the grievance	GRO - PIU	Within 7 working days of receipt of grievances.
	5. Sending reply of the grievance to the aggrieved person with a copy of information to GRO of PIU and concerned division of PMU.		
	6. If cannot be addressed at the level of PIU, will be forwarded to PMU with a copy of information to GRO of PIU		
	7. In case of forwarding as mentioned above in Sl. No. 6, reasons for not addressing the grievance at second level will be explained		
Second level	8. Addressing the grievance.	GRO - PMU	Within 7 working days of receipt of grievances
	9. Sending reply of the grievance to the aggrieved person with a copy of information to GRO of PIU		
	10. If cannot be addressed at the level of PIU, will be forwarded to APD, with a copy of information to GRO of PIU & PMU.		

²³ The Additional Project Director (APD), PMU MAGNET Society will be appointed as the final authority for the GRM. This is in line with a similar provision at MSAMB for the government Right to Information Act, 2005.

	11. In case of forwarding as mentioned above in Sl. No. 10, reasons for not addressing the grievance at third level will be explained.		
Third Level	12. Addressing the grievance	Assistant Project Director, PMU MAGNET Society	Within 15 working days of receipt of grievances
	13. Sending reply of the grievance to the aggrieved person with a copy of information to GRO PIU and PMU.		

49. If at any stage the complainant is unhappy with the online or offline GRM they are free to seek redress through the Maharashtra state court system. By entering into the GRM they are also not deterred from seeking legal redress at any stage.

50. The PMU will ensure the redressal of complaints, including anonymous complaints, and issues of non-compliance, in accordance with national regulations and the ADB Accountability Mechanism Policy 2012. However, the GRM process or its results will not be an impediment to seek redress to the country's judicial or administrative remedies. The ESMS Manager will maintain the GRM details²⁴, including the channels to register a complaint, timelines²⁵ for redressal, escalation process, etc. All the complaints will be resolved, and the necessary communication will be sent to the complainant. The ESMS manager in association with the PMU staff will periodically review the functioning of the GRM and record information on the effectiveness of the mechanism, especially on the PMU's ability to prevent and address grievances. The ESMS manager will keep records of the following:

- Complaints, grievances, or protests received from local communities, recording dates and organizations involved, actions taken to resolve grievances, and proposed measures for resolution;
- Number of grievances addressed and unresolved (disaggregated by date and time (monthly, quarterly, yearly); and Grievance Type);
- Percentage of grievances redressed within the stipulated time (disaggregated by date and time (monthly, quarterly, yearly); and Grievance Type);
- Details of information disclosure and consultations, if any, with affected people, local communities, civil society groups, and other stakeholders; and Number of grievances escalated to a higher authority (disaggregated by time (monthly, quarterly, yearly); and Grievance Type).

51. To ensure the GRM is in line with the SPS, the GRM will be culturally appropriate and gender inclusive, equipped to receive and facilitate resolution of the Indigenous Peoples' concerns. This will be supported through: (i) membership of the indigenous peoples or their representative at the first tier GRM at field/village level; (ii) availability of the GRM form in

²⁴ The Centralized Control and Monitoring System (CCMS) portal will be accessible to all the project stakeholders and the project's dashboard will display a snapshot of all the active complaints

²⁵ MAGNET will set-up an online monitoring system to manage project related complaints, with stipulated timeline. For more details, please refer Social Safeguards Due Diligence Report (SSDDR).

local/indigenous dialect; (iii) installation of grievance box at all project locations; (iv) and installation of project billboard in the villages with grievance focal person's contact details and procedure on how to file a complaint, including in local or indigenous dialect.

Capacity Building

52. Adherence to the Environmental & Social policy and conduct of the operations will require adequate training and capacity building of the PMU staff and regional PIU heads and staff on various parameters and processes. The differences in the development of environmental and social safeguard systems among PIUs likely means that the ability of PIUs to be able to start conducting the environmental and social due diligence for Category B projects, according to the SPS (2009) also is variable. As a result, some PIUs will likely need more training and experience with the ESMS than others before being able to identify (screen) and oversee completion of required due diligence of Category B sub-projects.

53. Training on ADB's SPS 2009 and the ESMS requirements will be conducted by the ADB safeguard specialist and consultants during the preparation and implementation for the PMU /PISC staff. The PMU & PISC will further conduct training/orientation for PIUs/subproject owner on the ADB SPS, including screening and categorization of subprojects, as well as on implementing, monitoring, and reporting on the funded subprojects to ensure compliance with ADB SPS before the first disbursement and based on their competencies in identifying and implementing environmental and/or Indigenous Peoples category B projects.. The designated ESMS manager, associates, ESSS, and others related with MAGNET / ESMS implementation will participate in the training. Additional training and workshops will be organized at any time per the request of PIUs/subproject owners. Table 2 presents the training program on environmental and social management.

Table 2: Capacity building training on environmental and social management

Training Topic	Trainer	Attendee	Contents	Timeline
ADB Safeguard Policies	<p>ADB Environment & Social specialist, ADB Consultants</p> <p>PMU and PISC consultants (for PIUs and subproject receivers)</p> <p>Note: all subprojects must receive this training prior to subproject implementation)</p>	MAGNET, PMU staff, PISC consultants PIU staff and subproject owners	<p>ADB and EHS laws, regulations and policies</p> <ul style="list-style-type: none"> The project's ESMS policy and requirements including links to ADB's SPS (2009), policy principles, policy delivery process, environmental and social safeguard requirements, on Indigenous Peoples International environmental, health and safety 	After loan negotiation and before the first disbursement of ADB and as per need

Training Topic	Trainer	Attendee	Contents	Timeline
			management practice in civil constructions including World Bank EHS Guidelines	
Subproject screening and categorization	ADB Environment & Social specialist, ADB Consultants PMU and PISC consultants (for PIUs and subproject receivers)	PMU and PISC consultants PIU staff, loan officers, and subproject owners	<ul style="list-style-type: none"> Screening and categorization of sub-projects against the PIAL and requirements of IEE Environmental and social due diligence and compliance audit including exclusion criteria 	Continuous; before the first disbursement of ADB
M&E and CAP preparation	PMU and PISC	PIU staff, loan officers, and subproject owners	<ul style="list-style-type: none"> Reporting formats, monitoring of projects and preparation of a CAP 	During implementation
GRM	PMU and PISC consultants	PIU staff and subproject owners	<ul style="list-style-type: none"> GRM structure, responsibilities, and timeframe Types of grievances and eligibility assessment 	During implementation/ loan disbursement on continuous basis
Implementation of ESMS	PMU and PISC consultants	PIU staff	<ul style="list-style-type: none"> ESMS objectives, contents, subproject criteria, other issues regarding ESMS 	During project implementation

54. After initiation of ESMS workshop training, the PMU with more complete and accomplished E&S safeguard systems will start applying the ESMS to process Category C subprojects. Throughout the project, required training and hands-on experience with overseeing and conducting environmental and social due diligence for category B subprojects will be provided to the MAGNET Society ESMS staff, PIUs and related stakeholders. As PMU develop skills and experience with the ESMS, they may advance to processing environment and/or Indigenous Peoples category B safeguards, subject to ADB clearance.

IV. ORGANIZATIONAL RESPONSIBILITIES, RESOURCES, AND CAPACITY

55. The E&S Governance Framework and responsibility matrix (table 3) define how the implementation of the ESMS shall be administered to ensure ownership, accountability, good stewardship, and transparency of the E&S risk management process. The E&S Governance Framework shall be put in place to provide oversight and operational capacity to implement the ESMS by PMU, MAGNET Society. The PMU will have ESMS institutional set-up in place and assigns ESMS Manager for the PMU with clearly defined responsibilities to ensure proper implementation and reporting of the environmental and social safeguards processes and requirements. The Environmental and Social Safeguard Staff (ESSS)²⁶, PMU and PISC will form a team for managing ESMS, and reports to the Deputy Project Director, PMU. The ESSS under the guidance of ESMS Manager has oversight for environmental and social issues, ensures the resources are made available for environmental and social management, and should sign and submit the annual environmental and social performance report to ADB. The ESMS Manager should ensure that the PD and ADB is notified if and when the responsible staff has been changed or replaced with new staff.

56. The Deputy Project Director (financial support) will be deputed as the ESMS Manager and will be supported by Project officers²⁷ (ESMS associates) for the matching grant. Additionally, the ESMS Manager will also be supported by the social and environmental consultants from PISC, technical support team²⁸, and project officer (Social & Gender) under PMU. At the regional level, the PIU head will be appointed as ESMS regional manager and the regional project officer will be appointed as the credit officer. Figure 3 represents the institutional structure at the state and regional levels for the MG.

²⁶ Environment and Social Experts of PMU and PISC consultants are called ESSS.

²⁷ Project Officer (MG, Civil and Mechanical)

²⁸ Experts from the PMU and PISC

Figure 3: Project Management Unit and Staffing Pattern under MAGNET Society

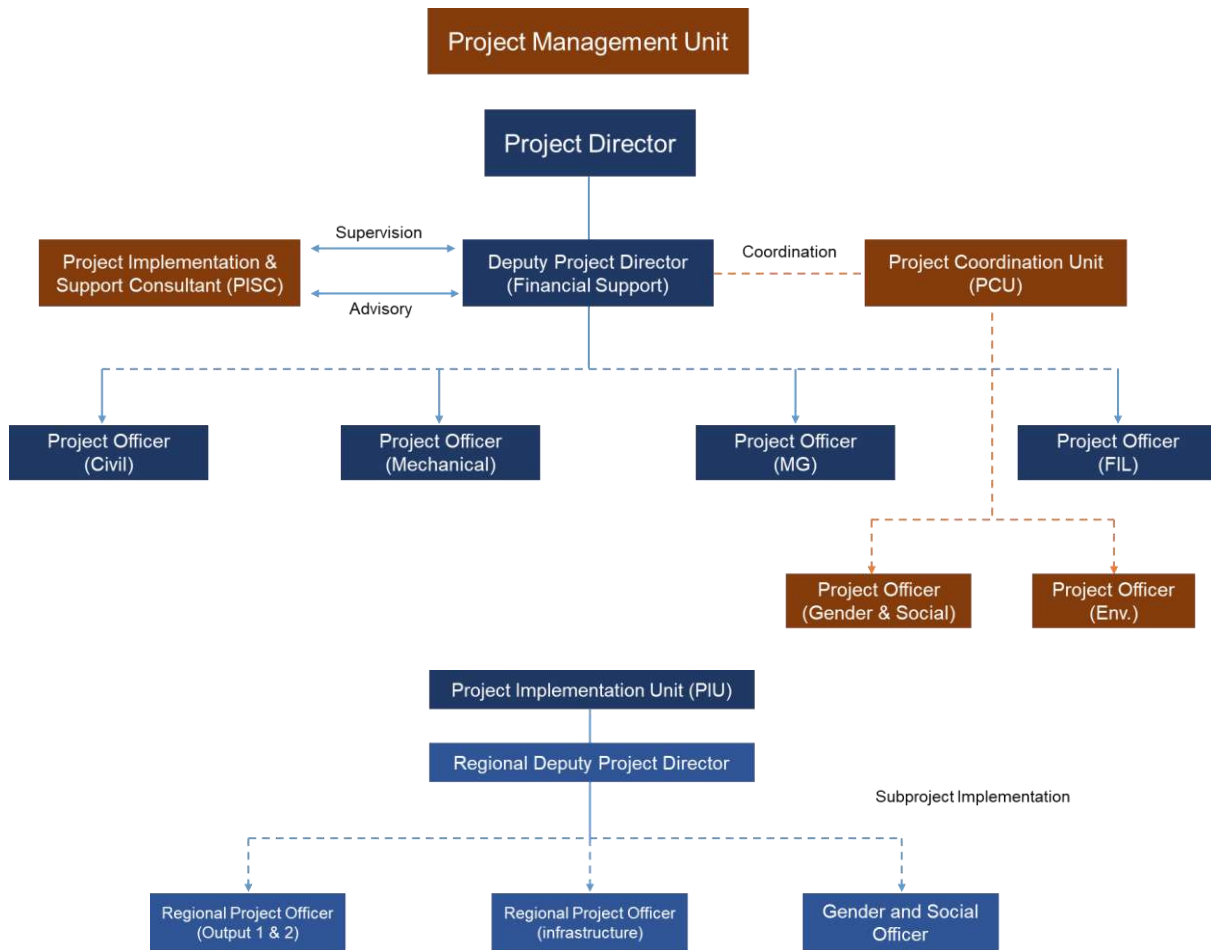
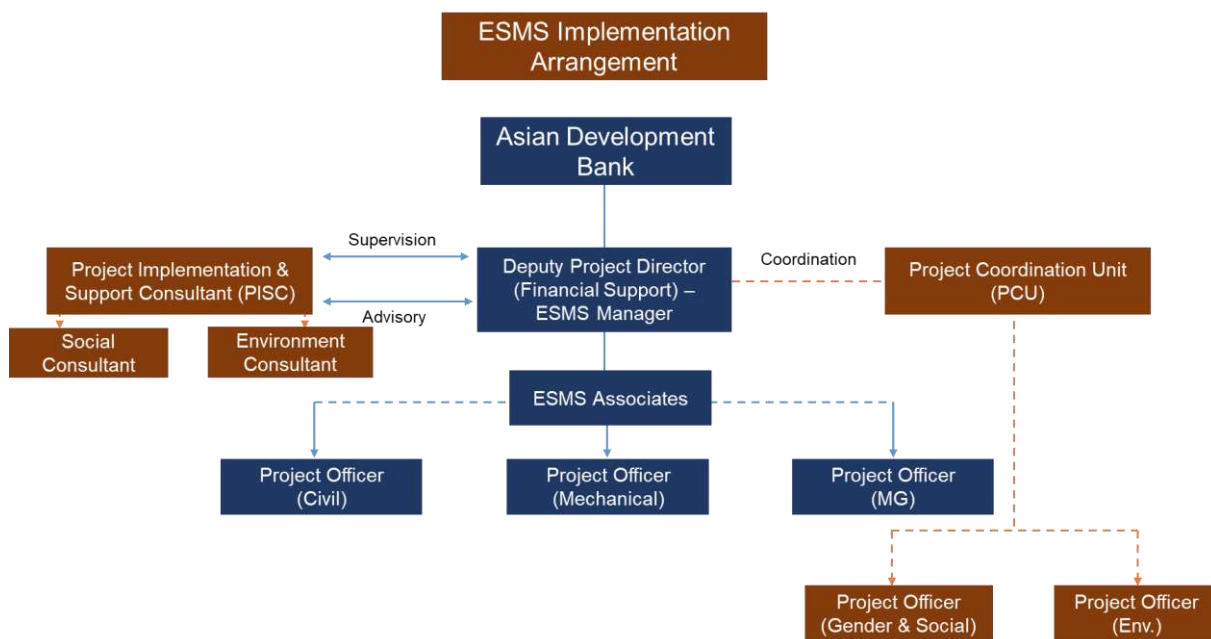


Figure 4: ESMS Implementation arrangement for Matching Grant under MAGNET Society



57. Particularly, the ESMS manager will be responsible for (i) development, revisions and submission of the environmental and social policy to PMU (MAGNET Society) Governing

Council for approval; (ii) validating and certifying safeguard exclusion and/or safeguard categorization of sub-loans; (iii) monitoring of all ES aspects during project implementation; (iv) preparing annual environmental and social performance reports for its shareholders and lenders; and (v) liaising with ADB as and when required to ensure compliance. The ESMS manager will be also responsible to ensure that all regional PIUs follow the required ESMS procedures, and properly document, and record environmental reviews in the loan files. In each region, the Regional Project Officer (Output 1&2) will act as the regional ESMS Manager for Social, whereas, the Regional Project Officer (Output 3) will act as the regional ESMS Manager for Environment. Both the Project Officers will be supported by the team of experts (Social and Gender Officer, and Environment Officer) at the regional level, which will act as the ESMS associates. The ESMS Associates under the guidance of ESMS Managers will (i) ensure adherence to ES Policy by all regions and operations of the PIUs; (ii) collate data from each subproject on the ES parameters on a monthly basis; (iii) generate monthly reports on adherence / non-adherence to the ES parameters, for the ESMS Manager; (iv) monitor and report the performance of individual subprojects on ES parameters; and (v) be a point of contact for the respective subproject owners/receivers for any queries regarding ES performance.

58. Each regional PIU head will be responsible to ensure that all loan decisions are supported by appropriate due diligence documentation and share the compliance reports with the ESMS associates at the PMU quarterly. The borrower of the respective grant (FPO/VCO) will assist the ESMS Manager and ESMS Associate in generating reports in required formats.

59. The PIU Head will ensure that adequate resources have been committed to allow for the effective implementation of this ESMS policy and procedures. The ESMS Manager will need to be technically qualified to be able to carry out the screening and due diligence. S/he is responsible for creating and/or maintaining a track record system for environmental and social management. S/he will be responsible for attending ADB-sponsored or approved environmental and social safeguard training related to compliance and monitoring activities. PMU shall also maintain a pool of qualified environmental and social consultants who can be called upon to assist in conducting environmental and social reviews as appropriate.

60. The regional deputy project director and the regional project officer will act as the agents of the ESMS on the field.

Table 3: Staff and officers involved in ESMS

Position	Station	Management Roles and Safeguards Responsibilities
ESMS Manager	PMU (MAGNET Society), HQ	<ol style="list-style-type: none"> 1. Support implementation of ESMS and ensure compliance of ESMS by all regional PIUs and liaise with ADB 2. With assistance from PISC consultant clarify semi-annual reporting process and templates to ADB 3. Review subproject applications: screen; categorize; appraises from an ESM perspective to determine subproject exclusions, and Category B and C subprojects

		<ol style="list-style-type: none"> 4. Select Projects in accordance with the selection criteria, due diligence and approval procedures described in the ESMS. 5. Conduct site visits and safeguard review missions with ADB in accordance with the requirement of the ESMS. 6. Request immediate remedial and corrective actions in the event of noncompliance with the obligations under Project agreements in respect to the ESMS. 7. Ensure environmental and social safeguard compliance of all Projects in accordance with the National laws and regulations, ADB SPS 2009 8. Meet all ESMS reporting requirements and retains supporting documentation for examination during review missions. 9. Compile semi-annual monitoring reports on safeguards of subprojects with emphasis on category B subprojects, and including category C projects 10. Submit semi-annual reports to ADB on subproject performance of ESMS including example IEEs 11. Strengthen the ESMS team, if required through the technical
PISC Environment and Social Consultants	PMU (MAGNET Society), HQ	<ol style="list-style-type: none"> 1. Assist ESMS Manager and ESMS associates in ESMS implementation 2. With assistance from ESMS Manager convene a series of ESMS training workshops for PIU, PFIs and subproject receivers 3. Assist PIUs and PFIs with ESMS where required 4. Submit initial PFI screenings of representative subprojects to investment committee for review and confirmation 5. Assist PIUs to prepare safeguard documents – IEE, EMP, IPPs, as the case may be 6. Collect and collate information for the semi-annual monitoring reports on safeguards of subprojects with emphasis on category B subprojects, and including category C projects 7. Assist ESMS Manager in finalizing semi-annual reports for submission to ADB on subproject performance of ESMS including IEEs
Regional project officer	Project regions (implementing units)	<ol style="list-style-type: none"> 1. Obtain the required approvals from relevant authorities, such as local Environmental Protection Bureau (EPB) in accordance with all applicable national laws and regulations. 2. Implement subprojects in accordance with the Project agreements.

		<ol style="list-style-type: none"> 3. Report to PMU as required under the Project Agreement. 4. Ensure the subprojects comply with the requirements assigned to sub-borrowers under the ESMS. 5. Provide M&E and verification and evaluation information and participate in the review missions of the project. 6. Comply with applicable national laws and regulations; ADB SPS 2009
ESMS Associates	Regional level	<ol style="list-style-type: none"> 1. Ensure adherence to ES Policy by all regions and operations of the PIUs 2. Collate data from each subproject on the ES parameters on a monthly basis 3. Generate monthly reports on adherence / non-adherence to the ES parameters, for the ESMS Manager 4. Monitor and report the performance of individual branches on ES parameters; and 5. Be a point of contact for the respective branch managers for any queries regarding ES performance.
ADB Project Team	ADB HQ and India Resident Mission	<ol style="list-style-type: none"> 1. Support PMU and PISC by providing advice, guidance, supervision and monitoring on the ESMS implementation in accordance with SPS 2009 requirements. 2. Conduct site visits as part of review missions 3. Review and comment on Project progress reports, IEEs, IPPs, IEEs, and ESMS implementation reports. 4. Monitor the implementation of the ESMS and recommend updates to the ESMS as required. 5. Review and Approve updates to the ESMS proposed by PMU. 6. Review corrective action plan, if necessary and act on any non-compliance issues in a timely manner. 7. Review semi-annual ESMS performance reports submitted by PMU 8. Organize Programme Completion Report jointly with various agencies and stakeholders.

V. APPENDIX

APPENDIX 1: LIST OF ELIGIBLE INFRASTRUCTURE COMPONENTS UNDER MATCHING GRANT

Market Led Production Activities	Post-harvest processing facilities	Agri-Logistics	Marketing / Consumption Points
<p>Capital Costs for Setting up:</p> <ol style="list-style-type: none"> 1. Nursery and Greenhouses 2. Protected Cultivation <p>Investment in:</p> <ol style="list-style-type: none"> 1. Traceability Systems 2. Farm Equipment's/other capital investment that support Advanced Techniques in Production (such as High Density Plantation, Integrated Pest Management, etc.) 3. Any other modern technology as may be approved by MAGNET Society/Steering Committee for approval 	<p>Setting up of main infrastructure which may include:</p> <ol style="list-style-type: none"> 3. Technical Civil works (to house Core Plant & Machinery and other equipment's) 4. Standalone Pack-house 5. Stand-alone Cold Storage Unit(s) [Associated with value addition] 6. Integrated Pack-house (with mechanized sorting & grading line/ packing line/ waxing line/ staging cold rooms, etc. 7. Ripening Chamber(s) 8. Controlled Atmosphere (CA) storage [Associated with value addition] 9. Frozen Storage/Deep freezers [Associated with value addition] 10. IQF line, Tunnel Freezer, Spiral Freezer, Blast Freezer, Plate Freezer 11. Vacuum Freeze Drying 12. Processing Infrastructure <ul style="list-style-type: none"> • Sorting, grading, washing, peeling, cutting, sizing; • Blanching, crushing, extraction, pulping; • Deseeding, color sorting, pulverization, extrusion, freeze drying /dehydration, frying, etc.; • Packaging facilities like canning, aseptic packaging, vacuum packaging, bottling, edible packaging, 	<p>Procurement of:</p> <ol style="list-style-type: none"> 1. Integrated multimode appropriate transportation; 2. Retail refrigerated carts, temperature controlled solar powered retail carts 3. Controlled temperature/ Ventilated trucks with or without raking; 4. Crates, rakes etc.; 5. Mobile pre-coolers 6. Any other modern technology as may be approved by MAGNET Society/Steering Committee for approval 	<p>Setting up of:</p> <ol style="list-style-type: none"> 1. Appropriate storage facility cum distribution centre at market level 2. Retail outlets with facilities such as frozen storage/deep freezers/ refrigerated display cabinets/cold room chillers, etc. 3. Creation of e-market 4. Any other modern technology as may be approved by MAGNET Society/Steering Committee for approval

Market Led Production Activities	Post-harvest processing facilities	Agri-Logistics	Marketing / Consumption Points
	<p>labelling, any other specialized packaging etc.</p> <ul style="list-style-type: none"> • Chemical preservation, pickling, fermentation or any other specialized facility required for preservation activities etc. <p>13. Pre-cooling unit(s) 14. In-house product testing laboratory 15. Any other modern technology for temperature controlled storage, processing, value addition and preservation infrastructure as may be approved by MAGNET Society/Steering Committee for approval</p>		

Market Led Production Activities	Post-harvest processing facilities	Agri-Logistics	Marketing / Consumption Points
	<p>Utilities, Material Handling Equipment's, Accessories and other eligible components (required as supporting infrastructure to main facility). These will not be eligible as standalone component or for upgrading of any existing facilities.</p> <ol style="list-style-type: none"> 1. Electrification 2. Essential Power Back-up Renewable/ alternate energy technologies (solar, bio-mass, wind etc.) for the project. 3. Material Handling equipment's and systems like fixed racking system in Cold/CA storage, forklifts, reach trucks, bins, pallets, dock levellers, etc. 4. Supporting equipment's like ETP, Waste Disposal system, Boiler, CIP unit, Water Treatment Plant, etc. 5. Toilets, Septic tank and drainage; 6. Any other accessories/equipment's as may be approved by MAGNET Society/Steering Committee for approval 		

APPENDIX 2: PROJECT'S PROHIBITED INVESTMENT ACTIVITIES LIST (PIAL), PER ADB's PIAL

The Exclusion List supports the proper execution of the E&S Risk Assessment procedure. The MAGNET Society will not invest in, lend to, or engage in harmful activities to the environment, harmful or dangerous to people or communities. In particular, the following activities will not be supported:

1. Any activity classified category "A" and/or "B" for (a) involuntary resettlement, and "A" for (b) Indigenous Peoples in accordance with ADB's safeguard policy statement
2. Any activity classified environment category A for environment
3. Production or activities involving harmful or exploitative forms of forced labor²⁹ or child labor³⁰
4. Production or trade in any product or activity deemed illegal under the Indian laws or regulations or international conventions and agreements, or subject to international phase outs or bans, such as (a) pharmaceuticals³¹, pesticides, and herbicides³², (b) ozone-depleting substances³³, (c) polychlorinated biphenyls and other hazardous chemicals³⁴, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora³⁵, and (e) transboundary trade in waste or waste products³⁶
5. Production of or trade in weapons and munitions, including paramilitary materials
6. Production of or trade in alcoholic beverages, excluding beer and wine³⁷
7. Production of or trade in tobacco²¹
8. Loans associated with individual gambling, casinos and equivalent enterprises²¹
9. Production of or trade in radioactive materials,³⁸ including nuclear reactors and components thereof
10. Production of, trade in, or use of unbonded asbestos fibers³⁹
11. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests
12. Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats
13. Mining activities

²⁹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty

³⁰ Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

³¹ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

³² A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>

³³ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

³⁴ A list of hazardous chemicals is available at <http://www.pic.int>.

³⁵ A list is available at <http://www.cites.org>.

³⁶ As defined by the Basel Convention; see <http://www.basel.int>.

³⁷ This does not apply to subproject sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a subproject sponsor's primary operations.

³⁸ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded

³⁹ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

14. Activities involving genetically modified organisms.

**APPENDIX 3a. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST
FOR BROWNFIELD/ GREENFIELD PROJECTS**

Environmental Aspect	Construction phase (Check if True)	During operations (Check if True)	Remarks
A. Land			
Construction – Will the construction activities cause disturbance to the natural habitat – such as felling of tree, closing of any pond or lake?	<input type="checkbox"/>	<input type="checkbox"/>	
Soil Erosion – Will the activity / facility cause direct soil erosion? Will it lead to soil erosion subsequently?	<input type="checkbox"/>	<input type="checkbox"/>	
Land degradation – Will the project cause degradation of through use of chemicals, overuse of water, removal of top soil etc.?	<input type="checkbox"/>	<input type="checkbox"/>	
Solid waste – Will the project generate substantial non-biodegradable solid wastes?	<input type="checkbox"/>	<input type="checkbox"/>	
Toxic wastes – Will the project generate any toxic wastes?	<input type="checkbox"/>	<input type="checkbox"/>	
Presence of Eco-sensitive zone – Will the project cause loss of habitat to the natural surrounding? Is it located in vicinity of protected and sensitive areas?	<input type="checkbox"/>	<input type="checkbox"/>	
B. Water			
Water Usage – Will it cause water scarcity in adjacent areas?	<input type="checkbox"/>	<input type="checkbox"/>	
Surface Water quality – Will it generate wastes that will deteriorate	<input type="checkbox"/>	<input type="checkbox"/>	

the surface water quality? Does it involve discharge of pollutants to surface water sources?			
Ground Water quality – Will the project cause seepage of toxic chemicals and wastes into the ground?	<input type="checkbox"/>	<input type="checkbox"/>	
Biodiversity loss – will the project cause deterioration of water sources to the extent of adversely affecting the biodiversity of the adjoining water sources?	<input type="checkbox"/>	<input type="checkbox"/>	
C. Air			
Emission – Will the project involve emission of GHGs, particularly CO ₂ , NO _x , dust, particulate matter etc.?	<input type="checkbox"/>	<input type="checkbox"/>	
Usage of chemicals – Will the project use chemicals such as refrigerants which cause global warming?	<input type="checkbox"/>	<input type="checkbox"/>	
D. Flora and Fauna			
Will the project lead to loss of any flora – felling of tree, land clearing vegetation?	<input type="checkbox"/>	<input type="checkbox"/>	
If yes, is/ are the specie(s) of flora being endangered, vulnerable or threatened species	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any presence of endangered, vulnerable or threatened species of flora/ fauna in the project influence area (within 10km radius)	<input type="checkbox"/>	<input type="checkbox"/>	
Are there any notified Protected Areas, National Parks and Wildlife	<input type="checkbox"/>	<input type="checkbox"/>	

Sanctuaries within 10km radius of the project			
Are there any migratory routes of animals and or bird within the project influence zone (500mts)	<input type="checkbox"/>	<input type="checkbox"/>	
Is there any forest (reserved/ protected/ community forest) area within the project influence zone?	<input type="checkbox"/>	<input type="checkbox"/>	
E. Climate Vulnerability			
Is the project located in drought or flood prone areas	<input type="checkbox"/>	<input type="checkbox"/>	
Is the project located within critical watershed	<input type="checkbox"/>	<input type="checkbox"/>	
Is the project located in Coastal Regulatory Zone or within Hazard-line defined by Survey of India	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to high temperature increase (including heat-wave)	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to highly intensive rainfall	<input type="checkbox"/>	<input type="checkbox"/>	
Will the project be exposed to cyclone/ storm surges	<input type="checkbox"/>	<input type="checkbox"/>	
F. Socio-economic factors			
Does the project involve occupational health safety issues?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve health hazards?	<input type="checkbox"/>	<input type="checkbox"/>	

Does the project involve land acquisition?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve loss of the access to sources of income?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project involve disturbance of residents living near the project area?	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project likely to disturb any physical cultural/ religious resources such as place of worship, sacred grove (sacred tree), graveyards, tribal land, etc.	<input type="checkbox"/>	<input type="checkbox"/>	
Does the following receptors come within the project influence area – school, hospital, health clinic, market area, etc.	<input type="checkbox"/>	<input type="checkbox"/>	
Does the project require public consultation to consider local people environmental concerns and inputs?	<input type="checkbox"/>	<input type="checkbox"/>	

**APPENDIX 3b. ENVIRONMENTAL SAFEGUARDS SCREENING CHECKLIST
FOR EXISTING FACILITY**

Screening Questions	Yes	No	Not Known	Remarks
1. Does the facility has valid consent to establish and consent to operate?				If no, exclude from financing
2. Does the facility has appropriate storm water drainage structure?				
3. Does the facility has valid fire safety clearance in place?				If no, exclude from financing
4. Does the facility has appropriate arrangement for collection and disposal system of wastewater and sewage/ septage being generated at the facility?				If no, exclude from financing; If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
5. Does the facility uses DG Set? If yes, does the facility has valid DG Set operating certificate? Does the facility follow appropriate SOP for handling and management of spent oil? Does the facility appropriately dispose the spent oil?				If no, exclude from financing; If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
6. Does the facility has air cooling equipment? If yes, does the facility uses any phased out HCFC gas for air cooling/ refrigeration				
7. Does the unit uses ground water for drinking/ toilet purpose?				
8. Does the facility has provision for rainwater harvesting?				
9. Does the unit experience any extreme event induced by climate change such as flood, drought, coastal flooding, sea-level rise, cyclone, storm surges, heat-wave etc? If yes, does the facility has plan in place to reduce physical damages/ operational disruption from such event?				
10. Does the facility uses and maintains appropriate solid waste management system and				If no, exclude from financing;

disposes collected waste in appropriate manner through relevant authority?				If partially being maintained, then facility should be given appropriate time-period achieve minimum requirement
11. Does the facility has SOP in place for handling and management of hazardous waste if any being generate at site				

APPENDIX 3c. SOCIAL SAFEGUARDS SCREENING CHECKLISTS

Involuntary Resettlement Impact Checklist

Screening Questions	Yes	No	Not Known	Remarks
1. Will there be land acquisition using eminent domain law?				If yes, exclude from financing
2. Will there be permanent or temporary loss of shelter and residential land due to land acquisition?				If yes, exclude from financing.
3. Will there be permanent or temporary loss of agricultural and other productive assets due to land acquisition?				If yes, exclude from financing.
4. Will there be losses of crops, trees, and fixed assets due to land acquisition?				If yes, exclude from financing.
5. Will there be permanent or temporary loss of businesses or enterprises due to land acquisition?				If yes, exclude from financing.
6. Will there be permanent or temporary loss of income sources and means of livelihoods due to land acquisition?				If yes, exclude from financing.
7. If land or private property is purchased through negotiated settlement or willing buyer-willing seller, will it result in the permanent or temporary removal or displacement of renters, or leaseholders?				If yes, exclude from financing.
8. If land or private property is purchased through negotiated settlement or willing buyer-willing seller, will it result in the permanent or temporary removal or displacement of informal land-users (people without legal rights on the land) or squatters?				
9. Will the project involve any permanent or temporary restrictions in land use or access to legally designated parks or protected areas and cause people or any community to lose access to natural resources, <u>traditional habitats</u> , communal land, or communal facilities?				If yes, exclude from financing.
10. Will the project use government land or any public land or property, which will require the permanent or temporary removal of informal occupants or users (residential or economic)?				If yes, exclude from financing.

INVOLUNTARY RESETTLEMENT IMPACT CATEGORY Category A Significant Impact ⁴⁰ <input type="checkbox"/> exclude from financing Category B Limited Impact <input type="checkbox"/> exclude from financing <input type="checkbox"/> Category C No impact	Prepared by:	
	Name and Signature	
	Designation:	
	Date:	
	Approved by:	
	Name and Signature	
	Designation:	
	Date:	

Based on the above checklists responses on environmental and social safeguards, the loan officer will categorize the project into Category A, Category B, or Category C project. Another important factor to be considered is whether the project's adverse impacts are limited to the project site / area or extend beyond to the adjacent areas. The loan officer uses his professional judgement (calling in support of the ESMS Manager if needed) to take a call on this categorization, and using the above E & S Categorization Tool

⁴⁰ Involuntary resettlement means physical or economic displacement as a result of land acquisition or involuntary restrictions on land use or on access to legally designated parks and protected areas. Involuntary resettlement is considered significant if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating).

APPENDIX 3d. INDIGENOUS PEOPLES SCREENING/CATEGORIZATION CHECKLIST

Name of Subborrower:

Subproject Title:

Location:

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
A. Indigenous Peoples identification				
1. Are there socio-cultural groups present in or use the project area who may be considered as "tribes" (hill tribes, scheduled tribes, tribal peoples), "minorities" (ethnic or national minorities), or "indigenous communities" in the project area?				
2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?				
3. Do such groups self-identify as being part of a distinct social and cultural group?				
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?				
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?				
6. Do such groups speak a distinct language or dialect?				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
7. Have such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?				
8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?				
B. Identification of Potential Impacts				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?				
10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)				
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)				
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?				
C. Identification of Special Requirements <i>Will the project activities include:</i>				
13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?				
14. Physical displacement from traditional or customary lands?				
15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?				

KEY CONCERNS (Please provide elaborations on the Remarks column)	YES	NO	NOT KNOWN	Remarks
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by Indigenous Peoples?				
17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by Indigenous Peoples?				

Anticipated project impacts on Indigenous Peoples

Project component/ activity/ output	Anticipated positive effect	Anticipated negative effect
1. LIST ALL PROJECT COMPONENT / ACTIVITY / OUTPUTS HERE	INDICATE EFFECTS TO IPS OR PUT N/A AS NECESSARY	
2.		
3.		
4.		
5.		

Note: The project team may attach additional information on the project, as necessary.

IP Categorization: <input type="checkbox"/> A - significant impacts; IPP required <input type="checkbox"/> B – insignificant impacts; IPP required <input type="checkbox"/> C – no impact; no requirement	Prepared by: (Sub borrower) Name and Signature: _____ Designation: _____ Date: _____
	Reviewed by: (PIU designated officer) Name and Signature: _____ Designation: _____ Date: _____

APPENDIX 4: LIST OF APPLICABLE SOCIAL AND ENVIRONMENTAL LEGISLATIONS

1. Environmental Safeguards

The Forest (Conservation) Act, 1980. The Forest (Conservation) Act, 1980 pertains to cases of diversion of forest area and felling of trees. Depending on the size of the tract to be cleared, government clearances are applied at the following levels: (a) if the forest area to be cleared or diverted exceeds 20 hectares (ha) (or 10 ha in hilly area), then prior permission of the central government (Ministry of Environment, Forest, and Climate Change [MOEF]) is required; (b) if the forest area to be cleared or diverted is between 5 to 20 ha, the Regional Office of Chief Conservator of Forests (MOEF) is empowered to approve; (c) if the forest area to be cleared or diverted is below or equal to 5 ha, the state government (State Forest Department) can give permission; and (d) if the area to be clear-felled has a forest density of more than 40%, permission to undertake any work is needed from the central government, irrespective of the area to be cleared. Restrictions and clearance procedure proposed in the Forest (Conservation) Act applies wholly to natural forest areas, even in cases where the protected or designated forest area does not have any vegetation cover.

The Environment (Protection) Act, 1986 and the Environmental Impact Assessment Notification, 2006. The Environmental (Protection) Act, 1986 is the umbrella legislation that provides for the protection of the environment in the country through Environment (Protection) Rules, which have since been formulated. The Environmental Impact Assessment Notification, 2006 and the Amendment thereto (22 August 2013) have been notified under the Environmental (Protection) Act, 1986. The Environmental Impact Assessment (EIA) Notification has been introduced to ensure that projects receive prior environmental clearance.

The Wildlife (Protection) Act, 1972. The Wildlife Protection Act has allowed the government to establish several national parks and sanctuaries over the past 25 years, and to protect and conserve flora and fauna. If activities related to any given project are taken up in protected areas, then prior clearance is needed from the State Wildlife Board and the National Board for Wildlife (within the MOEF).

The Water and Air (Prevention and Control of Pollution) Act. The Water (Prevention and Control of Pollution) Act, 1974 resulted in the establishment of the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB) whose responsibilities include managing water quality and effluent standards, as well as monitoring water quality, prosecuting offenders, and issuing licenses for construction and operation of certain facilities. The SPCB is empowered to set air quality standards and monitor and prosecute offenders under The Air (Prevention and Control of Pollution) Act, 1981. Additionally, as per the Gazette notification dated 10 April 1997, SPCB is also empowered for public hearing of all projects.

The Motor Vehicles Act, 1988. In 1988, the Indian Motor Vehicles Act empowered the State Transport Authority to enforce standards for vehicular pollution and prevention control. The authority also checks emission standards of registered vehicles, collects road taxes, and issues licenses. In August 1997, the Pollution under Control Certificate program was launched in an attempt to crackdown on vehicular emissions.

The Ancient Monuments and Archaeological Sites and Remains Act, 1958. According to this act, the area within a radius of 100 meters and 300 meters from the “protected property”

are designated as “protected areas” and “controlled areas,” respectively. No development activity (including building, mining, excavation, blasting) is permitted in the “protected area,” and development activities likely to damage the protected property are not permitted in the “controlled area” without prior permission of the Archaeological Survey of India if the site is protected by it; or the State Department of Archaeology if the site is protected by the state.

Notification for Use of Fly Ash, 2003. The MOEF issued a Notification under the Environment (Protection) Act, 1986 for the utilization of fly ash in earthworks in roads project within 100 kilometers radius from coal-based power plants. The aim of this act is to minimize impact on agriculture and protection for land used for earthwork.

Coastal Regulation Zone Notification, 2011. The Coastal Regulation Zone, 2011 protects coastal belts and regulates development near the coast for ecological protection and national security.

MOEF circular (1998) on linear plantation on roadside, canals and railway lines modifying the applicability of provisions of Forest (Conservation) Act linear plantations. This circular has been issued to increase forest cover and to protect linear plantations. This circular is effective for states like Rajasthan where forest cover is minimal.

Noise Pollution (Regulation and Control) Act, 1990. Under this Act, MOEF has promulgated noise standards for the usage of land during the day and night.

Public Liability and Insurance Act, 1991. This act provides for protection from transportation, handling, and storage of hazardous materials. The occupier has to compensate people who are affected by any mishap or accidents that might happen during handling, transport, and storage.

Explosive Act, 1984. This act has been enacted for safe transportation, handling, storage, and use of explosive materials.

Minor Mineral and Concession Rules. These rules have been notified for sand mining and for small quarry opening for aggregates.

The Mining Act. This act has been enacted for safe and sound mining activities and for the restoration of mined areas. The act also aims to regulate mining activities.

2. Social Safeguards

The Ministry of Rural Development, respective state governments, and the Ministry of Tribal Affairs are responsible for implementing the below-mentioned legislations. However, all the implementing agencies must pay attention to and ensure that all project activities comply with legal requirements.

National Rehabilitation and Resettlement Policy, 2007. The National Rehabilitation and Resettlement Policy (NRRP) provides broad guidelines and executive instructions and applies to all projects. The NRRP focuses on providing basic rehabilitation measures for populations involuntarily displaced by projects and requires that projects address rehabilitation and resettlement issues comprehensively.

The Right to Fair Compensation in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The Act governs land acquisition and compensation. The Act describes the process to be adopted in notifying the land required for public purposes or a company. It also includes procedures for enquiry, hearing of objections, and the fixing of compensation. The Act prescribes a 2-year time limit from the date of declaration within which the process has to be completed. The previous Land Acquisition Act has been revised, and this new Act has

been introduced to compensate project affected persons better. The Act aligns its provisions to the goals and objectives of the NRRP, 2007.

The Child Labor (Prohibition and Regulation) Amendment Act, 2016. The Act prohibits employment of children below 14 years except in family enterprises provided it does not hamper the education of children. Adolescents (14-18 years) not to be employed in hazardous employment. All facilities shall comply by the act including expansion and modernization.

Maternity Benefit (Amendment) Act, 2017. The Maternity Benefit Act, 1961 protects the employment of women during the time of her maternity and entitles her of a 'maternity benefit' – i.e. full paid absence from work – to take care for her child. The act is applicable to all establishments⁴¹ employing 10 or more employees. Per the Act, to be eligible for maternity benefit, a woman must have been working as an employee in an establishment for a period of at least 80 days within the past 12 months. Payment during the leave period is based on the average daily wage for the period of actual absence. Following are the entitlements of a woman:

- i) Twenty-six weeks of paid maternity leave for mothers; for adoptive mothers 12 weeks of maternity leave from date of adoption;
- ii) The enabling provision to 'work from home' can be exercised after expiry of 26 weeks leave;
- iii) The Act has mandated creche facilities for all establishments employing 50 or more employees the women employee should be permitted to visit the facility, four times during the day; and
- iv) The amendment makes it compulsory for the employers to educate women about the maternity benefits at the time of appointment.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act. It is a legislative act that seeks to protect women from sexual harassment at their place of work. This statute superseded the Vishaka Guidelines for Prevention of Sexual Harassment (POSH) introduced by the Supreme Court (SC) of India. The Act aims to ensure that women are protected against sexual harassment at all the workplaces- public or private. It defines sexual harassment as unwelcome acts or behaviour (whether directly or by implication) namely, physical contact and advances, a demand or request for sexual favours, making sexually coloured remarks, showing pornography, any other unwelcome physical, verbal or non-verbal conduct of sexual nature. Any act of unwelcome and sexual nature shall be considered as sexual harassment. The Act also provides the circumstances under which an act may amount to sexual harassment:

- i) implied or explicit promise of preferential treatment in her employment; or
- ii) implied or explicit threat of detrimental treatment in her employment; or
- iii) implied or explicit threat about her present or future employment status; or
- iv) interference with her work or creating an intimidating or offensive or hostile work environment for her; or
- v) humiliating treatment likely to affect her health or safety

⁴¹ Include factories, mines, plantations, Government establishments, shops and establishments under the relevant applicable legislation, or any other establishment as may be notified by the Central Government.

The important feature of the Act is that it envisages the setting up of Internal Complaints Committee at every office of the organisation or institution, having more than 10 employees, to hear and redress complaints pertaining to sexual harassment. Where the number of employees is less than 10, the Act provide for setting up of Local Committee in every district by the District Officer. The committee while inquiring into such complaint shall have the same power as vested in a civil court.

Core Labor Standards. Labor standards are the rules that govern how people should be treated in a working environment. It covers a very wide variety of areas, mainly concerning basic human rights at work, respect for safety and health, and ensuring that people are paid for their work. They also extend to questions of good governance, such as labor inspection and basic labor administration. The core labor standard mandates identification of labor deployment in project activities. The proposed sub-project under MAGNET will require labor deployment for the upgradation / expansion of the facility / processing units, which necessitate the need for implementation of applicable laws governing health and safety of the workers that will be engaged during construction activities.

MAGNET's implementing agencies (IAs) shall ensure safety and health of the workers, compliance to the existing labor laws with respect to daily working hours, payment of wages, welfare, and compensation. Construction guidelines provided in the IEE are to be incorporated in the bidding document of the civil contractors to ensure that suggested safeguard measures are adhered to during construction. The IAs with the guidance of the PMU shall monitor the compliance by the contractor. The guidelines will broadly cover the following:

- i) freedom of association and the effective recognition of the right to collective bargaining;
- ii) compliance with the provisions of the labor laws applicable to the sector;
- iii) elimination of all forms of forced or compulsory labor;
- iv) effective abolition of child labor;
- v) elimination of discrimination in respect of employment and occupation – same wage for same work;
- vi) participation of local laborers, women in construction works;
- vii) health and safety of workers; provisions of location of labor camp, and sanitary facilities, drinking water at the camps; and
- viii) health and safety programs for the workers; awareness on HIV/AIDS/ sexual health.

Indigenous Peoples

Scheduled Caste and Scheduled Tribes (Prevention of Atrocities Act), 1989. This was enacted to bring all forms of abuse to an end against scheduled castes and tribes. "In the Atrocities Act, the complainant is given more weight. There are also stringent provisions against the police for negligence."

The Constitution (Eighty-Ninth Amendment) Act, 2003. Many provisions relate to scheduled tribes including: Article 17 of the constitution abolishes the practice of "untouchability" and punishes the enforcement of any disability arising out of the practice; Articles 23, 24, 43 and 45 relate to the core labor standards; Article 46 comprises both

development and regulatory aspects and stipulates that: “The State shall promote with special care the educational and economic interests of the weaker sections of the people, and in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and forms of exploitation.”

Provisions of the Panchayat (Extension to Scheduled Areas) Act, 1996. The Act extends provisions of Part IX of the Constitution to Scheduled Areas, with certain exceptions and modifications and enables a system of self-governance with respect to a number of issues such as customary resources, minor forest produce, minor minerals, minor water bodies, selection of beneficiaries, sanction of projects, and control over local institutions. Rampant land acquisition and displacement due to development projects had led to large scale distress in tribal communities living in Scheduled Areas. PESA was seen as a panacea for many of these vulnerabilities and sought to introduce a new paradigm of development where the tribal communities in such Scheduled Areas were to decide by themselves the pace and priorities of their development.

The Scheduled Tribe and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006. To address the adverse living conditions of many tribal families living in forests this landmark legislation was enacted to recognize and vest the forest rights and occupation of forest land in forest dwelling Scheduled Tribes and other traditional forest dwellers. It also ensures their control over forest resources which, inter-alia, include right of ownership, access to collect, use and dispose of minor forest produce, community rights such as nistar; habitat rights for primitive tribal groups and pre-agricultural communities; right to protect, regenerate or conserve or manage any community forest resource which they have been traditionally protecting and conserving for sustainable use. The Act also provides for diversion of forest land for public utility facilities managed by the Government, such as schools, dispensaries, fair price shops, electricity and telecommunication lines, water tanks, etc. with the recommendation of Gram Sabhas.

APPENDIX 5: INDICATIVE CATEGORY OF SUBPROJECTS (ADAPTED FROM WB)⁴²

The loan officer uses this tool to categorize a project into category A (High Risk), B (Medium Risk), or C (Low Risk), after the loan application has passed the Exclusion List. The purpose of this tool is to determine the E&S Risk Categorization of the Project and determine which additional E&S Assessments, if any, are necessary during the loan application processing.

Category A Subprojects	Category B Subprojects	Category C Subprojects
<p><i>Agriculture (large scale)</i></p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (medium scale intensive operations >500 ha) - Re-cultivation of resting land (greater than 1000 hectares); - Utilization of agricultural land (over 50 hectares) for non-agricultural (commercial or industrial) purposes <p><i>Food processing industries (large scale)</i></p> <ul style="list-style-type: none"> - Canning industry (annually processing over 20,000 tons of output) 	<p><i>Agriculture (medium scale)</i></p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (medium scale intensive operations from 50 to 500 ha) - Re-cultivation of resting land (up to 1000 hectares); - Utilization of agricultural land (from 30 to 50 hectares) for non-agricultural commercial purposes - Utilization of virgin soils and unbroken expanses for intensive agriculture - Construction of buildings to store agriculture goods and agricultural products <p><i>Food processing industries (medium scale)</i></p> <ul style="list-style-type: none"> - Agro-processing factories, foods, beverages, seeds, fibres (medium scale from 5000 to 10,000 tons/year of output) - Canning industry (annually processing from 10,000 to 20,000 tons of output). - Construction of agricultural products process buildings, facilities and enterprises 	<p><i>Agriculture (small scale)</i></p> <ul style="list-style-type: none"> - Agriculture, horticulture, vineyards and orchards (small scale <50ha) - Construction of glasshouses or poly-tunnels - Utilization of agricultural land (20 to 30 hectares) for non-agricultural purposes - Acquisition of tractors and other farm equipment - Agro-tourism <p><i>Food processing industries (small scale)</i></p> <ul style="list-style-type: none"> - Canning industry (processing <3000 tons/year of output). - Collection of medicinal herbs - Construction of a roasting enterprise (sunflower etc.) - Establishment of semi-finished food factories (capacity of up to 1000 tons/year)

⁴² Republic of Uzbekistan: Horticulture Development Additional Financing Project (HDP AF); Environment and Social Management Framework: World Bank

APPENDIX 6: OUTLINE OF AN INITIAL ENVIRONMENTAL EXAMINATION AND ENVIRONMENT MANAGEMENT PLAN

The activities and outputs of the initial environmental examination (IEE) process will vary with the nature of each project and in context to the project site. The level of detail and comprehensiveness of an environmental examination report should be commensurate with the impacts and risks of the project. Nevertheless, environmental examination and management for ADB-supported projects typically includes the following:

- **Screening and Categorization:** determines the requirement for, and type of environmental assessment that has to be undertaken.
- **Scoping:** identifies significant potential project impacts (environmental and social), providing a clear focus for the environmental assessment, and outlines the content of the assessment report and important studies usually in the form of terms of reference (ToR).
- **Analysis of Alternatives:** considers all feasible alternatives for improving project implementation and outcomes, taking account of economic, financial, technical, environmental and social factors.
- **Project Description:** summarizes the project site, design, and operation details to provide an understanding of the project, its activities, and environmental impacts.
- **Policy, Legal and Administrative Framework:** describes relevant national and local laws, and regulations and policies that the project is subject to, as well as the standards and guidelines that apply, including ADB requirements.
- **Baseline Environment:** describes current environmental and social conditions, focusing on features that relate to potential project impacts. This description is quantitative, where possible, providing the data required for detailed impact analysis.
- **Impact and Risk Assessment:** analyses in an integrated manner all potential project impacts on physical, biological, socioeconomic and physical cultural resources, and identifies and addresses risks in terms of institutional capacity and commitment to managing environmental impacts.
- **Environmental Management Plan (EMP):** sets out the proposed impact mitigation measures, management responsibilities, institutional arrangements, monitoring and reporting requirements, emergency response procedures, capacity development and training measures, implementation schedule, cost estimates, and performance indicators.
- **Information Disclosure:** delivers information about the project to the general public, affected communities and other stakeholders, starting early during project development and continuing throughout the life of the project.
- **Consultation and Participation:** involves carrying out meaningful consultation with affected people and other relevant stakeholders including civil society, and facilitating their informed participation.
- **Grievance Redress Mechanism Development:** establishes a systematic process for receiving, evaluating and addressing affected people's project-related concerns, complaints, and grievances.
- **EMP Implementation:** involves implementation of the management actions set out in the EMP.
- **Monitoring and Reporting:** monitors EMP implementation and its effectiveness, and documents and reports monitoring results, including the development and implementation of a corrective action plan where required.

Outline for Environment Management Plan (EMP)

The level of detail and comprehensiveness of an EMP should be commensurate with the anticipated impacts and risks of the project. The contents of an EMP can be arranged in different ways, but the following information is normally covered:

- introduction
- summary of project approvals, permits, conditions, etc.
- summary of significant adverse environmental and social impacts and risks, and mitigation measures
- actions to be taken to implement each mitigation measure
- monitoring program – monitoring, audits, corrective actions, reporting
- emergency response procedures (when required)
- continued community engagement
- institutional/organizational arrangements for implementing the EMP
- capacity development and training
- implementation schedule
- cost estimates and funding sources

Illustration of an EMP matrix:

Project Component/ Activity	Environmental Components or Issues	Description of the Environmental Impacts	Mitigation Measures	Supervision/ Responsibility
PRE-CONSTRUCTION PHASE				
Clearing of Vegetation/ Trees	Biodiversity (both flora and fauna)	Loss of floral and faunal species such as birds (avifauna) as their habitat may get disturbed along with the felling of trees.	Compensatory plantation at project site for development of green-belt.	EPC contractor to implement PIU to monitor
	Soil erosion	Loss of top soil, disturbance to landscape, land degradation and visual impacts.	Grass turving to avoid soil erosion once construction work is over	
	GHG emission	Emission from vegetation burning (if any)	Tree transplantation should be carried out as far as possible. In case such option is non-feasible, then dead plants should be bio-degraded at site. Burning by all means should be avoided	
.....				
CONSTRUCTION PHASE				
OPERATION PHASE				

Project Component/ Activity	Environmental Components or Issues	Description of the Environmental Impacts	Mitigation Measures	Supervision/ Responsibility

APPENDIX 7: OUTLINE OF AN INDIGENOUS PEOPLES PLAN

This outline is part of the Safeguard Requirements 3. An Indigenous Peoples plan (IPP) is required for all projects with impacts on Indigenous Peoples. Its level of detail and comprehensiveness is commensurate with the significance of potential impacts on Indigenous Peoples. The substantive aspects of this outline will guide the preparation of IPPs, although not necessarily in the order shown.

A. Executive Summary of the Indigenous Peoples Plan

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

B. Description of the Project

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

C. Social Impact Assessment

This section:

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

D. Information Disclosure, Consultation and Participation

This section:

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

E. Beneficial Measures

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

F. Mitigated Measures

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

G. Capacity Building

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

H. Grievance Redress Mechanism

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

I. Monitoring, Reporting and Evaluation

This section describes the mechanisms and benchmarks appropriate to the project for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

J. Institutional Arrangement

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

K. Budget and Financing

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

APPENDIX 8: SUGGESTED OUTLINE OF SAFEGUARD DUE DILIGENCE BRIEFING NOTE DURING REVIEW

(To be completed by safeguards expert, PIU)

A) Introduction

- 1) Subproject description: title, type of subproject, location and setting, amount, size (production capacity, number of staff, etc.).
- 2) Environmental and social categorization and rationale

B) Scope of Review and Methodology

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

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

- 1) Examine issues in terms of environmental, mitigation measures to address these issues (or corrective action plan) and compliance status with Indian environmental regulations and standards:
 - a. appropriate identification of major anticipated environmental impacts and risks;
 - b. adequacy of environmental assessment (satisfactory IEE or reports requested by National regulations; other relevant permits;
 - c. compliance status with applicable national requirements such as information disclosure, consultation with affected people; and
 - d. adequacy of mitigation measures (monitoring and reporting, institutional arrangement, budget), or corrective action plan, if any.
- 2) Recommend mitigation measures, or corrective action plans, if gaps are identified.
- 3) Examine whether there are complaints from the public or local communities regarding the subproject company's environmental and social performance.
- 4) State any risk control or mitigation measures to be taken by the subproject, such as conditions, loan covenants or monitoring and reporting requirements.

D) Other Subproject Specific Issues, if any

E) Conclusion and Recommendations

F) Attachments: All the relevant completed checklists.

APPENDIX 9: A SAMPLE LIST OF INFORMATION AND DOCUMENTS REQUIRED FOR ENVIRONMENTAL AND SOCIAL⁴³ AUDIT

1. The following sample list of information is provided below to support PMU for the ESMS implementation, which can be modified based on the relevance to a subproject.

2. In accordance with the ADB SPS 2009, an environmental and social audit is required for subproject/facility. ESMS Manager with the support of ESMS Associates and PISC consultants will perform environmental and social audit to determine the existence of any areas where the facility / subproject may cause or is causing environmental and social (community and occupational health and safety) risks or impacts. The following list of information and documents need to be prepared by the subproject company/receiver prior to the environmental and social audit and submitted to PMU. The environmental and social audit will assess whether the subproject has sufficient capacity, institutional setup, system set-up, and sufficient resources for EHS management, including occupational and community health and safety; emergency response and management procedure, including communities' response to accidents and emergency; whether the existing facilities are fully complied with the applicable national environmental, health and safety regulations, and internally recognized EHS measures and standards, including the World Bank Group's EHS Guidelines; and others. The following comprises a checklist of relevant availability of information and documents prior to the audit visit. During the audit visit, consultations with locals and relevant stakeholder who are familiar with the facility will be conducted.

Environment

Information and/or Document	Yes	No	Remarks
Location map indicating site in relation to surrounding residential and industrial properties, streams, rivers, conservation areas, etc.			
A copy of the land use permit; a summary of land use history, including the year the land is re-zoned from agricultural or residential to industrial land and the year the land is acquired by the current company.			
Summary of current site activities (including simplified process flow diagram, if available) and assess compliance with applicable environmental and social safeguard requirements			
Organizational chart indicating who is responsible for environmental matters at the facility			
General housekeeping of the premises.			
Adherence to health and safety requirements for industrial premises.			
Principal sources of energy and annual consumption			
Details of water use, including Sources of water used for industrial use, and domestic use, and drinking water (e.g. mains, well); Amount of water uses; and Amount of water discharge			

⁴³ Indigenous Peoples

Information and/or Document	Yes	No	Remarks
Plant layout to show locations of: <ul style="list-style-type: none"> (i) Hazardous chemicals, solvents, and oil storage, with details of storage arrangements (ii) Stacks and vents (iii) Proposed area for subproject components to 			
<ul style="list-style-type: none"> be built; (iv) Buried services (pipes, drains, sewers); (v) Buried tanks (vi) Sumps and pits (vii) Lagoons and any points of wastewater discharge (viii) Onsite waste disposal areas (ix) Accident pools 			
Descriptions of pollution control equipment at the facility (e.g., effluent treatment and air pollution control equipment).			
Planning permissions/operation permits.			
Details of consent agreements and licenses for: <ul style="list-style-type: none"> (i) Effluent discharges; (ii) Air emissions; and (iii) Waste disposal 			
Copies of applicable national and local standards on ambient air, source emissions, fugitive emissions, effluent discharge standards, and specific approval conditions.			
Monitoring results last three years, which were produced by the facility, the regulatory authorities or by a third party on: <ul style="list-style-type: none"> • Ambient air with projected areas with maximum concentrations and at nearest environmental receptors and/or downwind receptors; • Source emissions; • Fugitive emissions; • Wastewater discharge before treatment and after treatment, if any, • Noise impacts at the boundaries of the plant and at nearest environmental receptors; • Integrity testing (underground tanks) • Soil and groundwater testing; • Types and amount of solid and hazardous wastes, including treatment methods; • Records of wastes removed by contractors 			
Correspondence with authorities relating to any environmental violations and pollution incidents (air, waste, effluent, wastes, and noise).			
Inventory and annual quantities used/generated of Chemicals, solvents, oils, etc. and Waste materials			

Details of storage arrangements: Volumes and contents of bulk storage tanks; Ages and monthly throughput of storage tanks; Alarms, vent pumps and cathodic protection fitted to bulk tanks; and documented procedures for filling and unloading bulk storage tanks.			
Surveys/disposal records of polychlorinated biphenyls and asbestos.			
Records of environmental and safety incidents and remedial steps taken.			
Recent third-party audit reports on EMS and OHSAS indicating any gaps with respect to environment, health, and safety requirements and recommendations on corrective actions.			
Copies of environmental impact assessment approvals, environmental emission permits (environmental acceptance approvals), production safety impact assessment report and Approval/permit (if applicable), and occupational disease hazard assessment report and approval.			
Details and outcome of complaints if any (plus correspondence).			
Documented procedures and operating manuals relating to environmental matters (e.g., emergency response, spill containment, waste handling and disposal).			
Copy of domestic EIA for the proposed subproject component, if any.			

Social- Indigenous Peoples Identification

Information and/or Document	Yes	No	Remarks
Location map indicating site indicating presence of Indigenous People (STs) in the project area?			
Collective attachments of STs to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?			
Will the subproject directly or indirectly benefit or target STs present in the project area?			
Will the subproject directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)			
Will the subproject affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)			
Will the subproject be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?			
Will the subproject result in physical displacement from traditional or customary lands?			

Information and/or Document	Yes	No	Remarks
Will the subproject result in acquisition of lands that are traditionally owned or customarily used, occupied or claimed by Indigenous Peoples?			

APPENDIX 10: ENVIRONMENTAL INCIDENT REPORT FORM

	Name of company/owner	
	Environmental Incident Report	

An environmental incident is an unexpected event that may result in harm to the environment and requires some action to minimize the impact or restore the environment.

Subproject name/ name of the PFI		Subproject number:	
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Incident details	Site manager/PFI ESMS team to complete		Incident report number
Date of incident:		Time:	(ESMS Manager to complete)

- Exact location of the incident, including Region⁴⁴
- What type of activity was the team engaged in when the incident occurred?
- Who notified you of the incident? (e.g. employee, local authority, member of public):
Name and phone no. of complainant:
- Name and phone no. of complainant:

Nature and level of the incident

- | | |
|--------------------------------|--|
| <input type="checkbox"/> Major | <input type="checkbox"/> Minor ⁴⁵ |
|--------------------------------|--|
- Chemical spill (incl. fuel) Air emission noise complaint Unauthorized removal of vegetation
 Contaminated water discharged (not muddy water) Erosion & sedimentation Other: (specify)

- Description of the incident⁴⁶

Estimated quantity, volume or area involved (include unit of measure)

⁴⁴ **Exact location of Incident:** Provide details of the location of the incident in relation to the subproject site. Include: (i) the name of the region, (ii) distances from environmentally sensitive areas (e.g., watercourses, conservation reserves), (iii) landmarks, cross streets, etc.

⁴⁵ **Major or Minor Incident?** A major incident has occurred if: (i) material has escaped from site, or (ii) clean-up requires external assistance (Fire brigade or other emergency services). If neither of these conditions apply, the incident is rated 'minor'

⁴⁶ **Provide a brief,** succinct, factual description of the incident including: (i) what happened leading up to the incident. (ii) the material involved (if a leak or spill). (iii) the estimated volume of spilled or leaked material. (iv) the area of land or water affected. (v) who was affected by the incident.

Immediate actions taken and control measures implemented⁴⁷

6. Proposed corrective (or preventive) action⁴⁸

Sign	Name	Position	Date
After signing, forward to senior manager for further action			

Further action

Senior manager to complete—
Subproject Director, Subproject
Development Manager

Sign:

Other authorities
notified⁴⁹

7. Follow up actions undertaken

⁴⁷ Describe the actions taken immediately to minimize the impact of the incident.

⁴⁸ Provide details of actions implemented to clean up and remediate the affected area and actions implemented to prevent the incident from occurring again.

⁴⁹ Other authorities you might need to notify: (i) Fire brigade or other emergency services. (ii) local government if incident occurs within the local drinking water catchment area.

APPENDIX 11: SOCIAL SAFEGUARD INCIDENT REPORT FORM

	Name of company/owner	
	Social Incident Report	

A social safeguard incident is an unexpected event that may result in harm to the Indigenous Peoples and requires some action to minimize the social risk.

Subproject name/ name of the PFI		Subproject number:	
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Incident details	Site manager/PFI ESMS team to complete		Incident report number
Date of incident:		Time:	
			(ESMS Manager to complete)

8. Exact location of the incident, including Region⁵⁰

9. What type of activity was the team engaged in when the incident occurred?

10. Who notified you of the incident? (e.g. employee, local authority, member of public):
Name and phone no. of complainant:

11. Name and phone no. of complainant:

<input type="checkbox"/> Major	<input type="checkbox"/> Minor ⁵¹

Nature and level of the incident

Land acquisition

Loss of shelter or livelihood due to land acquisition

Physical displacement of Indigenous community/groups

Unauthorized removal of vegetation or agriculture plantation

Other: (specify)

12. Description of the incident⁵²

⁵⁰ **Exact location of Incident:** Provide details of the location of the incident in relation to the subproject site. Include: (i) the name of the region, (ii) distances from environmentally sensitive areas (e.g., watercourses, conservation reserves), (iii) landmarks, cross streets, etc.

⁵¹ **Major or Minor Incident?** A major incident has occurred if: (i) Protest from the local communities, or (ii) Destruction of agriculture land or livelihoods etc. If neither of these conditions apply, the incident is rated 'minor'

⁵² **Provide a brief,** succinct, factual description of the incident including: (i) what happened leading up to the incident. (ii) the material involved (if a leak or spill). (iii) the estimated volume of spilled or leaked material. (iv) the area of land or water affected. (v) who was affected by the incident.

Estimated impact, number of people (include unit of measure)

Immediate actions taken and control measures implemented⁵³

13. Proposed corrective (or preventive) action⁵⁴

Actions taken	Responsible person	Timeline	
Sign	Name	Position	Date
After signing, forward to senior manager for further action			

Further action

Senior manager to complete—
Subproject Director, Subproject
Development Manager

Sign:

Other authorities
notified⁵⁵

14. Follow up actions undertaken

⁵³ Describe the actions taken immediately to minimize the impact of the incident.

⁵⁴ Provide details of actions implemented to reduce the risk.

⁵⁵ Other authorities you might need to notify: (i) Fire brigade or other emergency services. (ii) local government if incident occurs within the local drinking water catchment area.

APPENDIX 12: OUTLINE OF SOCIAL-ENVIRONMENTAL SEMI-ANNUAL REPORT

(To be submitted by ESMS Manager to PMU)

PIU(s) is required to submit the semi-annual performance report to ESMS Manager for consolidation and submission to the PD. Please include additional sheets or attachments as required to provide details.

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

A) Subprojects processed under ADB MG during the reporting period

Name of Subproject	Sub /sector	Tenor of Grant (Months)	Grant amount (,000 US\$)	Safeguard Category			Environ, IR or IP issues and actions taken	Status (approve, revise, or reject)	Reasons for revise or reject
				Env	IR	IP			

Env = environment, IR = involuntary resettlement, IP = Indigenous Peoples.

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

B) Category B Subprojects Using ADB Funds

Name of Sub-borrower and subproject:	
--------------------------------------	--

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

Sustainable Finance		
Has the Grant made for investments in subprojects that have social and environmental benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, carbon finance, pollution abatement and control, sustainable supply chain, corporate social responsibility, community development, etc.? Please list these in the format provided below:		
Subproject Name	Value Financed by the MAGNET Society as matching grant (US\$ million)	Type of Social and Environmental Benefit

E) Additional information for the reporting period

1. Please provide the number of subprojects where a field visit was conducted to review aspects including social E&S issues.
2. Please provide details of any accidents/ litigation/complaints/regulatory notices and fines, their causes and corrective actions being taken.
3. Please state any difficulties related to the ESMS implementation. What are the possible causes and actions being taken by the PIU? What are the recommendations of ADB's mission?

APPENDIX 13: OUTLINE OF AN ENVIRONMENTAL AND SOCIAL MANAGEMENT

SYSTEM IMPLEMENTATION REPORT

ESMS Implementation Report

Subproject		Subproject number	
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Report prepared by		Month and year	
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Item	Details, comments
<p>Institutional Aspects: Whether there have been any changes to the ESMS, staffing of environment unit at PMU, budget available for ESMS implementation)</p> <p>Whether there have been any major difficulties in implementing ESMS and if so, the remedial actions taken.</p>	
<p>Due diligence and/or audits undertaken during the year (List the number and type of investigations undertaken.)</p>	
<p>Exclusion of subprojects which have impacts on involuntary resettlement and ethnic minority (If there were subprojects assessed that have potential involuntary resettlement and ethnic minority impacts that were excluded from financing)</p>	
<p>Non-conformances report (NCR) and corrective actions report (CAR) Whether the subprojects regularly submit the environment and social reports and the status of compliance of subprojects with EMP and other relevant environment and social requirements.</p> <p>If there are major gaps or defects, the remedial actions taken by PMU.</p>	
<p>Environmental Incidents (Any incidents reported by sub borrowers, provide details)</p>	
<p>Training delivered</p>	
<p>Other environmental including health and safety or social issues (if any) (Describe any other issues arising)</p>	
<p>GESI Percentage of subborrowers that are women/ST -led or -owned FPOs/VCOs. Percentage of disbursed finances allocated to subborrowers that are women/ST -led or -owned FPOs/VCOs.</p>	

APPENDIX 14: ENVIRONMENT AND SOCIAL MONITORING REPORT

(To be submitted by MAGNET Society PMU to ADB)

Project Number: {XXXXXX}
{Reporting period: Month Year}

{Full Country Name}: {Project Title} {(Financed by the
<source of funding>)}

Prepared by {author(s)}
{Firm name}
{City, country}

For {Executing agency}
{Implementing agency}

Endorsed by: (staff name of IA/PIU) and signature, submission date

Table of Contents (Appendix 13)

Part I Introduction

- Short description of the program
- Summary of activities and project progress during the previous 6 months (number of matching grant projects, types of matching grant's activities, results of categorization, verification by PMU and by ADB (if any), site monitoring and audit by PIUs and by PMU, implementation of reporting requirements... (Tabular format is recommended)
- Project organization and environmental management team, including organizational relationships with MAGNET Society PMU, sub-borrowers etc.

Part II Environmental issues

- Summarize the previous 6 months of environmental issues faced by the PIUs, and faced by the sub-borrowers.
- Provide explanations of any instances in which environmental standards or guidelines were exceeded or environmental incidences happened. Typically, this will cover:
 - noise and vibrations,
 - water quality,
 - air quality,
 - flora and fauna monitoring,
 - Accidences or incidences
 - Environmental complaints or inspections
- Recommendations are required to show how any exceedances or will be prevented in the future.

Part III: Social safeguards

- **Summarize Resettlement Impacts and and/or Impacts on Indigenous Peoples (in case of sub-projects/MG triggering resettlement and or Indigenous Peoples policy)**
 - i) Actual scope of land acquisition and resettlement (including the methodology to determine the actual scope of land acquisition and resettlement, and comparison with the scope of impacts in resettlement plan(s))
 - ii) Actual impacts on Indigenous Peoples (including the methodology to determine the actual scope of impacts on Indigenous Peoples, and comparison with the scope of impacts in Indigenous Peoples plan(s))
- **Institutional Arrangements**
 - i) Key organizations involved in resettlement plan and/or Indigenous Peoples Plan (IPP) implementation
 - ii) Progress of activities implemented by other organizations
 - iii) Specific implementation arrangements for Indigenous Peoples
- **Compensation Rates, Payment and Assistance Delivery**
 - i) Compensation rates for land, resettlement subsidies, standing crops, and trees
 - ii) Compensation for buildings and allowances for relocation
 - iii) Allocation and utilization of resettlement compensation
 - iv) Payment delivery to affected village groups and individuals
 - v) Assistance delivery to affected Indigenous Peoples
- **Status of Land Acquisition, Resettlement, and Reconstruction**
 - i) Housing relocation and reconstruction
 - ii) Provision of replacement agricultural and/or commercial land

- i) Restoration of affected public infrastructure and facilities
 - ii) Restoration of land used for construction-related activities
 - iii) Implementation progress of income restoration activities
 - iv) Support to vulnerable groups
 - v) Implementation progress of specific measures for affected Indigenous Peoples
- **Consultation and Disclosure Activities and Grievance Procedures**
 - i) Consultations on compensation standards and fees, relocation options, etc.
 - ii) Specific consultations conducted with Indigenous Peoples on the loan recipient's project, its impacts and assistance to Indigenous Peoples
 - iii) Grievances received and actions taken to address them
 - **Grievance Redress Mechanism**
 - i) Date established and description of organizational arrangements
 - ii) Grievances reported and resolution processes (e.g., nature of grievance, recorded dates and organizations involved, actions taken to resolve grievances, and media or community reactions (if any))

Part IV: Compliance with ADB's Social Safeguard Requirements and Environmental Safeguard Requirements as Defined in the ESMS (including Prohibited Investment Activities List)

- Provide assessment on these two sets of requirements.
- Provide summary of actions taken to ensure compliance or corrective actions taken in case of non-compliance.

Part V: ESMS operations (for PIUs which are financing B-category subprojects)

- In this part, provide summary based on section I [C] regarding assessment of the ESMS effectiveness on: policies and procedure, institutional capacity, monitoring, and reporting.
- Specific data on the following activities is recommended
- Site inspections and audits – to summarize the number and type of site visits.
- Noncompliance case – to summarize the details, including the number of notices given out by the PIUs or by the local government to the sub-borrowers, how and how many issues covered.
- Corrective action plans – to report on timeliness of preparation and completion.
- Consultation and complaints – to report on any consultations undertaken and list any complaints received and how they were handled or resolved.

Part VI: Conclusion and action plan

- Conclusions.
- Summary of actions taken during the previous reporting period.
- Action plan for the next reporting period.

PIUs	Issues	Actions required	Responsibility	Time

Annexes

- Semi-annual ESMS performance reports by PIUs.
- Photographs.