

Environmental and Social Safeguards Framework Arrangement

August 2021

People's Republic of Bangladesh: Third Public– Private
Infrastructure Development Facility

CURRENCY EQUIVALENTS

(as of 4 July 2021)

Currency unit	–	Taka (Tk)
Tk1.00	=	\$0.0118
\$1.00	=	Tk84.835

ABBREVIATIONS

ADB	-	Asian Development Bank
ADP	-	adivasi development plan
CAP	-	corrective action plan
DOE	-	Department of Environment
E&S	-	environmental and social
ECC	-	environmental clearance certificate
EDDR	-	environmental due diligence report
EHS	-	environmental health and safety
EIA	-	environmental impact assessment
EMP	-	environmental management plan
ESMF	-	environmental and social management framework
ESSMU	-	environment and social safeguards management unit
ESSF	-	environmental and social safeguards framework
ESRM	-	environmental and social risk management
FFA	-	framework financing agreement
FGD	-	focus group discussion
GFI	-	global financial institution
IDCOL	-	Infrastructure Development Company Limited
IP	-	Indigenous peoples
IPSA	-	initial poverty and social assessment IR
JICA	-	Japan International and Cooperation Agency
LCC	-	KYC
MFF	-	locational clearance certificate
PEAR	-	multitranchise financing facility
PLS	-	preliminary environmental appraisal report PFR
PPIDF	-	preliminary letter of support
RERED	-	Public–Private Infrastructure Development Facility PMU
SDDR	-	Rural Energy and Renewable Energy Development RP
SIA	-	social due diligence report SHS
SPS	-	social impact assessment
TA	-	safeguard policy statement
	-	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2016 ends on 30 June 2016.
- (ii) In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The importance of investment in infrastructure in achieving higher growth and employment was emphasized in the Sixth Five-Year Plan (FY2010–FY2015) of the Government of Bangladesh (the Government). The challenge is to increase the rate of investment by about 5.5% of gross domestic product (GDP) over the next plan period, FY2016–FY2020, i.e. from 28.9% of GDP in FY2015 to 34.4% of GDP by the end of the Plan in FY2020¹. Furthermore, the 8FYP follows the growth path of the PP 2041 that calls for a further acceleration in GDP growth during the 8FYP. Although COVID-19 has put a temporary halt to growth acceleration, it is expected that the growth momentum will resume from early calendar year 2021 as global growth also resumes. So, the demand for power will continue to grow at 8% plus rate during the Eighth Plan period. Country has invested heavily in power generation capacity, leading to surplus situation compared to demand, improvement in transmission and distribution resulting in more than 97% of population's access to electricity. This progress was achieved through a strategy that combined greater public investment in electricity, encouraging private supply of power, engaging in power trade with India and improving sector efficiency by sharply reducing Transmission and Distribution (T&D) losses. While Bangladesh has definitely made major strides in making substantive and visible improvements in power generation and supply, there continues to be challenges which will need to be addressed in the 8FYP, particularly the need for improving efficiency and reducing costs so that power can competitively be supplied to its industries, particularly export industry, along with agriculture and other commercial use. In this context Bangladesh has to consistently improve on its global standing in overall infrastructure supply quality and in particular the electricity access quality, compared to some of its competing countries, as reflected in the Global Competitive Index (GCI) published by WEF (source: 8th Five Year Plan (2020-2025) of the Govt of Bangladesh, December 2020).

2. In addition, one of the key challenges to increase infrastructure investments—including the adaptation of green growth strategies and interventions—is inadequate financing given that most infrastructure projects involve considerable costs and such financing is not readily available from the public sector. Financial investments in the infrastructure sector, in particular in the energy and transport sectors, could significantly improve the quality of life. To realize this target, both public and private investment rates in infrastructure need to increase and this requires strong public–private partnerships as well as formulating suitable and relevant policy and regulatory framework.

3. To address these constraints, the Government through the Infrastructure Development Company Limited (IDCOL), has requested the Asian Development Bank (ADB) to provide financing for the Third Public–Private Infrastructure Development Facility (PPIDF 3) under the multitranche financing facility (MFF)². The expected outputs of PPIDF 3 will be: (i) increased available long-term debt financing for infrastructure projects including some innovative PPP

¹ Government of Bangladesh, Planning Commission. 2015. *Seventh Five Year Plan FY2016–FY2020: Accelerating Growth, Empowering Citizens*. Dhaka.

² Multitranche financing facility (MFF) is a flexible financing modality offered by ADB to support the medium- to long-term investment program or investment plan of a client. An MFF consists of tranches that finances multiple projects under an investment program in a sector or in several sectors, or large stand-alone projects with substantial and related individual components with long-term implementation plans. A tranche may comprise a loan, grant, guarantee, or ADB-administered cofinancing to finance a project or a component under the facility. (ADB Operations Manual, Multitranche Financing Facility, OM Section D14/BP, 17 February 2015. Accessed 1 September 2016: <http://www.adb.org/sites/default/files/institutional-document/31483/omd14.pdf>)

interventions, (ii) catalyzed takeout financing for infrastructure projects, and (iii) strengthened IDCOL's institutional capacity.

II. OVERVIEW OF THE INVESTMENT PROGRAM

4. Building on the experience from PPIDF 1 and PPIDF 2, the PPIDF 3 will be an MFF of \$526 million to be provided in two tranches to help finance subprojects on medium- to large- sized infrastructure, and renewable energy like solar power and energy efficiency. Under the PPIDF 3, take-out financing will be introduced and this will be a new financial product that IDCOL will offer to its clients. With this financing scheme, a maximum of 20% of ADB funds may be used to buyout individual loan or loan portfolio which consists of infrastructure projects from other financial institutions under each tranche. This may include subprojects that may be financially closed, under construction, or fully commissioned. ADB funds can finance up to 40% of the total subproject cost under each subloan, except that with prior approval of ADB, the subloan may exceed the limit and be up to 60% of the project cost³. Under tranche 2, ADB will review the first three subprojects funded by the regular OCR loan and subloans above \$5.0 million equivalent funded by the concessional OCR loan to ascertain IDCOL's ability to manage the subproject review and disbursement process. However, initial categorization of the pipeline projects will be reviewed and endorsed by ADB. ADB reserves the right to request any supporting subproject documents and not to reimburse or liquidate any subprojects that do not comply with the PPIDF 3 implementation requirements detailed in the facility administration manual (FAM). The table below presents the indicative financing plan.

Table II-1 Indicative Financing Plan

Source	Amount (\$ million)	Share of Total (%)	Tranche 1 (\$ million)	Tranche 2 (\$ million)
Asian Development Bank				
Ordinary Capital Resources (regular)	500.0	38.0	250.0	250.0
Ordinary Capital Resources (concessional)	26.0	2.0	10.0	16.0
Subborrowers' Own Funds (equity)	263.0	20.0	130.0	133.0
Private Sector Banks/Financiers (debt) ^a	526.0	40.0	260.0	266.0
Total	1,315.0	100.0	650.0	665.0

ADB = Asian Development Bank, PFR = periodic financing request.

^a This assumes that the sponsor will provide equity financing of 20% of total project cost—private sector banks and financiers will provide debt funding of 40% of the total project cost while the Infrastructure Development Company Limited will finance 40% of each subproject using the ADB funds under the Third Public–Private Infrastructure Development Facility.

Sources: Asian Development Bank.

III. PURPOSE OF THE ENVIRONMENTAL AND SOCIAL SAFEGUARDS FRAMEWORK

³ Subprojects in the renewable energy and energy efficiency subsectors have a high developmental impact and long-term funds are not easily available. Therefore, for renewable energy and energy efficiency subprojects to be funded out of the concessional OCR loan, IDCOL's maximum exposure will be set at 70% or 80%, respectively.

5. Projects involving investment of ADB funds to or through financial intermediaries (FI), ADB conducts safeguard due diligence to assess the potential environmental and social impacts and risks associated with the FI's existing and likely future portfolio, and its commitment and capacity in social and environmental management. All FIs will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list to subprojects financed by ADB.

6. According to ADB's Safeguard Policy Statement (SPS) 2009, an environmental and social safeguards framework (ESSF) is required for an MFF which will comply with the applicable national laws and regulations and ADB SPS 2009. The ESSF aims to ensure that the subprojects implemented under the MFF comply with ADB safeguard objectives, principles, and requirements (para. 62, SPS 2009, page 22-23) as well as the national requirements of Government of Bangladesh (GoB). The ESSF provides guidance on environmental and social screening, assessment, institutional arrangements, and procedures to be followed for the succeeding tranches in the MFF where components have not yet been fully defined and locations not yet identified to ensure compliance with SPS 2009 and the applicable laws and regulations of the Government. Subproject selection to be considered for financing under the PPIDF 3 will be based on the selection criteria outlined in the ESSF and Schedules 4 and 5 of the framework financing agreement (FFA)⁴.

A. Implementation Arrangements

7. The Ministry of Finance, acting through its Economic Relations Division is the executing agency while the Finance Division is the financial management agency, and IDCOL is the implementing agency. The Board of Directors of IDCOL provide policy direction and strategic oversight. A project management unit (PMU) has been established by IDCOL to monitor the screening and selection of subprojects and the day-to-day implementation of PPIDF 3. For PPIDF T2, the same PMU will be responsible for identification, screening, categorization, selection, and monitoring of all subprojects, and in ensuring compliance to applicable laws and regulations of the Government on environment, involuntary resettlement (IR), and indigenous peoples (IP), and the ESSF (2011 or its revisions).

8. IDCOL will ensure the Project Management Unit (PMU) has adequate staffing and other required resources deemed satisfactory to ADB. The PMU will consist of existing IDCOL staff to the extent possible with expertise on risks assessment and project management. IDCOL has an existing environmental and social safeguards management unit (ESSMU) who will provide the technical support on safeguards to the PMU in reviewing and evaluating subprojects. At present, the ESSMU has two senior level safeguards staff and will engage an additional of 2 staff to manage the social dimensions including gender issues associated with the progressive lending portfolio of IDCOL. In addition, the PMU will be responsible for developing and implementing a project performance monitoring system. The figure below shows the implementation arrangements.

⁴ Framework financing agreement is the basic understanding between the client and ADB with respect to an MFF (ADB OM Section D14/OP, 17 February 2015).

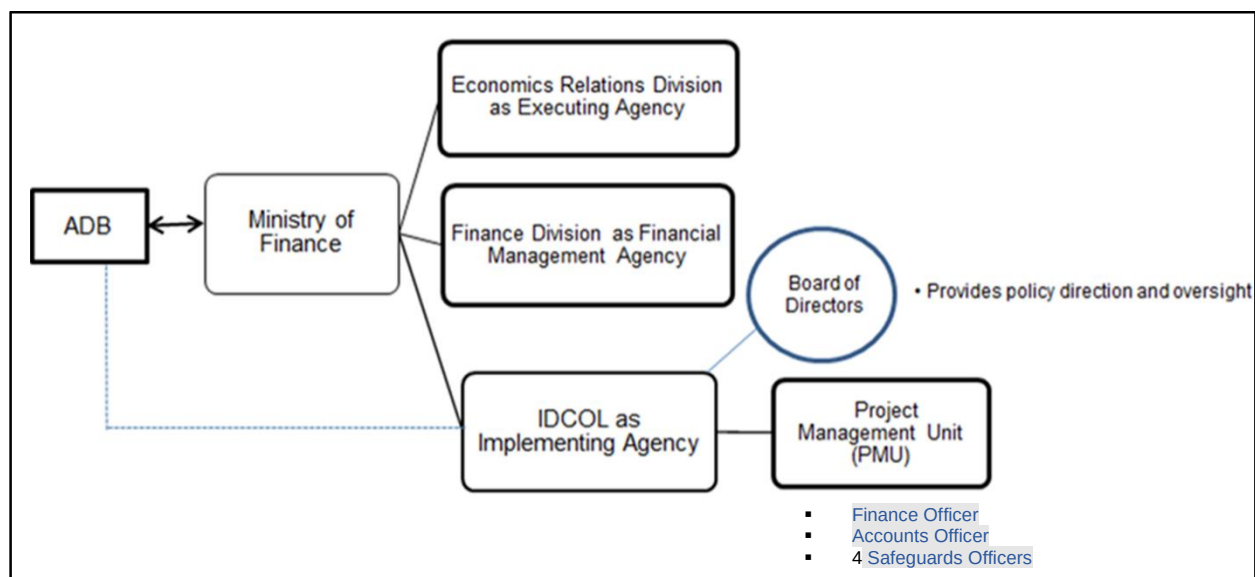


Figure III-1 Implementation Arrangement of the Third Public-Private Infrastructure Development Facility

B. Policy and Legal Framework and Institutional Capacity

1. Development of Environmental and Social Safeguards Framework of Infrastructure Development Company Limited

9. In getting support from ADB under the PPIDF 1 & 2, IDCOL has prepared ESSF in 2008 and 2016 to meet the environmental and social requirements of ADB and the Government. Furthermore, it is required to revise the ESSF 2016 by replacing it with the ESSF 2021 in dealing with the updated policies and regulations of the ADB and the Government of Bangladesh such as ADB SPS 2009, Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 2017, Bangladesh Environmental Conservation Act (BECA) 1995 and its amendments, Bangladesh Environmental Conservation Rules (ECR) 1997 and its amendments and National Environmental Policy 2018 and lessons learned in the through the implementation of PPIDF 3 T-1⁵.

10. As it is required to revise the ESSF 2016 by IDCOL, to streamline screening and review procedures, an ESSF developed for PPIDF will be applied to all subprojects. The objectives are: (i) to avoid, and when avoidance is not possible, to minimize and mitigate adverse impacts of subprojects on the environment and affected people; and, (ii) to maximize opportunities for environmental and social benefits.

11. PPIDF will continually endeavor to ensure and enhance effective environmental and social management practices in all its activities, products and services with a special focus on the following:

- (i) Ensure that applicable environmental and social safeguard requirements, as defined by GOB, Bangladesh Bank⁶, and SPS 2009⁷ are met for all subprojects;

⁵ Environmental safeguard due diligence report, Social safeguard due diligence report.

⁶ Bangladesh Bank. 2017. Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh, 2017. Dhaka.

⁷ ADB 2009 Safeguard Policy Statement, ADB, Manila.

- (ii) Finance companies and/or government agencies only when the subprojects are expected to be designed, constructed, operated, and maintained in a manner consistent with applicable environmental and social safeguard requirements of GOB, Bangladesh Bank, and SPS 2009;
- (iii) Integrate environmental and social risk into its internal risk management analysis;
- (iv) Ensure appropriate consultation and transparency in their activities with sub-borrowers;
- (v) Work together with borrower's management to put into practice applicable environmental and social safeguard requirements; and
- (vi) Promote subprojects with environmental and social benefits.

12. This ESSF will be communicated to all staff and operational employees of IDCOL and sub-borrowers and will be implemented as soon as ADB funds become effective. The process will be reviewed every year and updated (if needed) to ensure its relevance, applicability, and robustness in relation to the environmental and social implications of PPIDF operations in relation to ADB funding. The review of the arrangements will be driven by changes in the business mandates, processes, and portfolio of PPIDF; and updates and/or revisions in applicable safeguard policies and regulations of GOB, and ADB.

2. Applicable Environmental and Social Safeguards Requirements

13. The PPIDF will ensure that:

- (i) all subprojects are screened against the Rapid Environmental Assessment (REA) checklist and social safeguards;
- (ii) all proposed subprojects with potential significant environmental and/or social impacts are reviewed and evaluated against Safeguards Requirements 1-3 of SPS 2009; and relevant safeguard policies of GoB.
- (iii) all proposed subprojects are reviewed and evaluated against the national laws, regulations, and standards on environment, labor (including against internationally recognized core labor standards), health, safety, involuntary resettlement and land acquisition, indigenous peoples, and physical cultural resources.
- (iv) The subprojects will avoid Involuntary resettlement through land purchase or negotiated settlements. In case of negotiated settlements, the process will be abided by SPS 2009 requirements as described in para 25; annex 2.
- (v) In case of unavoidable Involuntary Resettlement impacts for category B subprojects, ADB requirements on IR safeguards will be followed and any construction that may lead to negative impacts can only proceed after preparation, acceptance, and disclosure of Resettlement Plans according to ADB policy.

3. Applicable policies and legal instruments

a. Institutional context

14. The lead environmental agency in Bangladesh is the Department of Environment (DOE), under the Ministry of Environment, Forests and Climate Change (MOEFCC). DOE is charged with furthering environmental conservation, improvement of environmental standards, and control and mitigation of environmental pollution. This mandate positions DOE as a key regulator of a broad range of developments in the infrastructure, industrial and commercial sectors, including both publicly and privately funded initiatives. DOE is responsible for administering the country's central environmental law, which provides the framework for environmental impact assessment.

15. Other agencies with important environmental mandates include the Bangladesh Forests Department (also under the MOEFCC), the Ministry of Water Resources, the Ministry of Fisheries, and the Ministry of Land. The laws and regulations administered and enforced by these agencies do not structure the environmental assessment process directly, but may often come into play in the consideration of the suitability and permissibility of proposed infrastructure developments by DOE.

16. Occupational health and safety are key considerations of the environmental assessment of proposed infrastructure. The Ministry of Labour and Employment (MoLE), particularly its Department of Labour and Department of Inspection for Factories and Establishments, is of direct relevance to the environmental assessment process, as it administers and enforces the country's legislation, rules and standards governing industrial workplaces, including construction sites and most industrial facilities where physical labour is undertaken.

b. Policy and legal instruments

17. **National Environmental Policy, 1992 (amended in 2018).** Bangladesh adopted the National Environmental Policy (NEP) in 1992 to chart a path towards the country's sustainable development. The NEP sets out the basic framework for environmental action together with a set of broad sectoral guidelines for action. Major elements of the policy are:

- (i) maintaining the ecological balance for ensuring sustainable development;
- (ii) protection against natural disasters;
- (iii) identifying and controlling activities which are polluting and/or destroying the environment;
- (iv) ensuring environment-friendly development in all sectors;
- (v) promoting sustainable and sound management of natural resources; and
- (vi) active collaboration with international initiatives related to the environment.

18. The NEP has been updated in 2018 based on the following major considerations:

- (i) Ensuing sustainable development by lessening anthropogenic pressure on the natural environment and resources;
- (ii) Ensure use of scientific knowledge for using and collecting of natural resources;
- (iii) Consider the value of ecosystem services along with economic benefits during national scale planning;
- (iv) Ensure accessibility of the local people to the natural resources;
- (v) Consideration of environmental conservation in every step of planning
- (vi) Enforce 'polluter pay principal';
- (vii) Ensure and implement 3R principle: reduce, reuse and recycle
- (viii) Institutional strengthening of all the government organization to ensure, implement and enforce all the environmental policies, laws and regulations along with the environmental principles stipulated in the NEP 2018.
- (ix) Reduce Short-Lived Climate Pollutants (SLCP) known of damaging public health and pollutant of for climate change
- (x) Ensure Financial support to implement environmental conservation and control pollution.

19. The objectives of the NEP 2018 include:

- (i) Strong monitoring to implement to implement environmental conservation and pollution control

- (ii) Discourage introduction of invasive and alien species; emphasis on scientific research for such cases
- (iii) In appropriate cases ensure conducting of EIA and SEA
- (iv) Encourage PPPs for the purpose environmental conservation
- (v) Integrate and harmonize all the environmental conservation and pollution control policies, rules and regulations.
- (vi) Encourage low carbon footprint technologies
- (vii) Encourage and nationwide expansion of effective Climate Change adaptation
- (viii) Ensure environment friendly development everywhere
- (ix) Development of public awareness on environmental issues

20. The NEP 2018 also have portrayed 24 sector specific policies including agriculture, water, wildlife, chemicals etc. which gives a comprehensive directive for the planning process of any development projects that to be considered within the nation's boundary.

21. **National Environmental Management Action Plan (NEMAP), 1995.** The NEMAP builds on the NEP, and was developed to address specific issues and management requirements during the period 1995-2005. The plan includes a framework within which the recommendations of a National Conservation Strategy (NCS) are to be implemented. The NEMAP was developed with the following objectives:

- (i) Identify key environmental issues affecting Bangladesh
- (ii) Identify actions to halt or reduce the rate of environmental degradation
- (iii) Improve management of the natural environment
- (iv) Conserve and protect habitats and biodiversity
- (v) Promote sustainable development
- (vi) Improve the quality of life

22. To this end, the NEMAP grouped all the relevant necessary actions under four heads: institutional, sectoral, location-specific and long-term issues. The institutional aspects reflect the need for inter-sectoral cooperation to tackle environmental problems requiring new institutional mechanisms at national and local levels. The sectoral aspects reflect the way the ministries and agencies are organized and make it easier to identify the agency to carry out the recommended actions. The location-specific aspect focuses on particularly acute environmental problems at local levels. And the long-term issues include environmental degradation trends that threaten to emerge as serious threats to the country's environmental quality and well-being is not proactively addressed.

23. **Other Environment-Related Policies.** In addition to the central environmental policy instruments, a number of other national policy efforts have significant environmental content. Prominent policy documents that support the NEP 2018 include:

- (i) National Bio-safety Strategy & Action Plan 1995
- (ii) National Biodiversity Strategy & Action Plan of Bangladesh 2016-2021
- (iii) A Roadmap for Clean Fuels and Vehicles in Bangladesh, 2011
- (iv) National Action Programme on Desertification, Land Degradation and Drought (DLDD) 2016-2024
- (v) Ecologically Critical Area Management Rules, 2016.
- (vi) Medical Waste (Management and Processing) Rules, 2008
- (vii) Hazardous Waste and Ship Breaking Waste Management Rules, 2011
- (viii) Bangladesh Biosafety Rules, 2012
- (ix) Bangladesh Biological Diversity Act 2017

- (x) Natural Water Reservoir Conservation Act, 2000
- (xi) National Forestry Policy 2016
- (xii) National Conservation Strategy 1998 and Draft Update 2013
- (xiii) National 3R (Reduce, Reuse & Recycle) Strategy 2010
- (xiv) Bangladesh Climate Change Strategy & Action Plan (BCCSAP) 2009
- (xv) Bangladesh Delta Plan 2100
- (xvi) National Disaster Management Plan 2010.
- (xvii) Nationally Determined Contributions (NDCs)
- (xviii) Five Year Plan
- (xix) Sustainable Development Goals (SDGs)
- (xx) National Adaptation Program of Action (NAPA) 2005 and Update 2009
- (xxi) Other Sectoral Policies/Strategies like Industry, Agriculture, Energy, Water, Health, etc.
- (xxii) National Bio-safety Framework and Guidelines
- (xxiii) Guidelines on Environmental Management, Waste Treatment and Workers' Occupational Health and Safety for Ship Breaking Yard in Bangladesh
- (xxiv) Establishing National Landuse and Land Degradation Profile 2018 (proposed)

24. **Environment Conservation Act, 1995.** The Environment Conservation Act (ECA) authorizes the DOE to undertake any activity to conserve and enhance the quality of the environment and to control, prevent and mitigate pollution. The DoE is the regulatory body and enforcement agency of all environmental related activities. The Act enables the following critical components of DoE's remit:

- (i) declaration of Ecologically Critical Areas;
- (ii) administration of the procedure for obtaining Environmental Clearance Certificates (ECCs) for new industrial projects;
- (iii) regulation with respect to vehicles emitting smoke harmful to the environment;
- (iv) environmental regulations for development activities;
- (v) standards for quality of air, water, noise, and soils (including river bed materials) for different areas and for different purposes;
- (vi) acceptable limits for discharging and emitting waste; and
- (vii) formulation of environmental guidelines to control and mitigate environmental pollution, conservation and improvement of the environment.

25. Amendments to the ECA in 2000, 2002 and 2010 added significant substantive and procedural scope, defining the following new areas of authority:

- (I) ASCERTAINING RESPONSIBILITY FOR COMPENSATION IN CASES OF DAMAGE TO ECOSYSTEMS;
- (ii) increased provision of preventive measures both for fines and imprisonment, and the authority to take cognizance of offences;
- (iii) restrictions on polluting automobiles;
- (iv) restrictions on the sale and production of environmentally harmful items like polythene bags;
- (v) assistance from law enforcement agencies for environmental actions;
- (vi) definition and enforcement of punitive measures;
- (vii) authority to try environmental cases;
- (viii) prohibition on hill cutting except where established to be in the national interest;

- (ix) authority to regulate management of hazardous waste produced by ship breaking yards;
- (x) prohibition of filling or altering waterways except when judged to be in the national interest; and
- (xi) additional powers to compel compliance with emissions standards.

26. **Environment Conservation Rules, 1997.** The Environment Conservation Rules, 1997 (ECR) were the first and still most important set of regulations giving procedural substance and tools of enforcement to the aims articulated in the ECA. The Rules specify standards for air quality and emissions, water quality and discharges, and noise, and establish norms enabling the inspection of industrial facilities, including collection of environmental samples, by the DOE. Importantly, the Rules (Schedule I) lay out a standard framework for categorizing, assessing and regulating new industrial projects using a four-level typology of impact potential. This typology is the basis for defining the national impact assessment requirements and necessary environmental clearances in relation to all proposed industrial facilities and infrastructure. Implementation of the environmental clearance and assessment processes as defined in the Rules by project proponents and consultants is given further practical guidance by the EIA Guidelines for Industries (1997), which indicate how to produce the assessment documents required to support environmental clearance applications.

27. **Other environment-related legislation and rules.** In addition to the ECA and ECR, numerous laws and supporting rules have been passed and developed to regulate use of natural resources and protect the natural environment from deleterious activity. A brief summary of environment-related laws and rules, any of which may be relevant or applicable to proposed infrastructure development, is provided in Table III-1. Depending on the nature of project activities and infrastructure, No Objection Certificates (NoCs) may need to be obtained from the agencies overseeing environment-related laws and regulations as part of the environmental clearance process directed by DoE, in order to ensure compliance with all relevant national laws.

Table III-1 Relevant Environmental Regulations and Policies applicable to PPIDF

Regulation	Brief Description
National Environmental Policy, 1992 (amended 2018)	Approved in May 1992 and amended in 2018, this policy provides for the basic framework for environmental action together with a set of broad sectoral action guidelines. Key elements include: (i) maintenance of ecological balance and overall progress and development through protection and improvement of the environment, (ii) protection against natural disasters, (iii) identification and regulation of all types of activities that pollute and degrade the environment; (iv) ensuring sustainable use of all-natural resources, and (v) active association with all environmentally related international initiatives. The 2018 amendment include the environment, Ecosystem, biodiversity and Ecotourism with a view to entire improvement of conservation management activities
Power System Master Plan, 2016	The Power System Master Plan (PSMP) 2016 aims at assisting Bangladesh in formulating extensive energy

Regulation	Brief Description
	and power development plan up to the year 2041, covering energy balance, power balance, and tariff strategies. The five viewpoints of PSMP (2016) are: (a) Enhancement of imported energy infrastructure and its flexible operation; (b) Efficient development and utilization of domestic natural resources (gas and coal); (c) Construction of a robust, high quality power network; (d) Maximization of green energy and promotion of its introduction; and (e) Improvement of human resources and mechanisms related to the stable supply of energy.
National Energy Policy 1996 and 2004	The NEP 2004 recognized that “policy formulation is a continuing process for decision making at different levels by different institutions and individuals” and hence for operationalizing the NEP there is a need to ensure that these “decisions are taken in a synchronized manner at macro level, sectoral level as well as sub-sector (utility) level” to achieve the stated objectives (GoB 2004:17). The NEP also stated that implementation of the NEP “will necessitate the introduction of new Acts and modifications of the relevant Acts and Ordinances in this regard and Environmental issues to be considered under National Energy Policy are to be mandated under National Environment Policy and Environment Act” (ibid. 22, emphasis added).
Policy Guideline for Small Power Plant (SPP) in the private sector, 1998 (revised 2008)	This document outlines the guidelines for private sector investors to establish Small Power Plants (SPP) on a fast track basis, for generation of electricity for own use and sell the surplus to other users. The plant size could be in the order of 10 MW, which could be built up in stages as necessary, and depending on the potential market and load growth. However, if required, permission may be accorded by the government for setting up higher size plant. The SPPs will be developed on a Build-Own-Operate basis.
National Disaster Management Act 2012	This Act provides for activities on disaster management coordinated, object oriented and strengthened; and to formulate rules that will build up infrastructures of effective disaster management in fighting all types of disaster.
Environment Court Act 2000 (amended in 2002 and 2010)	Under the Judiciary and MOEFCC, this Act ensures the resolution of disputes on environmental and social damages resulting from any development activities. This

Regulation	Brief Description
	also allows for the completion of environment-related legal proceedings effectively.
Vehicle Act 1927, the Motor Vehicles Ordinance 1983, and Bengal Motor Vehicle Rules 1940	These regulations are under the Bangladesh Road Transport Authority (BRTA) which control vehicular emissions and noise including road safety.
The Forest Act 1927 (amended in 1982 and 1989)	Under the jurisdiction of MOEFCC, this Act aims to protect the forest resources.
National Forest Policy 1977 (amended in 1994) Forest Act (2000)	This policy is designed to conserve the existing forest areas, bring about 20% of the country's land area under the Forestation Programme, and increase reserve forests by 10% per year to 2015 through coordinated efforts of GOB, NGOs and through active participation of the people. environment, Ecosystem, biodiversity and Ecotourism with a view to entire improvement of conservation management activities
The Antiquities Act 1968 (amended in 1976)	Regulations that provide for the preservation and protection of antiquities.
Wetland Protection Act 2000	The law provides for the protection of water bodies of the cities, divisional and district towns, and municipalities. The water bodies in the rural areas are outside the jurisdiction of this Act. However, the Act does not have any provision that prohibits construction of any kind of permanent or temporary structure within a determined distance of the water bodies.
Natural Water Bodies Protection Act 2000	According to this Act, the character of water bodies (i.e. rivers, canals, tanks, or floodplains identified as water bodies in the master plans or in the master plans formulated under the laws establishing the municipalities in division and district towns) shall not be changed without approval of the concerned ministry. This Act is under the Rajdhani Unnayan Kartipakkha/Town Development Authority/Municipalities.
Wildlife (Protection and Safety) Act 2012	Provides for the conservation and safety of biodiversity, forest and wildlife of the country by repealing the existing law relating to conservation and management of wildlife of Bangladesh. Under this Act, hunting, trapping, killing of wildlife are strictly prohibited.

Regulation	Brief Description
The Protection and Conservation of Fish Act 1950 (amended, 1985, 1995, 2002)	This Act provides for the protection and conservation of fish. This Act defines fish as “all cartilaginous, bony fishes, prawn, shrimp, amphibians, tortoise, turtles, crustacean animals, molluscs, echinoderms and frogs at all stages in their life history.”
The Embankment and Drainage Act, 1952	This Act consolidates the laws relating to embankments and drainage; providing for the construction, maintenance, management, removal and control of embankments and water courses for better drainage of lands and for their protection from floods, erosion or other damage by water.
Bangladesh Water Act 2013	This Act makes provisions for integrated development, management, abstraction, distribution, use, protection and conservation of water resources.
Bangladesh Rules 2018	Defines the role and responsibilities of the Water Resources Planning Organization (under Ministry of Water Resources) in ensuring sustainable water management in Bangladesh; establishes requirements and procedures for clearance and oversight of projects affecting water resources
Bangladesh Labour Act 2006, Bangladesh Labor Act 2013, Factory Rule 1979	These regulations aim to protect the interests and rights of the workers, in provision of comfortable working environment, reasonable working conditions, and to ensure workers' safety. This also provides for the prohibition of employment of children and adolescent.
Bangladesh Labour Rules 2015	The rules state compliance procedure to engage manpower and obtaining approval of the Manpower Policy. The Rules prescribe the process and forms for the registration of manpower supply agencies under the Labour Act and use of certain forms for various register such as service book, labour register, leave register, etc.
Public Procurement Rule 2008	Applies to the procurement of goods, works or services by any government, semi-government or any statutory body established under any law; includes measures regarding the safety, security and protection of the environment in construction works; requires contractors to take all reasonable steps to safeguard the health and safety of all workers on site, protect the environment on and off the site, and avoid damage or nuisance to persons or to property of the public or others

28. **Renewable Energy Policy of Bangladesh, 2008.** The renewable energy policy of

Bangladesh approved on December 18, 2008 has the target of developing renewable energy resources. This Policy lays out the target of meeting 5 percent of total power demand from renewable energy sources by 2015 and 10 percent by 2020. The policy provides an overall guidance for institution arrangements, resource, technology and program development, investment and fiscal incentives and regulatory policy. The policy promotes the appropriate, efficient and environment-friendly use of renewable energy. It also suggests that for large biomass electricity projects (i.e., greater than 1 MW) the project developer must demonstrate that the biomass is being sustainably harvested and no adverse social impact will result from that development. It also restricts the larger scale production and use of biofuels which may jeopardize the existing crops.

29. In the Eighth Five Year Plan (2020 – 2025)⁸, the government has set a target of achieving 10% of total power generation capacity from renewable energy through solar power projects, utility scale PV projects, and wind energy projects. At present, 649.51 MW of electricity is being generated from renewable sources. Furthermore, 543.08 MW renewable projects are under construction and 1416.41 MW renewable projects are under planning (8FYP). To achieve this, the Government would explore new technologies that can reduce cost and enhance Bangladesh's usage of renewable energy options, provide incentives to invest in the production of renewable energy, and also provide incentives to households to use renewable energy. The Government will expand the work program of the Infrastructure Development Company Limited (IDCOL), which has facilitated the use of renewable energy in economic activities.

c. Categorization and environmental approval process by Government of Bangladesh

30. The Environment Conservation Rules stipulate a four-level color-coded typology of impact potential as the basis for determining the environmental clearance process for different types of proposed projects, and the extent of environmental assessment work that must be done in support of clearance applications submitted by proponents. The categorization framework is outlined in Table III-2 and Figure III-2.

31. The Environment Conservation Rules (Schedule I) provide indicative lists of types of projects, facilities and infrastructure that would normally fall into each assessment category. These lists are not comprehensive, and the listed types may in many cases not apply unambiguously to a given proposed infrastructure element or project activity. Further, the matters of scale and context, which determine so much of impact potential, are not strongly addressed by the indicative lists. Assigning an assessment category thus has to be informed by expert judgement, based on the initial specifications of the planned project infrastructure and activities, and basic details of the project environment. DoE will review the preliminary infrastructure plans for proposed subprojects and make a determination regarding the categorization of the subproject components, on a case-by-case basis.

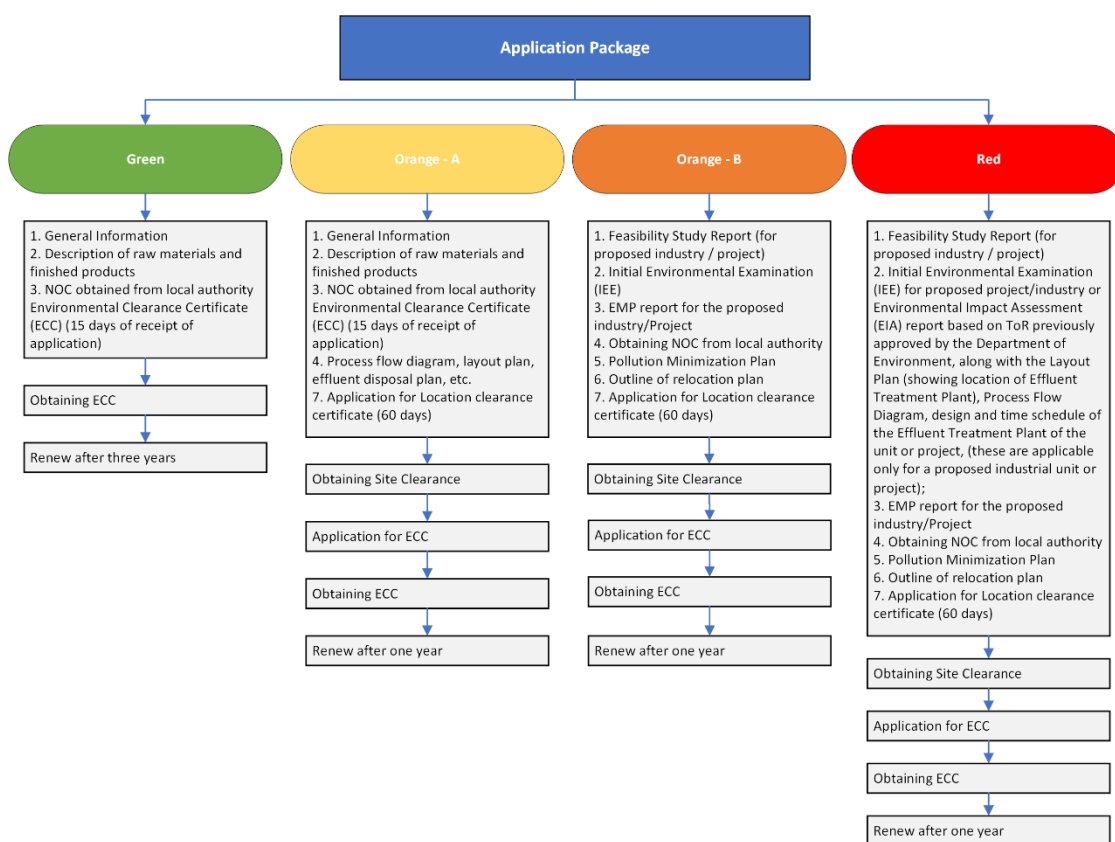
Table III-2 DoE categorization schemes and requirements

Category	General Environmental Assessment Requirement
Green	No environmental assessment required to support application for environmental clearance

⁸ Government of Bangladesh. 2020. *Eighth Five Year Plan FY2020–FY2025: Promoting Prosperity and Fostering Inclusiveness*. Dhaka.

Category	General Environmental Assessment Requirement
Orange-A	No environmental assessment required, but detailed project information, including process flow diagrams and effluent treatment arrangement, must accompany application for environmental clearance
Orange-B	Initial Environmental Examination (IEE) required, and project can proceed to environmental clearance application once IEE is approved by DOE
Red	Brief IEE required to establish ToR for comprehensive Environmental Impact Assessment (EIA), and project can proceed to environmental clearance application after EIA and Environmental Management Plan (EMP) have been approved by DOE, often subject to conditions

Figure III-2 DoE categorization scheme and requirements for clearance



32. Regardless of assessment category, all applications for environmental clearance must be accompanied by a NOC obtained from local authorities (Union Parishad Chairman or Upazila Nirbahi Officer in rural BCP locations, and from several entities in urban locations such as Dhaka), and by an application fee. NOCs may also be required from key agencies (e.g., Water Resources Planning Organization, Forests Department, Ministry of Fisheries) if the proposed project has any potential relevance for the natural resources under their remit. The proponent is responsible for obtaining the NOCs and paying the application fee. The proponent is also responsible for

renewing the clearance certificate, once obtained, on a yearly basis, paying a fee for each renewal. Fines are levied when the proponent allows the clearance certificate to lapse.

33. **Bangladesh Bank's ERM Guideline.** With a view to integrating sustainability into overall credit management of banks and FIs, Bangladesh Bank (BB) issued Guidelines on Environmental Risk Management (ERM) in 2011 which has been the pioneering initiative from any central bank or financial sector regulator. The latest update has been made to ERM in February 2017⁹. Being a financial management Institute, the ERM also applies to IDCOL. In parallel to the DOE assigned four color coded environmental categories, the Bangladesh bank's ERM also proposed to assign financial intermediary as a risk category to those transactions involving clients such as banks, microfinance institutions, private equity funds, and leasing and insurance companies, which act as financial intermediaries in making financing available to other clients. The BB's ERM proposed 3 categories: (a) High - transactions typically involve clients with business activities with significant adverse environmental and social impacts that are sensitive, diverse, or unprecedented. A potential impact is considered sensitive if it may be irreversible (such as loss of a major natural habitat), affect vulnerable groups or ethnic minorities, involve involuntary displacement and resettlement, or affect significant cultural heritage sites; (b) Medium - transactions typically involve clients with business activities with specific environmental and social impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures and international best practice. Potential adverse environmental impacts on human populations or environmentally important areas are less adverse than those of High risk transactions; and (c) Low - Transactions typically involve clients with business activities with minimal or no adverse E&S impacts.

34. **Safeguards requirements of ADB.** Safeguard requirements for all projects funded by the ADB are defined in the SPS 2009. This document establishes an environmental and Social safeguards review process to ensure that projects undertaken as part of programs funded through ADB loans are sound with respect to safeguards impacts, are designed to operate in compliance with applicable regulatory requirements, and are not likely to cause significant environmental, health, safety hazards or negative impacts on asset or livelihood of community. The SPS 2009 is one of the key Bank Policies collected in the ADB Operations Manual. The policy promotes international good practice as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety Guidelines.

35. The SPS 2009 provides a framework of expectations for environmental analysis, engagement with stakeholders and communities potentially affected by projects, reporting, and follow-up implementation. Key prescriptions include the following:

- (i) At an early stage of project preparation, the proposed project will be screened against ADB's Prohibited Investment Activities List (PIAL). Once the project is screened past PIAL, the borrower/client will identify potential direct, indirect, cumulative and induced environmental impacts on and risks to physical, biological, socioeconomic, and cultural resources and determine their significance and scope, in consultation with stakeholders, including affected people and concerned NGOs. If potentially adverse environmental impacts and risks are identified, the borrower/client will undertake an environmental assessment as early as possible in the project cycle. For projects with potentially significant adverse impacts that

⁹ Bangladesh Bank (2017) Guidelines on Environmental & Social Risk Management (ESRM) for Banks and Financial Institutions in Bangladesh. URL: https://bb.org.bd/aboutus/regulationguideline/esrm_guideline_feb2017.pdf Date Accessed: 8 August 2021.

are diverse, irreversible, or unprecedented, the borrower/client will examine alternatives to the project's location, design, technology, and components that would avoid, and, if avoidance is not possible, minimize adverse environmental impacts and risks;

- (ii) The assessment process will be based on current information, including an accurate project description, and appropriate environmental and social baseline data;
- (iii) Impacts and risks will be analyzed in the context of the project's area of influence;
- (iv) Environmental impacts and risks will be analyzed for all relevant stages of the project cycle, including preconstruction, construction, operations, decommissioning, and post-closure activities such as rehabilitation or restoration;
- (v) The assessment will identify potential trans-boundary effects as well as global impacts; and
- (vi) Depending on the significance of project impacts and risks, the assessment may comprise a full-scale environmental impact assessment (EIA) for Category A projects, an initial environmental examination (IEE) or equivalent process for Category B projects, or a desk review.

36. Screening for potential social and environmental impacts is a critical early step in the preparation of a proposed ADB-funded project. Preliminary project conceptual designs and sites are evaluated using a standard checklist, and assigned to one of four categories, as follows:

- (i) **Category A.** A proposed project is classified as category A if it is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An Environmental Impact Assessment is required.
- (ii) **Category B.** A proposed project is classified as category B if its potential adverse environmental impacts are less adverse than those of 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. An Initial Environmental Examination is required.
- (iii) **Category C.** A proposed project is classified as category C if it is likely to have minimal or no adverse environmental impacts. No environmental assessment is required, although environmental implications need to be reviewed.
- (iv) **Category FI.** A proposed project is classified as category FI if it involves investment of ADB funds to or through a financial intermediary.

37. **Anticipated categorizations.** The proposals for infrastructure development at specific locations in the project's initial concept paper are broadly indicative and preliminary. Further site-specific scoping and design work, as well as environmental analysis, will be required before the appropriate categorization can be confirmed with DoE. All the elements of the initial infrastructure proposal may fall into a wide range between Green to Red category. Although the DoE categories needs to be reviewed and confirmed, the likely categories under PPIDF are presented in Table III-3 Likely categorization of the proposed investments under PPIDF according to ADB SPS (2009), ECR 1997 (and amendments) and Bangladesh Bank (BB) ERM guideline (2017).

Table III-3 Likely categorization of the proposed investments under PPIDF according to ADB SPS (2009), ECR 1997 (and amendments) and Bangladesh Bank (BB) ERM guideline

(2017)

Proposed investment	Likely category under ADB SPS 2009	Likely category under ECR and amendments	Likely category under BB's ERM guidelines 2017	Consideration (as samples presented in ECR and amendments)
Renewable Energy (Solar Energy Plant)	B/C	Green	Low	Renewable energy
Roads	B	Orange – B	Medium	Extension, repair and upgradation of roads
Telecommunications	B/C	Orange – B	Medium	Cable laying
Bridge >150m	B	Red	Medium	Bridge larger than 150m are considered Red category
Public infrastructures (i.e., multistoried buildings)	B	Orange – B	Medium	Structures like hotels, markets etc.
Water supply and distribution	B	Red	High	Laying of underground pipeline, extraction of ground water

Involuntary resettlement requirements: Social safeguards will follow SPS 2009 and involve a structured process of impact assessment, planning, and mitigation to address the adverse effects of projects throughout the project cycle. 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. The policies apply to all ADB-financed projects, including private sector operations, and to all project components: (i) screening and scoping of the key issues start as soon as potential projects for ADB financing are identified and continue throughout the project cycle; (ii) impacts are assessed, safeguard plans summarizing mitigation measures, monitoring program, and institutional arrangements are prepared, and arrangements are made to integrate safeguards into project design and implementation; (iii) affected people are consulted during project preparation and implementation and information is disclosed in a form, manner, and language accessible to them; and (iv) safeguard plans are disclosed to the public and the information is updated at various stages in the project cycle. ADB's safeguard policies require that both ADB's and DMCs' safeguard requirements are complied with.

Table III4b Likely social safeguards categorization of the proposed investments under PPIDF according to SPS 2009

Proposed investment	Anticipated IR category under ADB SPS 2009	Anticipated IP category under ADB SPS 2009	Remarks
Renewable Energy (Solar Energy Plant)	C	C	Negotiated arrangements-lease or purchase
Roads	B	C	Land acquisition may trigger
Telecommunications	C	C	Negotiated arrangements-lease or purchase
Bridge >150m	B	C	Land acquisition may trigger
Public infrastructures (i.e., multistoried buildings)	C	C	Negotiated arrangements lease/private purchase
Water supply and distribution	C	C	Existing RoW

4. Land acquisition and resettlement & Applicable Law of the Govt.

38. **Involuntary Resettlement:** In accordance with the ADB SPS 2009, IDCOL dealing with the overview of ESSF 2021 will avoid involuntary resettlement wherever possible; minimize involuntary resettlement by exploring project and design alternatives; enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and improve the standards of living of the displaced poor and other vulnerable groups.

39. The involuntary resettlement safeguards will cover physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas¹⁰. For taking appropriate measures, IDCOL will assess whether such losses and involuntary restrictions are full or partial, permanent or temporary.

40. The Bangladesh Constitution 1972 (Articles 42 and 47) sets forth the basic principles of property compensation while the Land Acquisition Act 1894, and the Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 1982 (amended in 1994, 1995, and 2004) are regulations being enforced by the Revenue Department. This ordinance supersedes Land Acquisition Act 1894 and is the current legislation and guidelines on acquisition and requisition of land involving legal property owners who are supported by ownership documents such as deeds, title, or agreements to be eligible for compensation under the law. Furthermore, in need of

¹⁰ ADB SPS 2009, page 17

emerging demands of land acquisition for the development projects and increasing compensation for the acquired lands and properties to the affected people, Govt of Bangladesh has imposed new laws is called Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 2017. Presently, ARIPO 2017 is the main national regulation and guideline for the respective authority, Deputy Commissioner (DC) of the central government, for imposing laws and the assessment of the land acquisition as well as pay compensation to the affected persons for losing properties. However, there are few gaps between the ADB SSP 2009 and ARIPO 2017 of the Govt. of Bangladesh to determine the compensation for the project affect persons for losing lands and other properties. Govt. laws does not allow the resettlement of the affected persons / families and does not allow to pay compensation to the non-title landowners who generally occupy and use the government lands for long years. On the other hand, ADB safeguards policy 2009 allows paying compensation to the non-title landowners and recommend to ensure resettlement to the affected persons/ families along with the support of livelihood restoration program, thus the ESSF will deal with the ADB policy in this respect. It is to be noted that any deviation between ARIPA 2017 and SPS 2009, the provisions on compensation mentioned in SPS 2009 will prevail. The gaps between ADB SPS 2009 with GoB ARIPA 2017 has been included as Annex 12 in this document.

41. Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 2017. For the determination/ assessment of the price the existing Land Law of the GoB¹¹, 2017 spells out the following points: Matters to be considered in determining compensation: (i) in determining the amount of compensation to be awarded for any property to be acquired under this Part, the Deputy Commissioner shall take into consideration- (a) the market value of the property at the date of publication of the notice under section 4; (b) Provided that in determining such market value, the Deputy Commissioner shall take into account the average value, to be calculated in the prescribed manner, of the properties of similar description and with similar advantages in the vicinity during the twelve months preceding the date of publication of the notice under section 4; (c) the damage that may be sustained by the person interested, by reason of the taking of any standing crops or trees which may be on the property at the time of the making of the joint list; (d) the damage that may be sustained by the person interested by reason of severing such property from his other property; (e) the damage that may be sustained by the person interested by reason of the acquisition injuriously affecting his other properties, movable or immovable, in any other manner, or his earnings; and (f) if in consequence of the acquisition of the property, the person interested is likely to be compelled to change his residence or place of business, the reasonable expenses, if any, incidental to such change. (ii) While the government is acquiring land, it shall provide the persons interested with compensation of 200 per centum of the market price as defined in subsection 1(a): Provided that if the government acquires the land for any non-government person, then the amount of compensation shall be 300 per centum. (iii) In cases of injuries made under sub-section 1(b), (c), (d) and (e), additional 100 per centum compensation shall be provided. (iv) Notwithstanding any compensation provided under this section, necessary steps may be taken to rehabilitate evicted persons due to acquisition in the prescribed form.

42. The first step in acquiring land is an application to the Ministry of Land through the concerned ministry requesting requisition and transfer of the land and property in question. A detailed statement specifying whether the land mentioned in the application is needed for public or private purpose, the area of the land, a sketch-map, purpose for which it could be used, etc. should be submitted as well. The Ministry of Land examines the application and sends it to the concerned Deputy Commissioner for necessary action. The Deputy Commissioner then authorizes the Additional Deputy Commissioner related to land (ADC Revenue) to prepare and

¹¹ Land Law

execute a plan of action for requisition. The Deputy Commissioner in turn issues a public notice regarding the acquisition with a view to settling matters relating to payment of compensation to the owner or owners of the property or any other person or persons entitled to compensation, and any other related issues. When any property is required temporarily for a public purpose or in the public interest, the Deputy Commissioner may requisition it by an order in writing. In case of such a requisition of property, compensation shall be paid to the owner or owners of the property determined in accordance with legal provisions, and the decision taken by the government is deemed to be final. Any person who contravenes or attempts to contravene an order, or who obstructs the enforcement of an order, is punishable with imprisonment for a term which may extend to three months, or with a fine which may extend to Taka three thousand, or with both. (source: *Acquisition and Requisition of Immovable Property Ordinance (ARIPO) 2017, Govt of Bangladesh*)

43. **Indigenous people.** Articles 11, 19, and 28 of the Bangladesh Constitution 1972 provide for the protection of the fundamental rights of all citizens which include IP. Article 23 and 24, specifically, provide for the protection of the cultural tradition of IP. The *Chhoto Nagpur Tenancy Act* of 1908 allows for (i) individual ownership of lands to ethnic communities by which transfer of tribal land to non-tribal people without the permission of the Deputy Commissioner would be illegal; (ii) free to profess and practice their religions and develop their own culture, and (iii) *Adivasi* right to protect their own land¹² and CHT (Land Acquisition) Regulation, 1958 (as amended 2019). Later on, the addendum for ARIPA 2017 enacted in 2018 on Small Ethnic communities give equivalent compensation packages recognizing the rights of customary land. The project will not finance any component that will result in negative impacts to small ethnic communities. In case of unanticipated impacts, the ESSF provide following guidelines to deal with the following agreement in case of Indigenous Peoples:

44. An Indigenous Peoples plan (IPP) will be prepared as per policy agreement with ADB based on the social impact assessment which requires to draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. In case there are any direct or indirect impact on small ethnic communities are identified.

45. In dealing with the ADB SSP 2009, IDCOL through ESSF 2021 will design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) will receive culturally appropriate social and economic benefits, (ii) will not suffer adverse impacts as a result of projects, and (iii) will be able to participate actively in projects that affect them. The Indigenous Peoples safeguards will be activated if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset¹³. Furthermore, in line with the ADB SSP 2009, IDCOL will focus on the following principle in case of preparing the IPP.

46. Policy Principles of IDCOL Indigenous People Plan (IPP) dealing with ADB needs to explain in screening to determine (i) whether Indigenous Peoples are present in, or have collective

¹² *Adivasi* are groups referred to by international organizations as indigenous peoples can be referred to in Bangladesh as ethnic minorities or *adivasi*(s). *Adivasi* is the term employed in the draft "National Policy on Involuntary Resettlement and Rehabilitation, 2008." *Adivasis* in Bangladesh include Chakmas and other groups in the Chittagong Hills, Garos in Madhupur Forest, Khasis in Sylhet, Rakhains in Cox's Bazar and/or Patuakhali and Santhals in Rajshahi and/or Dinajpur and other smaller communities in the country

¹³ ADB SPS 2009 page :18

attachment to the project area; and (ii) whether project impacts on Indigenous Peoples.

47. Screening early to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples are likely.

48. Undertaking a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples.

49. Giving full consideration to select the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples. (*Source of reference: ADB SPS, 2009, page-18*).

50. In June 2009, ADB introduced SPS 2009 defining the policy objectives, scope and triggers, and principles for three key safeguard areas: environment, IR, and IP. Then on 30 January 2011, the Bangladesh Bank issued the guidelines on environmental risk management integrating environmental risk management practice into credit risk management procedures. Bangladesh Bank requires banks and financial institutions to adopt the environmental risk management practices in a formal and structured manner in line with global norms. This requirement aims to protect financing from the risks of a deteriorating environment and to ensure sustainable banking practices.

51. In order to be consistent with SPS 2009 and to comply with the requirements of Bangladesh Bank, IDCOL revised and updated in 2011 the ESSF 2008 with support from ADB¹⁴.

52. IDCOL adopted ESSF 2011 for the review and assessment of subprojects under PPIDF 2¹⁵. The Third Public-Private Infrastructure Development Facility (PPIDF 3) is a continuation of the work carried out under the Public-Private Infrastructure Development Facility (PPIDF 1) and the Second Public-Private Infrastructure Development Facility (PPIDF 2) in addressing the infrastructure deficiencies in Bangladesh. Through the two earlier interventions, ADB has provided long-term debt financing and catalyzed private sector participation through the implementing agency, i.e. Infrastructure Development Company Limited (IDCOL) which substantially contributed to economic growth in the country. The design of the project serves to catalyze commercial financing for public-private partnership (PPP) projects, thereby reducing the pressure of direct financing on the public budget.¹⁶

C. Environmental and Social Management Procedures

53. **Screening.** During the identification stage for a possible subproject, the Environmental and Social Safeguard (ESS)¹⁷ staff (or IDCOL consultant) will refer to the Prohibited Investment Activities List (PIAL) (Annex 1) to check if it involves a prohibited activity. If it does, the sub borrower or government agency will be informed that the subproject will not be considered. In

¹⁴ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Supplementary Grant and Administration of Supplementary Grant to the People's Republic of Bangladesh for the Public-Private Infrastructure Development Facility*. Manila.

¹⁵ Infrastructure Development Company Limited. 2011. *Environmental and Social Safeguards Framework: Policy and Procedures*. <http://idcol.org/download/1d8514287c3e7cda76423b33a781f79c.pdf>

¹⁶ Project Overview, ADB <https://www.adb.org/projects/42180-016/main#project-overview>

¹⁷ Environmental and Social Safeguard staff in IDCOL.

addition, subprojects that will generate power using coal and HFO will be excluded from the use of ADB funds.

54. **Rapid Environmental Assessment (REA)/Social Safeguard Screening.** If the possible subproject is not listed in the PIAL and will not use coal or HFO as fuel to generate power, the ESS staff (or IDCOL consultant) will work with the sub borrower to make a rapid assessment of the potential environmental and social impacts associated with the subproject. The rapid environmental assessment (REA) checklist (Annex 2) and social safeguard screening checklist (Annex 3) are designed to guide the ESS staff (or IDCOL consultant) and the sub borrower in determining the significance of the potential impacts of the prospective subproject. Subprojects are required to conduct climate screening and prepare climate risk vulnerability assessment report if climate change triggers by the proposed subproject.

55. **Categorization.** Upon completion of the environment and social safeguard screening checklists and verification work are done by the ESS staff (or IDCOL consultant), the subproject will be classified as one of the following categories: Category A (with potential significant environmental and/or social impacts); Category B (with less significant environmental and/or social impacts), and Category C (with minimal or no impacts). The applicable safeguard requirements are given in in para. 33 – 35 and likely categorization of the proposed subprojects are summarized in Table III-3 Likely categorization of the proposed investments under PPIDF according to ADB SPS (2009), ECR 1997 (and amendments) and Bangladesh Bank (BB) ERM guideline (2017). Process of the environmental safeguards due diligence requirements of ADB financed PPIDF projects are illustrated in Figure III-3. The ESS staff (or IDCOL consultant) will complete the categorization following the guidelines provided in the ESSF. However, in case of a new type of subproject considered for ADB financing, IDCOL's ESSF staff can submit the environment and social safeguard checklists to designated safeguard staff of ADB or in Bangladesh Resident Mission (BRM) for initial review and confirmation of the categorization. However, the project will not finance category FI A for environment. Annex 4 presents the form to request for confirmation or endorsement of the safeguards categorization of the subproject. The complete flow diagram of the environmental and social management is given in Figure III-3.

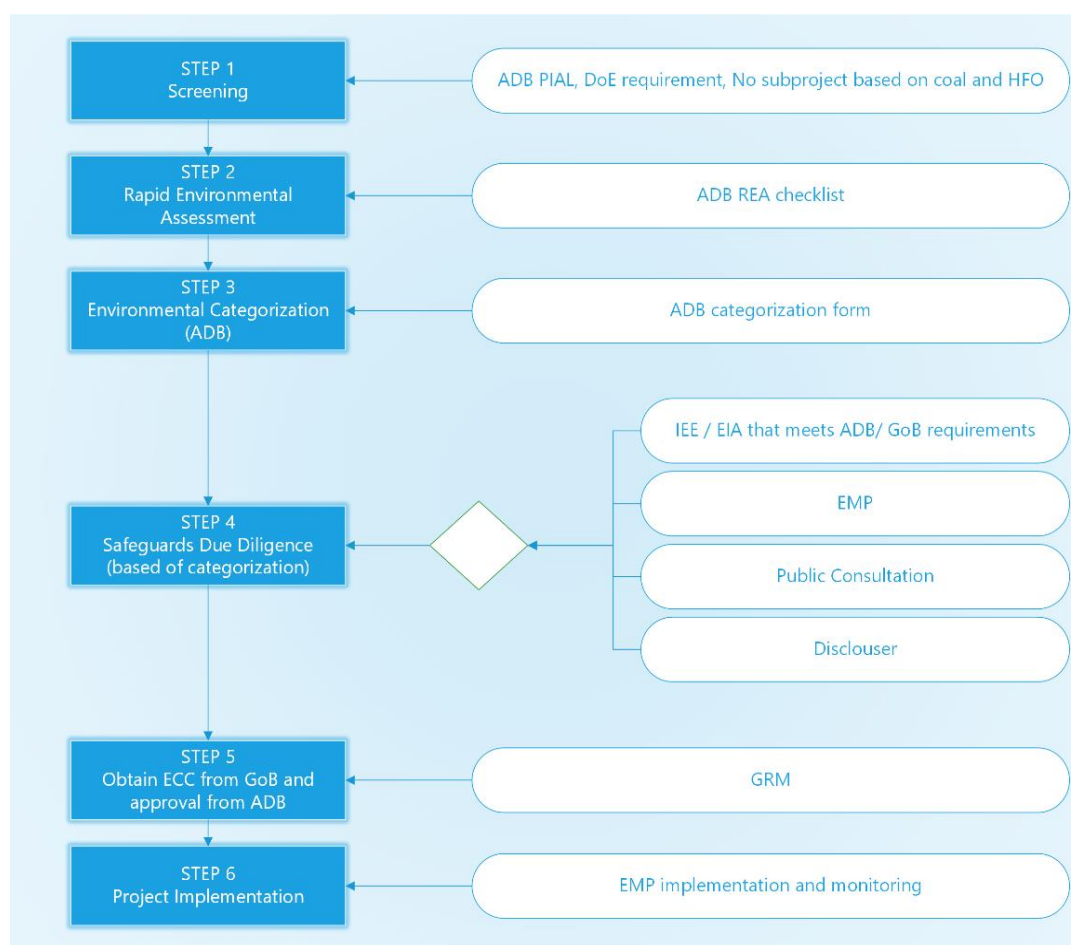


Figure III-3 Flow Diagram of Environmental Safeguards Due Diligence of ADB-Financed PPIDF Project

Table III-4: In case of IR impacts. Institutional Responsibilities in Ensuring Social Safeguards PPIDF 3

Steps	Activities	Responsibilities Arrangements
Step-1	Screening	Implementing Agency and IDCOL; ADB accepted screening format
Step-2	Due diligence	Identification and assessment of impacts, IA and IDCOL
Step-3	Documentation	In case of IR impacts, as required by SPS 2009, preparation of RP-IA
Step-4	RP preparation	Consultation, RP preparation, submission for ADB approval-IA, IDCOL
Step-5	Budget	Budget allocation and ministry approval-IA with IDCOL support
Step-6	Disclosure	Approved RP disclosed as per SPS requirement, ADB, IDCOL
Step-7	Implementation	Formation of GRC and relevant committees as required-IA/IDCOL
Step-8	Monitoring	Consultation and monitoring RP implementation-IDCOL/ADB

56. **Safeguards due diligence.** Once the categorization has been endorsed by ADB, the ESS staff will advise the sub borrower of the required safeguard due diligence (Table III-5). No safeguards category A subprojects will be funded by PPIDF3. For nominal or category B impacts, IDCOL safeguards team will inform the sub borrower that (i) safeguard requirements 1-3 of the SPS 2009 will apply, including the preparation of an initial environmental examination (IEE)¹⁸, a resettlement plan (RP), and/or an indigenous people's plan (IPP); and (ii) the sub borrower shall submit these reports to IDCOL for initial review. IDCOL will also submit these reports to ADB for review to ensure compliance with the requirements of SPS 2009. Outlines for an IEE/EIA, RP, and IPP are given in Annex 5, Annex 6, and Annex 7, respectively.

57. For subproject with no/less significant potential impacts (i.e., category C), the ESS staff will inform the sub borrower of the national requirements given in the policy and legal instruments section.

5. National requirements

58. Aside from the requirements of SPS 2009 on screening and categorization, the potential subproject can be screened also following the national requirements consistent with policy and legal instruments section of this ESSF arrangement. Annex 8 presents the guide to environmental procedures as required by the DOE. The safeguards requirements are given in Table III-5.

Table III-5 Safeguards requirements as applicable for the project

Category (Risk Rating)	Environmental Safeguards	Involuntary Resettlement Safeguards	Indigenous Peoples Safeguards
Category B (with less significant impacts)	Comply with (i) Safeguard Requirements 1 of ADB SPS (2009), national laws and ADB's PIAL. Per ECR 1997 (national law), if the category of sub-project in Red or Orange B, sub borrower will prepare EIA and obtain ECC from DoE.	Comply with ADB SPS (2009), national laws and ADB's PIAL Comply with (i) Safeguard Requirements 2 of the ADB Safeguard Policy Statement, including RP preparation & submission, and (ii) national laws	Comply with ADB SPS (2009), national laws and ADB's PIAL Comply with (i) Safeguard Requirements 2 of the ADB Safeguard Policy Statement, including RP preparation & submission, and (ii) national laws
Category C (with minimal or no)	Comply with national laws and ADB's PIAL	Comply with national laws and ADB's PIAL	Comply with national laws and ADB's PIAL

¹⁸ If the category of corresponding project is Red per GOB guidelines, sub borrower will also prepare an environmental impact assessment (EIA) in parallel to meet country requirements (Table III).

impacts)			
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Source: ADB, Involuntary Resettlement Safeguards: A Planning and Implementation Good Practice Sourcebook (Draft Working Document, November 2012), Appendix 4.

6. Due diligence

59. The ESS staff (or IDCOL consultant) will conduct environmental and social due diligence. Depending on the complexity of the subproject, due diligence can be a desk review/site visit (for category C subproject), or a full-scale review conducted by the ESS staff (or IDCOL consultants) or by 3rd party consultant(s) (for category B subproject).

60. The sub borrower must provide all requested information to ESS staff (or IDCOL consultant) and should be able to demonstrate responsiveness with regard to the applicable environmental and social safeguard requirements. An environmental due diligence report will be prepared for category B subprojects and the results of the due diligence will be reflected in the report to the Investment Division of IDCOL, who will consider these safeguard issues in approving the subproject. Annex 9 presents an outline of a due diligence report. For social safeguards, in case of land acquisition or IR impacts are triggered, a Resettlement Plan has to be prepared and disclosed after approval from both ADB and EA prior any construction that may lead to IR impacts.

61. The PPIDF project will not finance any category A impact projects both for environment or social safeguards aspects. All subproject agreements will contain appropriate environmental and social covenants requiring the subproject to be in compliance in all material respects with the applicable environmental and social safeguard requirements as defined in Section III.3.2 and III.3.3.

62. **IDCOL and Bangladesh Bank requirements.** Subprojects under the PPIDF 3 T2 will be evaluated according to ESSF 2021, as updated for PPIDF-3, T2. Currently, ADB is undertaking stakeholder consultation in the DMCs for bank-wide updates of the SPS 2009. While still aligned with SPS 2009, the updated ESSF 2021 will be used for the assessment and evaluation of subprojects considered for funding and the organizational set-up of IDCOL in relation to safeguards, to incorporate the draft guidelines of Bangladesh Bank on environmental and social risk management (ESRM) for banks and financial institutions (February 2017), and to accommodate the proposed market expansion on infrastructure finance through take-out financing to be introduced in PPIDF 3. The ESRM guidelines (February 2017) expands the scope of social assessments introducing a robust and quantitative scoring methodology to improve the estimation of the environmental and social risks, and credit risks. In line with the Bangladesh Bank requirements, IDCOL needs to continue including ESRM as part of its loan approval and monitoring process. As it was done under PPIDF 1 and 2, all loans will undergo a screening process and due diligence in relation to their environmental and social risks.

7. Public consultation and disclosure of information

63. Public consultation is not required by national regulations but has been included in the terms of reference (TOR) for the EIA as required by the DOE in securing the site clearance. The SPS 2009 requires public consultation and participation as one of the key elements in conducting safeguards due diligence. IDCOL will require the sub borrower to ensure that public consultation is an integral part of safeguards due diligence.

64. For category B subprojects, IDCOL will require the sub borrower to conduct public consultations at the scoping stage of the environmental and social assessment; and as soon as

the safeguards documents have been completed to present to the key stakeholders the significant findings of the assessments.

65. For refinance and/or existing projects at an advanced stage that is category B, public consultations will be carried out during the environmental and social compliance audit to determine the implementation of environmental management plan (EMP), and if corrective action plan (CAP) will be required.

66. IDCOL will confirm that the sub borrowers have conducted or conduct meaningful consultation with affected persons, their host communities, and civil society. Relevant views of affected persons and other stakeholders will be incorporated into decision making, such as project design, mitigation measures, etc. If these consultations were not undertaken, corrective action and consultations will be reflected in the environmental and social compliance audit. These requirements are given in SPS 2009 and will be complied with by IDCOL.

67. **Disclosure requirements.** While IDCOL and its sub-borrowers will disclose following documents, IDCOL will submit the following documents to ADB for disclosure to their website:

- (i) For Category B subproject, an IEE including EMP prior to appraisal and before the approval of the subproject by ADB;
- (ii) Environmental and social compliance audit for existing facilities and/or business activities that already exist or are under construction before ADB involvement;
- (iii) New or updated IEE and CAP prepared during project implementation, if any;
- (iv) Semi-annual environmental monitoring reports submitted by the sub borrower to IDCOL during implementation (semi-annual).
- (v) Draft RP and/or IPP endorsed by the sub borrower prior to approval of IDCOL Board of Directors;
- (vi) Final RP and/or IPP endorsed by the sub borrower;
- (vii) Approved RP and/or IPP prior to appraisal and before the approval of the subproject by ADB;
- (viii) Final and approved RP and/or IPP prior to award of contracts;
- (ix) A revised and updated RP and/or IPP, and a CAP prepared during project implementation, if required; and
- (x) Social monitoring reports submitted by the sub borrower to IDCOL during implementation.

68. Approved safeguards documents by IDCOL (i.e., IEE, CAP, RP, IPP, environmental and social compliance audit, and safeguards monitoring reports) will be posted to their website. IDCOL will ensure that sub borrower will disclose relevant project information in a timely manner, in an accessible place, and in a form and language(s) understandable to affected persons and other stakeholders.

69. IDCOL will submit semi-annual report to ADB on the status of implementation of the arrangements for environmental and social safeguards management. This semi-annual report will be also posted to the ADB website.

8. Grievance redress mechanism

70. The sub borrower will establish a grievance redress mechanism (GRM) and at least a three-member grievance redress committee (GRC) consisting of an authorized and ESS staff (or IDCOL consultant initially while IDCOL is building its technical and institutional capacity), an elected member (local body) from the project area, and one member from the public who is known to be

a person of integrity, good judgment, and commands respect among the members of the community. Details of the GRM and the GRC will be disseminated to the affected persons through printed handouts, billboards at construction sites, and their websites (if any). The complainant is not restricted to seek redress through the legal system at any point in the GRM process.

71. The sub borrower will document all complaints received, the action taken on each of them, and will include these details in the environmental and social monitoring reports to be submitted to IDCOL (i.e., semi-annually during construction and annually during operation). The GRC will address grievances on safeguards during implementation and will be scaled depending on the risks and adverse impacts of the subproject. The associated costs in setting up and maintaining the GRM will be borne by the sub borrower.

D. Compliance monitoring and reporting

72. **Monitoring process and indicators.** The objectives for monitoring are: (i) to alert project authorities by providing timely information on the environmental and social compliance that are legally required; (ii) to make a final evaluation in order to determine whether the mitigation measures designed into the sub-projects have been restored, improved upon or are worse than before.

73. Environmental monitoring needs to be carried out during the construction as well as operation and maintenance of the subprojects to measure the success of the mitigation measures implemented earlier. Several indicators can be used. Indicators may include: how many people are employed than before; have the biophysical environmental conditions of the area improved? Have the number of on-site accidents being reduced? Has the unaddressed residual impacts have been reduced? etc. The set of indicators will be set at the impact assessments stage and later at the monitoring stage.

74. The following are some of the sample relevant parameters and indicators that can be used to measure environmental management system for the subproject implementor, mitigation plans and performance: (a) Have project resulted in better living standards for the community? (b) How has the adoption of the EMP requirements improved the environmental health and biophysical state of the proposed area? (c) Has EMP implementation resulted in sustainable use of environmental resources and improved efficiency? (d) Are periodic monitoring reports being completed and sent to DoE & Funded Partners? (e) Are processes defined in the EMP working well? (f) How many complain/grievances have been received regarding the project? (g) Based on the results of monitoring, what (if any) changes to the EMP are needed? Should there be additional training/capacity building resources to increase performance?

75. The monitoring indicators needs to be updated as the EMP implementation starts. The monitoring document will be a live document that continues to improve.

76. **Reporting and feedback adjustment.** Upon approval of a subproject, the ESS staff (or IDCOL consultant) will inform the sub borrower that they will be undertaking the obligations of compliance with all applicable environmental and social safeguard requirements and will have to regularly report (quarterly) back to IDCOL on the safeguards compliance issues (both environmental and social). However, subproject with category B or lower will be financed under tranche 2. IDCOL will promptly inform ADB (on semi-annual basis) of any actual or potential non-compliance of the requirements after becoming aware of it. For a category B subproject, which is Category Orange-A/Orange-B/RED for GOB, the ESS staff (or IDCOL consultant) will visit the site

to monitor the implementation of EMP, RP, and/or IPP.¹⁹ During construction phase, the reporting frequency to ADB should be semi-annual, while during operation and maintenance (O&M) phase, the frequency can be annual.

77. For category B projects under SPS 2009 (ADB) and category Red under ECA 1995 and ECR 1997 (GOB), the sub borrower will retain qualified and experienced monitor or experts or qualified NGOs to verify its monitoring information. The expert or NGO will advise on environmental and social compliance issues, identify necessary corrective actions (if any), and reflect them in the Corrective Action Plan (CAP). The CAP will be agreed upon with the sub borrower, IDCOL, and ADB. The CAP will be disclosed to ADB website and will be implemented by the sub borrower. No subproject will proceed with implementation unless the CAP has been approved and publicly disclosed.

78. The environmental and social performance of the subprojects will be evaluated on a semi-annual basis by ADB. The performance benchmark will be the ongoing compliance against the applicable environmental and social safeguard requirements of GOB and ADB. IDCOL will ensure that the sub borrower prepares and submits quarterly environmental and social monitoring report for IDCOL (Annex 10 and Annex 11). The quarterly environmental and social monitoring reports will be reviewed by IDCOL to assess sub-borrowers' performance on environmental and social safeguard issues. Upon receiving 2 quarterly reports, ESS staff (or IDCOL consultant) can analyze the safeguards performance trends of the sub-borrowers and report to ADB as semi-annual monitoring report.

79. Following the review of semi-annual monitoring reports and performance assessment of subprojects that are Category B or less, the ESS staff (or IDCOL consultant) will prepare a semi-annual environmental and social performance report and submit it to the Investment Division of IDCOL and ADB. Compliance to core labor standards and national labor laws will be part of the report submitted to ADB. ADB will check the semi-annual report for compliance status of the projects/sub-projects and provide feedback to IDCOL for adjustment and Corrective Action Plan (CAP), if any. After necessary adjustments IDCOL will resubmit semimanual report to ADB for disclosure. IDCOL will also disclose the final approved semi-annual report on their website.

80. IDCOL will engage independent environmental and social (E&S) consultants to conduct an annual audit on the implementation of the ESSF arrangements. IDCOL will prepare an annual E&S performance report based on the annual audit and the findings from the safeguards monitoring reports submitted by the sub borrower. The annual E&S performance report will be submitted to ADB by IDCOL and the same will be disclosed to ADB website. IDCOL will also set up and maintain a database of nonperforming loans due to safeguards issues. If the sub borrower indicated environmental factors as one of the reasons for delays in making repayments, then this will be noted in the database.

81. The semi-annual reporting of the EMP implementation monitoring is a requirement during the construction phase of the subprojects. During operation and maintenance phase (i.e., liability period) annual reporting of the safeguards monitoring should be good enough to satisfy reporting requirements of ADB.

82. Besides environmental monitoring report (EMR), Social Safeguards Monitoring report (SSMR) is also required by ADB SPS 2009 during construction and operation and maintenance

¹⁹ For category B subprojects (Red of GoB) involving facilities and/or business activities that already exist or are under construction, the ESS staff (or IDCOL consultant) will do site visits to monitor the implementation of the EMP, RP, IPP and/or CAP, if any.

phase of the subprojects. IDCOL will follow the same frequency and mechanism of EMR for SSMR. A summary of the reporting frequencies, responsibilities, responsible institutions and timing of the safeguards monitoring has been given in the following Table.

Table III-6 Environmental reporting requirements and responsibilities

Requirement	Frequency of reporting	Requirement	Responsibilities	Reported to
Quarterly Safeguards Report (Environmental and Social compliance)	- Quarterly during construction - Semi-annual during O&M	Safeguards compliance to GoB, ADB and IDCOL policies	Sub-borrower <u>Responsibilities:</u> Reporting with EMP and ESSF compliance	IDCOL <u>Responsibilities:</u> Review and feedback to sub-borrower with CAP
Environmental Monitoring Report (EMR) Social Safeguards Monitoring Report (SSMR)	- Semi-annual during construction - Annual during O&M	Safeguards compliance to GoB and ADB policies	IDCOL <u>Responsibilities:</u> Reporting with EMP and ESSF compliance	ADB <u>Responsibilities:</u> Review and feedback to IDCOL
Annual E&S audit report	Annual during project duration	<u>Independent analysis of compliance to GoB and ADB policies</u>	IDCOL <u>Responsibilities:</u> Annual Audit Report	ADB <u>Responsibilities:</u> Review and feedback to IDCOL

EMP = Environmental Monitoring Plan, SMP = Social Monitoring Plan, CAP = Corrective Action Plan, E&S = Environmental and Social.

IV. ORGANIZATIONAL RESPONSIBILITIES

A. Infrastructure Development Company Limited as the Implementing Agency

83. The Ministry of Finance, acting through its Economic Relations Division, is the executing agency. The ministry's Finance Division is the financial management agency, and IDCOL is the implementing agency. IDCOL's board of directors will provide policy direction and strategic oversight. The project management unit established at IDCOL under PPIDF 3 is authorized to:

- (i) Monitor the implementation of the investment program and ADB-financed subloans;
- (ii) Build IDCOL's capabilities for monitoring exposure limits, improving its processes, and assessing and analyzing risk; and (iii) ensure compliance with state and national policies and IDCOL's environmental and social safeguard framework (ESSF). The ESSF in turn will ensure compliance with ADB safeguard policies and national norms.

84. It is remarkable that IDCOL is the largest energy and infrastructure financing company in Bangladesh and involved in structuring and financing of many large infrastructure projects in

sectors like power, telecom, toll roads, university, ports, ICT etc. Many of these projects were first of its kind in and vital for the national development Bangladesh. IDCOL has a capable board of governor which consists of 08 (Eight) directors, who are the status of the Senior Secretary of the respective ministry. These directors are governed by a Chairman, who is also the Secretary of the ERD of the Govt of Bangladesh, of the Board of Directors.

85. **IDCOL Services:** IDCOL is one of the leading diversified financial institutions in Bangladesh which provides a wide range of financing for the enhancement of the private-sector infrastructure, renewable energy, energy efficient for which it focusses on Public-Private Partnership (PPP) projects. IDCOL works closely with government entities and regulators in Bangladesh to advise and assist in formulating policy and regulatory frameworks that support private investment and public-private partnerships in infrastructure development.

86. Established on 14 May 1997 by the Government, IDCOL was licensed by Bangladesh Bank as a nonbank financial institution on 5 January 1998. IDCOL aims to facilitate economic development and to improve standard of living through sustainable and environment-friendly investments.

87. Since its inception, the core areas of business that IDCOL has been involved with include (i) financing small, medium, and large infrastructure projects; (ii) refinancing nongovernment organizations and/or microcredit financing institutions' credits to promote RE projects; (iii) providing financial advisory services to both financial institutions and project sponsors and/or borrowers; and (iv) organizing training courses on project finance, financial modeling, and environmental and social safeguards.

88. Aside from ESSF 2011, IDCOL has an environmental and social policy statement approved by its Board of Directors and is compatible with the objectives of SPS 2009 (see Box A). The ESSMU of IDCOL provides technical support to large infrastructure and RE units on safeguards in reviewing and assessment of subprojects according to ESSF 2011. At present, ESSMU has two senior level safeguards staff and two junior level staff where one junior staff will be engaged to manage the social dimensions including gender issues. Of the two senior staff, one safeguard staff reports to the large infrastructure unit head while the other safeguards staff reports to RE unit head.

Box A
Environmental and Social Policy Statement of the Infrastructure Development Company Limited's Environmental and Social Safeguards Framework The Infrastructure Development Company Limited (IDCOL) has a mandate of financing private

Box A	
for developing medium- to large-scale infrastructure and renewable energy projects in Bangladesh. IDCOL recognizes the significance of environmental, health and/or safety, and social considerations in infrastructure development and believes in sustainable development. In order to achieve the above, IDCOL is committed to:	
(i)	Mainstream considerations with respect to environmental, health and/or safety, and social (E&S) issues in appraising and financing infrastructure projects to avoid and/or minimize adverse impacts and risks to the environment and people that may be affected;
(ii)	Ensure compliance with all relevant E&S policy and legislative requirements and laws of the land with which it engages and remain responsive to the E&S requirements of international best practices;
(iii)	Avoid and/or minimize land acquisition and resettlement through selection of appropriate locations and design of projects;
(iv)	Where land acquisition is unavoidable, compensate replacement value of such acquired land and/or property will be paid before displacement or replace with land having equal value and quality together with other facilities such as housing and basic infrastructure facilities; and
(v)	Ensure protection of vulnerable groups, such as the economically and socially disadvantaged, women, children, physically-handicapped, and indigenous peoples and take appropriate measures to restore their livelihood as relevant.

B. Subproject Selection Criteria of the Third Public–Private Infrastructure Development Facility

89. Schedule 4 of the FFA describes the subproject selection criteria that will be followed for the succeeding tranches of PPIDF 3. In addition, the following will be considered:

- (i) The subproject in direct lending and take-out financing complies with SPS 2009, and national laws and regulations on environment, IR, and IP applicable at the date the relevant periodic financing request (PFR) is submitted;
- (ii) The project will not finance any category A impact sub-projects for environment, IR or IP according to SPS 2009;
- (iii) The subproject was prepared in compliance with Schedule 5 of the FFA (poverty and social dimensions and safeguard requirements); and
- (iv) The subprojects are anticipated to avoid any IR impacts through land purchase or negotiated settlement according to para 25 Annex 2, SPS 2009. The project will avoid any significant resettlement impacts, which may trigger IR category A. If land is made available through direct purchase, leasing, or government-owned, it will be screened to ensure that no physical or economic displacement of persons will take place. In case of any IR impacts a Resettlement Plan will be prepared, approved and disclosed prior any construction works that may trigger negative impacts;

90. IDCOL will continue to ensure that ADB funds will not be applied to activities described in the ADB Prohibited Investment Activities List, Appendix 5 of SPS 2009 (see Annex 1).

C. Environmental and Social Safeguards Framework 2021

91. This section provides a summary of procedures according to ESSF 2011²⁰. Since there have been no changes in SPS 2009 since its full implementation in January 2010 along with the relevant environmental and social safeguards regulation by the Government, these procedures are still valid in terms of meeting the requirements of ADB. Subprojects under PPIDF 3 will be assessed and reviewed according to the current ESSF 2021 following the subproject selection criteria outlined in the FFA and in Section 3.0 of this ESSF arrangement. Aside from this, appropriate loan covenants will be included in each subloan agreement to ensure full compliance with SPS 2009. Further strengthening of the ESSF will be done under the TA piggybacked to PPIDF 3 to incorporate the relevant requirements of Bangladesh Bank in the proposed ESRM 2015 and to streamline procedures in the review and assessment of subprojects.

92. One of the core principles of the Bangladesh Banks's ERM Guidelines was to acknowledge that the Guidelines are dynamic in nature and there is a need for updating the guidelines at least every 3 years/as and when required²¹. Subsequently, Bangladesh Bank issued the updated version in February 2017 is named Guideline on Environmental & Social Risk Management (ESRM) for Banks and Financial Institution in Bangladesh. The core objective of the ESRM Guideline is to make banks and FIs realize to integrate Environment & Social (E&S) risks and incorporate appropriate risk mitigation measures in overall credit management to be able for expanding the credit/investment portfolio rather than avoid investing in high E&S risks²². Similarly, IDCOL has updated and revised the ESSF 2016 by replacing the ESSF 2020 in order to be consistent with ADB SPS 2009 and to comply with the requirements of Bangladesh Bank.

93. **Objectives.** Broadly, the ESSF aims for the following:

- (i) Assess infrastructure projects to be considered for funding for their potential environmental and social (E&S) impacts at the early stage of project cycle or IDCOL's entry in the project whichever is applicable;
- (ii) Identify and fulfill all E&S obligations put forth by various external stakeholders (government institutions and global financial institutions [GFIs] such as ADB, World Bank, and International Finance Corporation);
- (iii) Ensure E&S legal compliance of the projects;
- (iv) Influence and mandate (as relevant) clients and downstream agencies to ensure legal compliance and manage E&S risks; and,
- (v) Define and outline policies, procedures, roles, and responsibilities for managing impacts, risks, and effects on environment, IR, and *adivasi* (IP) (Footnote 8) of subprojects that are financed by IDCOL.

94. The ESSF is applicable to all components and subprojects financed from ADB resources as well as well as other funds operated by IDCOL, through direct lending and refinance operations to both public and private sector companies at project and programmatic levels.

95. **Structure.** The ESSF of IDCOL is structured as follows:

- (i) Integrated E&S policy
- (ii) Screening
 - project screening based on the list of prohibited activities of ADB
 - E&S risk rating for the project

²⁰ Infrastructure Development Company Limited. 2011. *Environmental and Social Safeguards Framework: Policy and Procedures*. <http://idcol.org/download/1d8514287c3e7cda76423b33a781f79c.pdf>

²¹ Guideline on Env & Social Risk Management for Banks and Financial Institution in Bangladesh, Feb 2017

²² Guideline on Env & Social Risk Management for Banks and Financial Institution in Bangladesh, Feb 2017

- (iii) Operational procedures for risk mitigation and control
- (iv) Institutional structure for operation of the ESSF including allocation of roles and responsibilities
- (v) Advisory panel of experts to guide the ESSMU
- (vi) Capacity development plan at IDCOL for continued strengthening
- (vii) Semi annual E&S auditing and reporting
- (viii) Updating of ESSF based on feedback and experience of its application to projects.

D. General Operational Procedures for Environmental Safeguard Framework and Social Safeguard Framework

96. The following procedures will be applicable to PPIDF 3 (Tranche 1 and Tranche 2) including other IDCOL funds and shall be implemented by ESSMU in coordination with the investment and loan teams.

- (i) Know-Your-Client (KYC) meeting
- (ii) Prohibited investment activities list
- (iii) Proposed E&S risk rating system

9. Operational Procedures of Environmental Safeguard Framework

1) New or Greenfield Projects

a. High risk projects

97. For new projects categorized as high risk, where corresponding ADB category is A, it will not be selected for ADB support.

b. Moderate risk projects

98. For new projects categorized as moderate risk, the following procedures shall be followed:

- (i) ESSMU must visit the project area.
- (ii) The project proponent shall submit the IEE checklist to IDCOL that was submitted to DOE while applying for LCC.
- (iii) ESSMU shall prepare a preliminary environmental appraisal report (PEAR) based on the risk rating, site visit, and IEE checklist. The PEAR shall also consist of conditions precedent and subsequent to disbursement. The ESSMU shall discuss these conditions with the project proponent and obtain an “in-principle” agreement before sending the same to IDCOL’s Board for approval. The PEAR shall be sent also to ADB for approval before IDCOL approves the loan.
- (iv) The conditions to be incorporated in the PEAR shall, in addition, include the following:
 - The initial environmental examination (IEE) or environmental impact assessment (EIA) shall be prepared based on ADB’s safeguard requirements along with the terms of reference from DOE included during the submission of the IEE/EIA required for locational clearance certificate (LCC). The environmental management plan (EMP) shall include mitigation measures for the key issues identified in the applicable sector.
 - Once IDCOL issues the preliminary letter of support (PLS) and letter of engagement, ESSMU shall conduct a detailed environmental appraisal

based on the EIA and EMP report submitted by the project proponent.

- The IEE or EIA including EMP shall be submitted by ESSMU also to ADB for approval.
 - The requirements of IDCOL ESSF on the Government's legal compliance, implementation of EMP, monitoring, reporting, information disclosure, and grievance redress mechanism shall be included in the loan documentation as covenants. The project proponent shall submit to IDCOL the LCC from DOE before loan disbursement.
 - Upon completing the construction of the project and obtaining the environmental clearance certificate (ECC) from DOE, the project proponent shall submit the same to IDCOL.
- (v) The project proponent shall submit semi-annual monitoring reports on EMP implementation to IDCOL.

c. Low risk projects

99. For new projects categorized as low risk, the following procedures shall be followed:

- (i) The ESSMU shall prepare a PEAR based on review of the loan application form and risk rating.
- (ii) The project proponent shall submit to IDCOL the LCC and/or ECC from DOE before loan disbursement.
- (iii) The requirements of IDCOL ESSF on the Government's legal compliance, EMP implementation, monitoring, reporting, information disclosure, and grievance redress mechanism shall be included in the loan documentation as covenants, if any.

100. All new project agreements between the project proponent (sponsor) and the contractor shall include a prohibition of harmful or exploitative forms of forced and child labor or use of unbonded asbestos fiber during the construction period.

2) Refinancing and/or Existing Projects in Advanced Stage

101. **Moderate risk projects.** The following procedures shall be followed:

- (i) The project proponent shall submit to IDCOL the IEE and EMP as well as the LCC and ECC granted by DOE.
- (ii) ESSMU shall, in addition, visit the project area to check the status of implementation and compliance with the EMP.
- (iii) ESSMU shall prepare a PEAR based on the risk rating, site visit, and review of IEE and EMP. The PEAR shall also consist of conditions precedent and subsequent to disbursement. ESSMU shall discuss these conditions with the project proponent and obtain an "in-principle" agreement before sending the same to IDCOL Board for approval. The PEAR shall also be sent by ESSMU to ADB for approval before IDCOL Board approves the loan.
- (iv) The conditions to be incorporated in the PEAR shall, in addition, include the following:
 - IEE and EMP shall be reviewed by IDCOL based on safeguard requirements of ADB
 - An environmental due diligence report (EDDR) and CAP shall be prepared by ESSMU based on the review of IEE, EMP, and site visit. The CAP shall be

- implemented by the project proponent.
- (v) Once IDCOL issues the PLS and letter of engagement, ESSMU shall conduct environmental due diligence and prepare the CAP appraisal based on the IEE and EMP submitted by the project proponent and additional site visit, where required.
- (vi) The EDDR and CAP shall also be submitted by ESSMU to ADB for approval.
- (vii) The requirements of IDCOL ESSF on the Government's legal compliance, implementation of CAP, monitoring, reporting, information disclosure, and grievance redress mechanism shall be included in the loan documentation as covenants.
- (viii) Upon completing the construction of the project and obtaining ECC from DOE, the project proponent shall submit the same to IDCOL.
- (ix) The project proponent shall submit to IDCOL semi-annual monitoring reports on implementation of CAP.

102. **Low risk projects.** The following procedures shall be followed:

- (i) ESSMU shall prepare a PEAR based on review of the loan application form and risk rating.
- (ii) The project proponent shall submit to IDCOL the LCC and/or ECC from DOE before loan disbursement.
- (iii) The requirements of IDCOL ESSF on the Government's legal compliance, implementation of EMP, monitoring, reporting, information disclosure, and grievance redress mechanism shall be included in the loan documentation as covenants, if any.

103. All refinanced projects agreements between the project proponent (sponsor) and the contractor shall include a prohibition of harmful or exploitative forms of forced and child labor or use of unbonded asbestos fiber during the construction period.

10. Operational Procedures of Social Safeguards Framework

1) New Projects

a. High and moderate risk projects (Cat B projects with anticipated land acquisition)

104. All subprojects that have not yet received a PLS from IDCOL, at the time of ADB's loan effectiveness, are considered as new projects. This case will represent situation of regular project processing and monitoring. The procedural steps for this case are set out below:

- (i) Brief the project proponent on the ESSF during the KYC meeting. Explain the environmental and social safeguard policy requirements in the completion of the loan application form.
- (ii) In preparing loan application, it is strongly advised that the subproject proponent be familiar with the environmental and social policy requirements of the Government.
- (iii) ESSMU technical expert shall visit the project area.
- (iv) ESSMU will review the feasibility report and detailed design of the project, and other relevant documents submitted by the project proponent before the site visit.
- (v) The site visit will comprise of project-specific observations, focus group discussions (FGDs), and key informant discussions with all project-related primary and secondary stakeholders.

- (vi) ESSMU shall prepare an initial poverty and social assessment (IPSA) describing general socioeconomic features of the project-influenced people including the existing poverty level relevant to them. In addition, this assessment will include gender-related information of project-influenced and/or affected people and potential project impact on reducing poverty and other social inequalities.
- (vii) The IPSA will contain basic social impact screening checklists for IR and IP.
- (viii) The IPSA shall also be sent by ESSMU to ADB and other GFIs, if required.
- (ix) An approval shall be obtained from the GFIs (if relevant) before loan approval from IDCOL.
- (x) Based on categorization of project impacts on project influenced and/or affected people, the following reports shall be prepared by the project proponent;
 - resettlement plan (RP)
 - *adivasi* development plan (ADP)
- (xi) The social impact assessment (SIA) is a technical report prepared at the instruction of the lenders and prepared on behalf of the project proponent. The SIA will report the results of the social impacts, focusing on the likely IR effects and impacts on *adivasis* of the proposed subproject. The SIA will be based on quantitative and qualitative project site investigations by a qualified social science professional. The extent of the SIA will be proportionate to the expected IR and impacts on *adivasis*, as indicated by the initial screening of the preliminary project appraisal. Based on the impacts, a resettlement entitlements matrix shall be prepared by the project proponent.
- (xii) The project proponent will submit the required social safeguard reports to ESSMU for review and all finalized report(s) shall be submitted to IDCOL for approval.
- (xiii) Approved RP and ADP shall be sent by ESSMU to ADB and other GFIs (if required).
- (xiv) Once the loan sanction letter is issued, all approved reports by IDCOL, ADB, and other GFIs (if required) shall be posted in their websites for information disclosure.
- (xv) Monitor whether the conditionalities have been met, especially on approvals of RP and/or ADP have been achieved. For projects with an RP and/or ADP, monitoring will be done quarterly. Project proponent will make the social monitoring reports available to affected people. Social monitoring reports will be sent by ESSMU to ADB for disclosure to its website.
- (xvi) Continue monitoring progress on the subproject through monitoring reports received from the project proponent. Conduct field visits, if required.

b. Low risk projects (Category C or no impact projects)

- (i) Brief the project proponent on the ESSF during the KYC meeting. Explain the environmental and social safeguard policy requirements in the completion of the loan application form.
- (ii) In preparing the loan application, it is strongly advised that the subproject proponent be familiar with the environmental and social policy requirements of the Government.
- (iii) ESSMU technical expert shall visit the project area.
- (iv) ESSMU will review the feasibility report and detailed design of the project, and other relevant documents submitted by the project proponent before the site visit.
- (v) The site visit will comprise of project-specific observation, FGDs, and key informant discussions with all project-related primary and secondary stakeholders.
- (vi) ESSMU shall prepare an IPSA describing the general socioeconomic features of the project-influenced people including the existing poverty level relevant to them.

In addition, this assessment will include gender-related information of project influenced and/or affected people and potential project impact on reducing poverty and other social inequalities.

- (vii) The IPSA will contain basic social impact screening checklists for IR and IP.
- (viii) The IPSA shall be sent by ESSMU to ADB and other GFIs (if required).
- (ix) An approval shall be obtained from the GFIs (if relevant) before loan approval from IDCOL.
- (x) Once the loan sanction letter is issued, all approved reports by IDCOL, ADB, and other GFIs (if required) shall be posted in their websites for information disclosure.
- (xi) Monitor whether the conditionalities have been met. The project proponent will make social monitoring reports available to affected people. Social monitoring reports will be sent by ESSMU to ADB for disclosure to its website.
- (xii) Continue monitoring progress on the subproject through monitoring reports received from the project proponent. Conduct field visits, if required.

V. REFINANCING AND/OR EXISTING PROJECTS IN ADVANCED STAGE

105. All subprojects that have already received the PLS from IDCOL but have not yet received final loan approval by the IDCOL Board of Directors at the time of ADB loan effectiveness. This case will be transitional. For such projects, the process will be essentially of due diligence and would be as follows.

106. High and moderate risk projects

- (i) ESSMU will review the feasibility report and detailed design of the project, and other relevant documents submitted to IDCOL by the project proponent before the site visit.
- (ii) ESSMU shall review all social safeguard reports—IPSA, RP, and ADP (if available) to determine compliance to social safeguards requirements.
- (iii) ESSMU technical expert shall visit the project area.
- (iv) The site visit will comprise of project-specific observation, FGDs, and key-informant discussions with all project-related primary and secondary stakeholders.
- (v) ESSMU shall determine the gaps between the contents of social safeguards documents and the measures taken by the project proponent.
- (vi) Based on the site visit, a social due diligence report (SDDR) shall be prepared by ESSMU for approval by the IDCOL Board. The approved SDDR shall be sent to ADB.
- (vii) If there is a substantial gap between the contents of the social safeguards reports and the actual project situation, a CAP shall be prepared by ESSMU in consultation with the project proponent.
- (viii) The project proponent will endorse the CAP before submitting to IDCOL for Board approval.
- (ix) Once approved by IDCOL, the CAP shall be sent by ESSMU to ADB and the project proponent will implement the CAP.
- (x) All reports approved by IDCOL and ADB will be disclosed to their websites.
- (xi) Monitor compliance of the project proponent to conditionalities and implementation of the CAP. The project proponent will submit social monitoring reports to IDCOL at least once a year and will make them available to affected people, if required. Social monitoring reports will be submitted by ESSMU to ADB for disclosure to its website. ESSMU will conduct site visits, if needed.

107. Low risk projects

- (i) Prior to site visits, ESSMU will review the feasibility report and detailed design of the project, and other relevant documents submitted to IDCOL by the project proponent.
- (ii) ESSMU shall review all social safeguard reports—IPSA, RP, and ADP (if available) to determine any compliance issues.
- (iii) ESSMU technical expert shall visit the project area. The site visit will comprise of project-specific observation, FGDs, and key informant discussions with all project-related primary and secondary stakeholders.
- (iv) ESSMU shall determine any gaps between the contents of social safeguards reports and measures taken by the project proponent.
- (v) If no substantial gap was found, an SDDR shall be prepared by ESSMU for approval by IDCOL Board. The approved SDDR will be sent to ADB.

11. Consultation and Disclosure

a. Public Consultation

108. **Consultation during environmental assessment.** Public consultation is only required by DOE for red category projects (i.e., may cause significant adverse environmental impacts). With ESSF, public consultation will be conducted according to the requirements of ADB's SPS 2009 for "high risk" and "moderate risk" projects.

109. **New projects.** For high risk and moderate risk projects, public consultation shall be conducted at the scoping stage of the environmental assessment process to identify concerns and/or issues by potentially affected people, and again after the preparation of the draft IEE (prior to appraisal by IDCOL) just before receipt of LCC from DOE.

110. **Refinance and/or existing projects at an advanced stage.** For high risk and moderate risk projects, public consultations shall be carried out during implementation of EMP. Results and/or outcome of consultations will be incorporated into the revised EMP or CAP (if required).

111. **Consultation for IR and IP.** For all new projects, the project proponent will conduct meaningful consultations with affected persons, their host communities, and civil society for every project and subproject identified as having IR and IP impacts. During consultations, the project proponent or their consultants will follow qualitative methods (i.e., focus group discussions, etc.) simultaneously with other consultation methods.

b. Information Disclosure

112. **Disclosure for environmental assessment.** For new projects ESSMU, shall submit the following documents to ADB for disclosure to its website:

- (i) For moderate risk projects, a draft IEE including EMP prior to ADB Board consideration;
- (ii) The final IEE;
- (iii) A new or updated IEE and CAP prepared during project implementation, if any; and
- (iv) Environmental monitoring reports submitted by the project proponent semi-

annually during construction phase and annually during operation phase of the ESSMU will also ensure disclosure on IDCOL and sub-borrowers' website.

113. For refinance and/or existing projects at an advanced stage, ESSMU shall submit the following documents to ADB for disclosure to its website

- (i) CAP prepared during project implementation, if any;
- (ii) EDDR, if any; and,
- (iii) Environmental monitoring reports semi-annually.

114. **Disclosure for social assessment.** ESSMU shall submit the following documents to ADB for disclosure to its website:

- (i) A draft RP and/or ADP endorsed by the project proponent before project appraisal;
- (ii) The final RP and/or ADP endorsed by the project proponent after the census of affected persons has been completed;
- (iii) A revised and updated RP and/or ADP and a CAP prepared during project implementation, if required; and
- (iv) Social monitoring reports submitted by the project proponent semi-annually during construction phase and annually during operation phase.

115. These documents will be posted to IDCOL's website as well as that of the project proponent, if they have a website. IDCOL will dedicate a page for disclosure of documents relevant to ESSF.

116. The project proponent will provide relevant resettlement information, including information from the abovementioned documents in a timely manner, in an accessible place, and in a form and language(s) understandable to affected persons and other stakeholders.

c. Grievance Redress Mechanism

117. For the facility, the grievance redress committee (GRC) will be established by the project proponents 90 days after subproject approval by IDCOL to address grievances related to environment, involuntary resettlement, and indigenous peoples. The composition of the GRC will follow to the extent possible the requirements laid out in the ESSF²³.

118. **Ninety days** after subproject approval, the project proponent shall constitute a three-member grievance redress committee (GRC) consisting of an officer from the project proponent, not below the rank of the implementing officer, an elected male UP member (local body) and one elected female UP member of the project area, and one member from the public who is known to be a person of integrity, good judgment, and commands respect among the members of the community. The existence of the grievance redress committee will be disseminated to the affected persons through printed handouts providing details on the structure and process of grievance redress.

119. The project proponent will document all complaints received, the action taken on each of them, and send a report of the same every quarter to the ESSMU which shall also be communicated to ADB through the monitoring reports. The grievance redress committee will address grievances on safeguards during construction and operation phase and will be scaled depending on the risks and adverse impacts of the project.

²³ ADB. [BAN: Third Public-Private Infrastructure Development Facility](#).

d. Monitoring and Reporting

120. The project proponent will submit safeguards monitoring report (i.e., ENV, IR, IP) quarterly, semi-annually, and annually to IDCOL on implementation of EMP, RP, ADP, and CAP (if required). The monitoring report shall be sent to ADB for disclosure semi-annually during construction and annually during operation.

121. ESSMU at IDCOL shall promptly report to ADB any actual or potential breach of compliance requirements after it comes to their notice. For high risk projects (category B for ADB and category Red for GoB), ESSMU or hired independent E&S consultants shall visit the site to monitor implementation of EMP/CAP/RP/ADP. Social consultants with expertise on monitoring IR and impacts to *adivasis* will be engaged (if needed).

122. ESSMU shall hire independent E&S consultants to conduct the annual audit of IDCOL's ESSF implementation. ESSMU will prepare an annual E&S performance report based on the annual ESSF audit and the monitoring reports from the project proponents. The annual E&S performance report will be submitted to ADB.

123. IDCOL shall establish and maintain a database of nonperforming loans due to safeguards issues. A summary of findings from the ESSF annual audit will be included in the annual report of IDCOL.

12. Roles and Responsibilities

a. Environmental and Social Safeguards Management Unit

124. ESSMU will provide technical support in evaluating subprojects through the following:

- (i) Participate in the KYC meetings with clients.
- (ii) Advise project proponent on completing the environmental and social section of the loan application form.
- (iii) Review of loan application form to draw indicative term sheet.
- (iv) Finalize safeguards categorization of the project and get it approved IDCOL Board.
- (v) Preparation of the PEAR.
- (vi) Issue terms of reference for conducting the EIA/IEE/EDDR/CAP/SIA/RP/ADP/SDDR.
- (vii) Review EIA/IEE/EDDR/CAP/SIA/RP/ADP/SDDR submitted for a project.
- (viii) Ensure that ADB's comments are properly addressed in the IEE/EIA.
- (ix) Monitor E&S compliance of project proponents during implementation including the recruitment of consultants (if needed).
- (x) Review E&S monitoring reports on implementation of EMP, RP, ADP, and CAP.
- (xi) Report progress of projects semi-annually to ADB.
- (xii) Submit safeguards reports (i.e., EIA/RP/ADP) for projects categorized as medium to high risk ADB for approval.
- (xiii) Forward safeguards reports (i.e., EIA/IEE/EDD/CAP/RP/ADP/monitoring reports) to ADB for disclosure and information.
- (xiv) Ensure financial commitment by the project proponent for RP/ADP implementation prior to loan disbursement

125. Aside from these, ESSMU is expected to deliver the following services:

- (i) Coordinate conduct of independent annual audit of ESSF.
- (ii) Implementation of CAP for operations of IDCOL's ESSF based on annual audit.
- (iii) Prepare semi-annual E&S performance report to be submitted to ADB.
- (iv) Coordinate with training specialists to conduct awareness and training program at IDCOL, project proponents on implementation and monitoring of EMPs, the Government's E&S policy and regulatory framework, ADB safeguards requirements, and IDCOL's ESSF.
- (v) Update ESSF based on operational experience and new regulations of the Government and/or amendments.
- (vi) Maintain ESSF page of IDCOL's website, respond to feedback received, and incorporate the same, as appropriate.

b. Project Proponent

126. The project proponents shall be responsible for ensuring compliance to relevant safeguards regulations of the Government and requirements of ADB (through the ESSF of IDCOL) with agreed milestones and performance levels particularly for purposes of disbursement of IDCOL funds. It shall send periodic safeguard progress reports in such form and, at such times, as may be prescribed by IDCOL's ESSF.

A. Asian Development Bank

127. ADB will conduct review of project implementation and will ensure that the required safeguards documents from IDCOL are posted in its website consistent to the provisions set out by SPS 2009 and Public Communications Policy 2011. ADB can provide technical guidance to PMU during the preparation of the PFR, if needed.

B. Environmental and Social Safeguards Framework Update

128. IDCOL will continue to conduct the annual E&S audit of the projects they finance to provide inputs to the revisions and/or update of ESSF, if required. The ESSF will be updated if there will be changes in the environmental and social policies and regulations of the Government, Bangladesh Bank, and ADB.

C. Revisions to the Environment and Social Safeguards Framework 2016

129. While IDCOL conducts an annual audit and/or review of the ESSF, there is a need to streamline procedures and to provide clearer guidance to project proponents. Aside from this, the ESRM 2015 of the Bangladesh Bank (updated in 2017) directs the need to review ESSF 2016.

130. Recognizing the progressive portfolio of IDCOL, it is expected that streamlining of procedures will facilitate meeting the requirements of the changing business environment and the needs of their project proponents. The table below summarizes the revisions made in ESSF 2021.

13. Revisions to the Environmental and Social Safeguards Framework 2016

Item	ESSF 2016	Revision made in ESSF 2021
Scope of application	Applicable to the Second Public Private Infrastructure Development Facility (PPIDF 2 and PPIDF 3 - Tranche 1 and 2)	Covers Tranche 2 of PPIDF 3 through direct lending and take-out financing. Also covers the pipeline projects proposed under Tranche 3.

Item	ESSF 2016	Revision made in ESSF 2021
	• Component A: Financing of private sector-sponsored large infrastructure subprojects (to be funded from ADB's regular ordinary capital resources [OCR] loan) • Component B: Small and Medium-Sized Infrastructure subprojects (to be financed out of the concessional OCR loan). • Component C: Renewable Energy subprojects (to be financed out of the concessional OCR loan). categorization (i.e., green, orange-A, orange-B, red) • Bangladesh Bank Environmental Risk Management (2015) • Categorization based on SPS 2009 (i.e., A, B, C, and financial intermediary) • Capacity of proponent to manage environmental and social (E&S) risk • Align the design and environmental assessment of IDCOL's ESSF to follow the general International Finance Corporation [IFC] environmental health and safety [EHS] guidelines (www.ifc.org/ehsguidelines). • Describe lending portfolio of IDCOL and direction of future investments where safeguards may be relevant	• Describes financing of IDCOL through PPIDF 3 where environmental and social safeguards framework (ESSF) will be applied and should be referred to in the Infrastructure Development Company Limited (IDCOL)'s environmental and social policy • Align and harmonize the ESSF for only Category B and C projects as defined in ADB SPS 2009, as PPIDF 3 will not consider funding any subproject that will likely be a Category A. • Provide clear rules in determining safeguards categorization to avoid subjectivity. • Bangladesh Bank Guidelines on Environmental and Social Risk Management (ESRM) for Banks and Financial Institutions (February 2017) provides a qualitative and quantitative risk rating evaluation. • Provide clear guidance and define safeguard categorization of projects harmonizing SPS 2009, Bangladesh Bank ESRM 2017 requirements (to the extent possible), and the Government. For example, Category A or High Risk (according to ESSF) will be equivalent to Category A (based on SPS 2009), high risk (based on Bangladesh Bank), and red (based on DOE)—this project will require an environmental impact assessment (EIA, there is no major gap between the key elements of EIA based on SPS 2009 and Environment Conservation Act [ECA] 1995 and/or Environment Conservation Rules [ECR] 1997 of the Government) • Include a section on the indicative list of projects and/or subprojects based on safeguards categorization and/or risk rating following ESSF risk rating
Updates	• All applicable environmental and social policies are updated until 2016	• Updated latest Environmental Policies passed by Bangladesh Government. • Incorporated the Energy and Renewable energy policies of GOB • Added and updated the latest Bangladesh Bank ESRM 2017. Synchronized the DOE, ADB and ESRM categorization for future project to be funded under Tranche 3. • Updated the Land Acquisition policies (APIRA 2017)

Item	ESSF 2016	Revision made in ESSF 2021
Environmental and social procedure of project implementation		Updated step by step Environmental and social procedure of project implementation
Reporting and monitoring		- Updated more clearer reporting and monitoring requirements with specific responsibilities. - Reporting and monitoring procedure and responsibilities are now synchronized with ADB, IDCOL and BB ERM guidelines

Source: Asian Development Bank.

ANNEX 1: PROHIBITED INVESTMENT ACTIVITIES LIST¹

The following do not qualify for Asian Development Bank financing:

- (i) production or activities involving harmful or exploitative forms of forced labor² or child labor;³
- (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-out or bans, such as (a) pharmaceuticals,⁴ pesticides, and herbicides,⁵ (b) ozone- depleting substances,⁶ (c) polychlorinated biphenyls⁷ and other hazardous chemicals,⁸ (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,⁹ and (e) transboundary trade in waste or waste products;¹⁰
- (iii) production of or trade in weapons and munitions, including paramilitary materials;
- (iv) production of or trade in alcoholic beverages, excluding beer and wine;¹¹
- (v) production of or trade in tobacco;¹⁰
- (vi) gambling, casinos, and equivalent enterprises;¹⁰
- (vii) production of or trade in radioactive materials,¹² including nuclear reactors and components thereof;
- (viii) production of, trade in, or use of unbonded asbestos fibers;¹³
- (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- (x) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

¹ ADB Safeguard Policy Statement 2009, Appendix 5, page 76.

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

³ Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

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

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

⁶ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phase-out dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁷ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

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

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

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

¹¹ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹² This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

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

ANNEX 2: SAMPLE RAPID ENVIRONMENTAL ASSESSMENT FORM

Instructions:

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

Country/Project Title

Sector Division:

Screening Questions	Yes	No	Remarks
A. Project Siting			
Is the project area adjacent to or within any of the following areas?			
• Underground utilities			
• Cultural heritage site			
• Protected Area			
• Wetland			
• Mangrove			
• Estuarine			
• Buffer zone of protected area			
• Special area for protecting biodiversity			
• Bay			
B. Potential Environmental Impacts			
Will the Project cause...			
• impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources?			

Screening Questions	Yes	No	Remarks
• Encroachment on precious ecology (e.g. sensitive or protected areas)?			
• alteration of surface water hydrology of waterways resulting in increased sediment in streams affected by increased soil erosion at construction site?			
• deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?			
• increased air pollution due to project construction and operation?			
• noise and vibration due to project construction or operation?			
• involuntary resettlement of people? (physical displacement and/or economic displacement)			
• disproportionate impacts on the poor, women and children, Indigenous Peoples or other vulnerable groups?			
• poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases (such as STI's/HIV/AIDS/COVID-19) from workers to local populations?			
• creation of temporary breeding habitats for diseases such as those transmitted by mosquitoes and rodents?			
• social conflicts if workers from other regions or countries are hired?			
• large population influx during project construction and operation that causes Increased burden on social Infrastructure and services (such as water supply and sanitation systems)?			

Screening Questions	Yes	No	Remarks
risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during project construction and operation?			
risks to community health and safety due to the transport, storage, and use and/or disposal of materials such as explosives, fuel and other chemicals during construction and operation?			
community safety risks due to both accidental and natural causes, especially where the structural elements or components of the project are accessible to members of the affected community or where their failure could result in injury to the community throughout project construction, operation and decommissioning?			
generation of solid waste and/or hazardous waste?			
use of chemicals?			
generation of wastewater during construction or operation?			

Checklist for Preliminary Climate Risk Screening

Country/Project Title:

Sector:

Subsector:

Division/Department:

Screening Questions		Score	Remarks ²⁴
Location and Design of project	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather-related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g., sea-level, peak river flow, reliable water level, peak wind speed etc)?		
Materials and Maintenance	Would weather, current and likely future climate conditions (e.g. prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions, and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
Performance of project outputs	Would weather/climate conditions, and related extreme events likely affect the performance (e.g. annual power production) of project output(s) (e.g. hydro-power generation facilities) throughout their design life time?		

Options for answers and corresponding score are provided below:

Response	Score
Not Likely	0
Likely	1
Very Likely	2

²⁴ If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.

Responses when added that provide a score of 0 will be considered low risk project. If adding all responses will result to a score of 1-4 and that no score of 2 was given to any single response, the project will be assigned a medium risk category. A total score of 5 or more (which include providing a score of 1 in all responses) or a 2 in any single response, will be categorized as high-risk project.

Result of Initial Screening (Low, Medium, High): Medium risk project (score = 2)

Other Comments:

Prepared by:

ANNEX 3: SAMPLE SOCIAL SAFEGUARDS SCREENING FORM

Name of the Sub-project:

Anticipated impacts:

INVOLUNTARY RESETTLEMENT IMPACT CHECKLIST

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Remarks
Involuntary Acquisition of Land				
1. Will there be land acquisition?		☒		
a. If yes, is the land acquired through a willing-buyer and willing seller arrangement?				
b. Is the land acquired through the government?				
c. If the land is acquired through a willing-buyer and willing seller arrangement, is there any coercion or unfair practice?				
d. Is there an independent third party to document the negotiation and settlement processes?				
e. Is there a third-party to validate the process (d)?				
f. Are all the affected people consulted?				
g. Has the compensation been offered?				
h. If so, is the compensation a fair market value?				
2. Is the site for land acquisition known?				
3. Is the ownership status and current usage of land to be acquired known?				
4. Will easement be utilized within an existing Right of Way (ROW)?				
5. Will there be loss of shelter and residential land due to land acquisition?				
6. Will there be loss of agricultural and other productive assets due to land acquisition?				
7. Will there be losses of crops, trees, and fixed assets due to land acquisition?				
8. Will there be loss of businesses or enterprises due to land acquisition?				
9. Will there be loss of income sources and means of livelihoods due to land acquisition?				
Involuntary restrictions on land use or on access to legally designated parks and protected areas				
10. Will people lose access to natural resources, communal facilities and services?				
11. If land use is changed, will it have an adverse impact on social and economic activities?				
12. Will access to land and resources owned communally or by the state be restricted?				
Information on Displaced Persons:				
Any estimate of the likely number of persons that will be displaced by the Project?				
☒ [] No [] Yes If yes, approximately how many? _____				
Are any of them poor, female-heads of households, or vulnerable to poverty risks?				
☒ [] No [] Yes				

Are any displaced persons from indigenous or ethnic minority groups?

✓ ☐ No ☐ Yes

INDIGENOUS PEOPLES IMPACT SCREENING CHECKLIST

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?		X		The project interventions will not have any direct or indirect impacts on any Indigenous communities.
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?		X		
3. Do such groups self-identify as being part of a distinct social and cultural group?		X		
4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?		X		
5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?		X		
6. Do such groups speak a distinct language or dialect?		X		
7. Has such groups been historically, socially, and economically marginalized, disempowered, excluded, and/or discriminated against?		X		
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?		X		
B. Identification of Potential Impacts				
9. Will the project directly or indirectly benefit or target Indigenous Peoples?		X		IPs will not be targeted but they will have equal access to opportunities created by the project.
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)		X		
11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)		X		
12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?		X		
C. Identification of Special Requirements <i>Will the project activities include:</i>				

13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?		X		
14. Physical displacement from traditional or customary lands?		X		
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?		X		
16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied, or claimed by Indigenous Peoples?		X		
17. Acquisition of lands that are traditionally owned or customarily used, occupied, or claimed by Indigenous Peoples?		X		

ANNEX 4: SAMPLE ENDORECEMNT OF SOCIAL CATEGORIZATION FORM

A. Project Data			
Country/Project No./Project Title	:	Country: Bangladesh ADB No.: (No. to be designated) Subproject:	
B. Involuntary Resettlement Category			
☐ New ☐ Re categorization — Previous Category ☐			
o Category A	o Category B	o Category C	o Category FI
C. Comments			

A. Project Data			
Country/Project No./Project Title	:	Country: Bangladesh ADB No.: (No. to be designated) Subproject:	
B. Indigenous People Category			
☐ New ☐ Re categorization — Previous Category ☐			
o Category A	o Category B	o Category C	o Category FI
C. Comments			

ANNEX 5: INDICATIVE INITIAL ENVIRONMENTAL EXAMINATION (IEE) REPORT OUTLINE

This outline is part of the Safeguard Requirements. The substantive aspects of this outline will guide the preparation of an environmental assessment²⁵, although not necessarily in the order shown.

A. Executive Summary

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

B. Policy, Legal, and Administrative Framework

This section discusses the national and local legal and institutional framework within which the environmental assessment is carried out. It also identifies project-relevant international environmental agreements to which the country is a party.

C. Description of the Project

This section describes the proposed project; its major components; and its geographic, ecological, social, and temporal context, including any associated facility required by and for the project (for example, access roads, power plants, water supply, quarries and borrow pits, and spoil disposal). It normally includes drawings and maps showing the project's layout and components, the project site, and the project's area of influence.

D. Description of the Environment (Baseline Data)

This section describes relevant physical, biological, and socioeconomic conditions within the study area. It also looks at current and proposed development activities within the project's area of influence, including those not directly connected to the project. It indicates the accuracy, reliability, and sources of the data.

E. Anticipated Environmental Impacts and Mitigation Measures

This section predicts and assesses the project's likely positive and negative direct and indirect impacts to physical, biological, socioeconomic (including occupational health and safety, community health and safety, vulnerable groups and gender issues, and impacts on livelihoods through environmental media [Appendix 5, para. 6]), and physical cultural resources in the project's area of influence, in quantitative terms to the extent possible; identifies mitigation measures and any residual negative impacts that cannot be mitigated; explores opportunities for enhancement; identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions and specifies topics that do not require further attention; and examines global, transboundary, and cumulative impacts as appropriate.

F. Analysis of Alternatives

This section examines alternatives to the proposed project site, technology, design, and operation—including the no project alternative—in terms of their potential environmental suitability under local conditions; and their institutional, training, and monitoring requirements. It also states the basis for selecting the particular project design proposed and, justifies recommended emission levels and approaches to pollution prevention and abatement.

G. Information Disclosure, Consultation, and Participation

This section:

- (xii) describes the process undertaken during project design and preparation for engaging stakeholders, including information

²⁵ An environmental assessment report is required for all environment category A and B projects. Its level of detail and comprehensiveness is commensurate with the significance of potential environmental impacts and risks. A typical environment impact assessment (EIA) report contains the following major elements, and an initial environment examination (IEE) may have a narrower scope depending on the nature of the project.

disclosure and consultation with affected people and other stakeholders;

- (xiii) summarizes comments and concerns received from affected people and other stakeholders and how these comments have been addressed in project design and mitigation measures, with special attention paid to the needs and concerns of vulnerable groups, including women, the poor, and Indigenous Peoples; and
- (xiv) describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for carrying out consultation with affected people and facilitating their participation during project implementation.

H. Grievance Redress Mechanism

This section describes the grievance redress framework (both informal and formal channels), setting out the time frame and mechanisms for resolving complaints about environmental performance.

I. Environmental Management Plan

This section deals with the set of mitigation and management measures to be taken during project implementation to avoid, reduce, mitigate, or compensate for adverse environmental impacts (in that order of priority). It may include multiple management plans and actions. It includes the following key components (with the level of detail commensurate with the project's impacts and risks):

(xv) Mitigation:

- a) identifies and summarizes anticipated significant adverse environmental impacts and risks;
- b) describes each mitigation measure with technical details, including the type of impact to which it relates and the conditions under which it is required (for instance, continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; and
- c) provides links to any other mitigation plans (for example, for involuntary resettlement, indigenous peoples, or emergency response) required for the project.

(xvi) Monitoring:

- a) describes monitoring measures with technical details, including parameters to be measured, methods to be used, sampling locations frequency of measurements, detection limits and definition of thresholds that will signal the need for corrective actions; and
- b) describes monitoring and reporting procedures to ensure early detection of conditions that necessitate particular mitigation measures and document the progress and results of mitigation.

(xvii) Implementation arrangements:

- a) specifies the implementation schedule showing phasing and coordination with overall project implementation;

- b) describes institutional or organizational arrangements, namely, who is responsible for carrying out the mitigation and monitoring measures, which may include one or more of the following additional topics to strengthen environmental management capability: technical assistance programs, training programs, procurement of equipment and supplies related to environmental management and monitoring, and organizational changes; and
 - c) estimates capital and recurrent costs and describes sources of funds for implementing the environmental management plan.
- (xviii) Performance indicators: describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods.

J. Conclusion and Recommendation

This section provides the conclusions drawn from the assessment and provides recommendations

ANNEX 6: INDICATIVE RESETTLEMENT PLAN (RP) REPORT OUTLINE

OUTLINE OF RESETTLEMENT PLAN

1. The comprehensiveness of a resettlement plan would be according to the potential involuntary resettlement impacts/ risks and size of the project. The resettlement plan must adequately addresses all involuntary resettlement issues pertaining to the project, describes specific mitigation measures that will be taken to address the issues and outlines institutional requirement and resources required to implementation of the RP. The following outline of RP is suggested for the present project.

A. Executive Summary

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

B. Introduction/Project Description

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

C. Objective, Legal Framework and Entitlements

This section:

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

Entitlements :

- (i) defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- (ii) specifies all assistance to vulnerable groups, including women, and other special groups; and.
- (iii) outlines opportunities for affected persons to derive appropriate development benefits from the project.

D. Socioeconomic Information and Profile

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

social groupings, including:

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

E. Information Disclosure, Consultation, and Participation

5. This section:

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

F. Relocation of Housing and Settlements

6. This section:

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

G. Income Restoration and Rehabilitation

7. This section:

- (i) identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- (ii) describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements,

- (iii) joint stock for equity contributions such as land, discuss sustainability and safety nets); outlines measures to provide social safety net through social insurance and/or project special funds;
- (iv) describes special measures to support vulnerable groups;
- (v) explains gender considerations; and
- (vi) describes training programs.

H. Scope of Land Acquisition and Resettlement

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

I. Grievance Redress Mechanisms

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

J. Institutional Arrangements

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

K. Resettlement Budget and Financing Plan

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

L. Implementation Schedule

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

M. Monitoring and Reporting

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

ANNEX 7: INDICATIVE INDEGENOUS PEOPLE (IP) REPORT OUTLINE

OUTLINE OF AN INDIGENOUS PEOPLES PLAN

1. 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

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

B. Description of the Project

3. 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

4. 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

5. 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

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

F. Mitigative Measures

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

G. Capacity Building

8. This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the 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

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

I. Monitoring, Reporting and Evaluation

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.

ANNEX 8: ENVIRONMENTAL CLEARANCE PROCEDURE OF DOE

1. The Environment Conservation Rules stipulate a four-level color-coded typology of impact potential as the basis for determining the environmental clearance process for different types of proposed projects, and the extent of environmental assessment work that must be done in support of clearance applications submitted by proponents. The categorization framework is outlined in the table below.
2. The Environment Conservation Rules (Schedule I) provide indicative lists of types of projects, facilities and infrastructure that would normally fall into each assessment category. These lists are not comprehensive, and the listed types may in many cases not apply unambiguously to a given proposed infrastructure element or project activity. Further, the matters of scale and context, which determine so much of impact potential, are not strongly addressed by the indicative lists. Assigning an assessment category thus has to be informed by expert judgement, based on the initial specifications of the planned project infrastructure and activities, and basic details of the project environment. DoE will review the preliminary infrastructure plans for proposed subprojects and make a determination regarding the categorization of the subproject components, on a case-by-case basis.

Table: DoE categorization schemes and requirements

Category	General Environmental Assessment Requirement
Green	No environmental assessment required to support application for environmental clearance
Orange-A	No environmental assessment required, but detailed project information, including process flow diagrams and effluent treatment arrangement, must accompany application for environmental clearance
Orange-B	Initial Environmental Examination (IEE) required, and project can proceed to environmental clearance application once IEE is approved by DOE
Red	Brief IEE required to establish ToR for comprehensive Environmental Impact Assessment (EIA), and project can proceed to environmental clearance application after EIA and Environmental Management Plan (EMP) have been approved by DOE, often subject to conditions

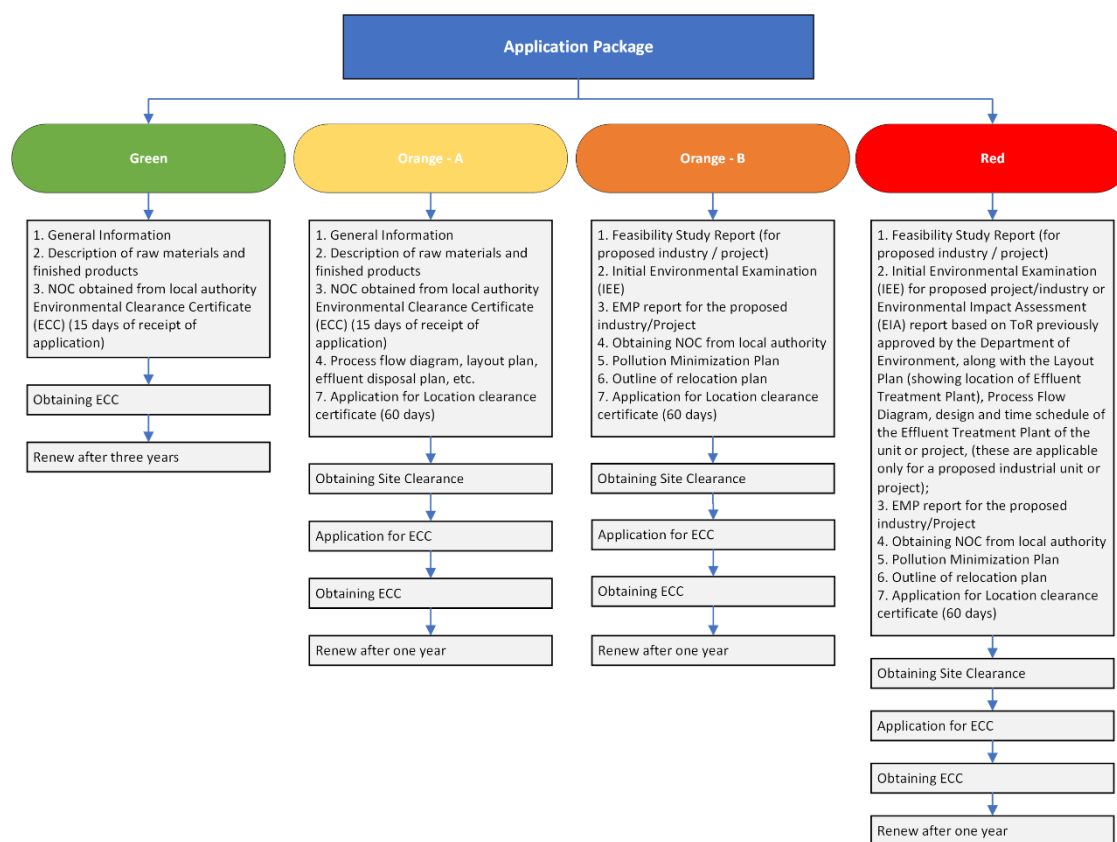


Figure: DoE categorization scheme and requirements for clearance

3. For subproject components that require an environmental assessment report (Orange-B and Red projects), DoE will review and approve the report before approving the clearance application. The approval may be subject to certain conditions, which the proponent is bound to meet in order to keep the clearance certificate current. Review of clearance applications by DOE will require up to 60 days from receipt.²⁶ A schematic of the environmental clearance process for Orange-B and Red undertakings is presented in figure below.

²⁶ A useful and accessible reference on the clearance process is Department of Environment. 2010. A Guide to Environmental Clearance Procedure. Dhaka, August 2010.

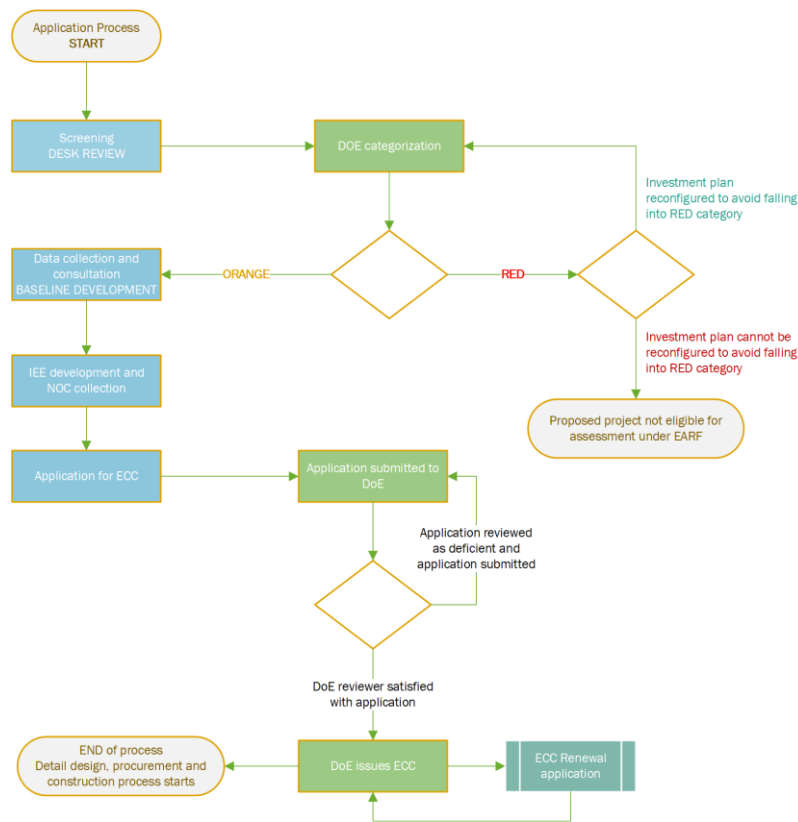


Figure: Environmental Clearance Process of DoE that is adopted for this project

4. Regardless of assessment category, all applications for environmental clearance must be accompanied by a NOC obtained from local authorities (Union Parishad Chairman or Upazila Nirbahi Officer in rural investment locations, and from several entities in urban locations such as Dhaka), and by an application fee. NOCs may also be required from key agencies (e.g., Water Resources Planning Organization, Forests Department, Ministry of Fisheries) if the proposed project has any potential relevance for the natural resources under their remit. The proponent is responsible for obtaining the NOCs and paying the application fee. The proponent is also responsible for renewing the clearance certificate, once obtained, on a yearly basis, paying a fee for each renewal. Fines are levied when the proponent allows the clearance certificate to lapse.

ANNEX 9: SAMPLE DUE DELIGENCE REPORT

1. Introduction and project setting

This section can discuss the project setting, objectives and rationale.

2. Objectives and methodology

This section will discuss the objectives and methodology the study that produced the report.

3. Findings from the field

This section will discuss the major findings from the field by emphasis and category.

4. Major environmental policies/laws/legislations that may guide the project

This section will discuss the major policies/laws/legislation from GoB and ADB side that may guide the project.

5. Conclusions and Recommendations

Major takeaways and recommendations from the study

ANNEX 10: SAMPLE OUTLINE OF THE SEMI-ANNUAL ENVIRONMENTAL MONITORING REPORT (EMR)

1. Introduction

- Report purpose
- Overview of subproject components and sites subject to monitoring
- Summary of project implementation progress
- Summary of implementation of EMP

2. Review and Verification of Clearance History

- Clearances required and obtained
- Clearances due for renewal in upcoming monitoring period
- Clearance lapses and plans for reinstatement

3. Review of Contractor Environmental Monitoring Reports (CEMRs)

- Reports submitted/outstanding
- Quality of reports received and comments issued
- Issues of note from CEMRs, and contractor follow-up

4. Summary of Works and Prescribed Mitigation

- Major work activities by site
- Mitigation measures prescribed
- Ongoing corrective actions from previous monitoring period
- For power plants, explain mitigation actions against the GHG emissions and climate change

5. Summary of Monitoring Activity

- number and dates of site visits
- monitoring methodology used

6. Monitoring Results

- instances of non-compliance and full compliances against EMP
- violations of standards and observed negative environmental effects
- on-site communication with contractor personnel
- Compliance with occupation health and safety
- photographs

7. Corrective Action Required

- description and explanation of non-compliance or concerns noted
- required actions with timeframe and responsibility
- corrective actions undertaken in the current period
- corrective actions to continue into the next period

8. Attachments

- Notices of Non-Compliance issued
- Additional photographs

ANNEX 11: SAMPLE OUTLINE OF THE SOCIAL SAFEGUARDS AUDIT/MONITORING REPORT

1. Introduction

- Report purpose
- Overview of subproject components and sites subject to monitoring
- Summary of project implementation progress

2. Review and Verification of Clearance History

- Clearances required and obtained
- Clearances due for renewal in upcoming monitoring period
- Clearance lapses and plans for reinstatement

3. Review of Disclosed Social Monitoring Reports (SMRs)

- Reports submitted/outstanding
- Quality of reports received and comments issued
- Issues of note from SMRs, and contractor follow-up

4. Summary of Works and Prescribed Mitigation

- Major work activities by site
- Mitigation measures prescribed
- Ongoing corrective actions from previous monitoring period

5. Summary of Monitoring Activity

- number and dates of site visits
- monitoring methodology used

6. Monitoring Results

- Land ownership and land use status
- Any resettlement or livelihood impacts
- Project interventions in capacity development and creating employment opportunity to community
- Labor health and safety status

7. Corrective Action (In case of non-compliances)

- description and explanation of non-compliance or concerns noted
- required actions with timeframe and responsibility
- corrective actions undertaken in the current period
- corrective actions to continue into the next period

8. Attachments

- Screening reports
- Consultation documents-Attendance sheet, etc
- Notices of Non-Compliance issued
- Additional photographs

**ANNEX 12: GAPS BETWEEN BANGLADESH GOVERNMENT ARIPA 2017 AND ADB
SPS 2009**

ARIPA, 2017	ADB SPS, 2009	Measures to Address the Gap
Compensation for land and other assets is based on average values and department unit rates that do not ensure replacement market value of the property acquired.	Displaced Persons are to be compensated for all their losses at replacement cost, including transaction cost and other related expenses, without deducting for depreciation.	Provision of additional 200% over and above the compensation amount determined by average values and department unit rates to minimize the gap between replacement cost and average values and department unit rates. Provision of PVAT has been made to determine and enable compensation rates that equal replacement cost of land.
No provision for income/ livelihood rehabilitation measures, allowances for severely Displaced Persons and vulnerable groups, or resettlement expenses.	Requires support for rehabilitation of income and livelihood, severe losses, and for vulnerable groups	Provision is made in the framework to compensate for loss of income, and provide support to vulnerable persons
Lack of formal title or the absence of legally constituted agreements is a bar to compensation/ rehabilitation. (Squatters and informal tenants/ leaseholders are not entitled to compensation for loss of structures, crops)	Lack of formal title is not a bar to compensation/ rehabilitation. All APs, including non-titled APs, are eligible for compensation of all non-land assets.	Squatters, informal tenants/leaseholders are entitled by this framework to be compensated for loss of structures and livelihood and for relocation.
Land acquisition and compensation process is conducted independently by the Deputy Commissioner of the district (DC) following a lengthy prescribed legal and administrative procedure. There are emergency provisions in the procedure that can be leveraged for civil works to proceed before compensation is paid.	Involuntary resettlement is conceived, planned and executed as part of the project. Affected people are supported to re-establish their livelihoods and homes with time-bound action in coordination with the civil works. Civil works cannot proceed prior to compensation.	The EA will prepare resettlement plans, as part of project preparation based on an inventory of losses, livelihood restoration measures, Bangladesh law and principles enumerated in SPS 2009. Where ever gaps exist in the interpretation of Bangladesh law and resettlement practices, requirements of ADB's involuntary resettlement policy will prevail. Civil works may only proceed after the resettlement plan is implemented and compensation for loss of assets and other allowances (budgeted as part of the project cost) is fully paid.
No convenient grievance redress mechanism except recourse of appeal to	Requires the establishment of accessible grievance redress mechanisms to	The Project will establish an easily accessible grievance redress mechanism that will be widely publicized within project area and amongst the APs.

formal administrative jurisdiction or the court of law	receive and facilitate the resolution of APs' concerns about displacement and other impacts	
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