

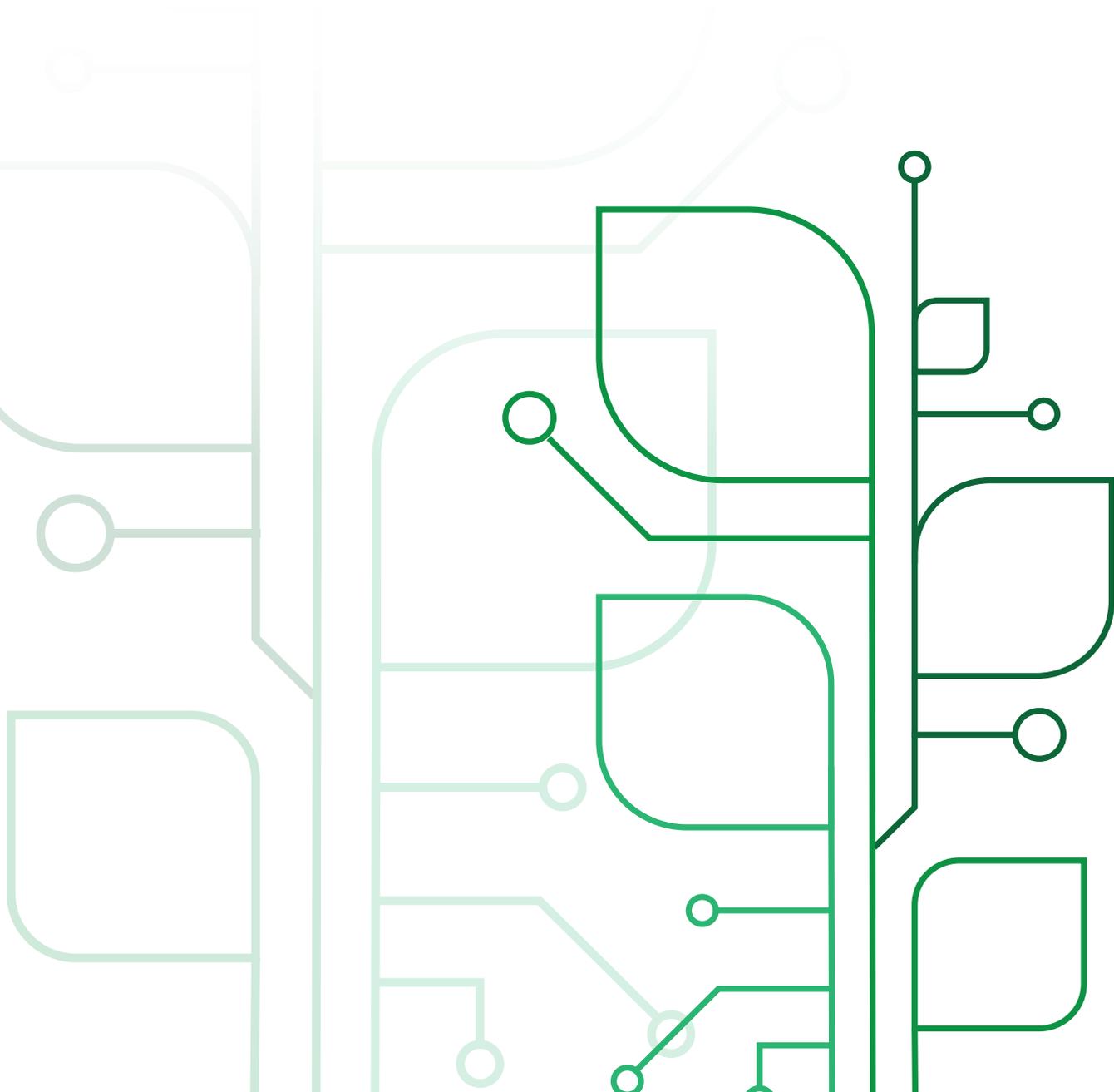


ENVIRONMENTAL AND SOCIAL SAFEGUARDS PROCESS FRAMEWORK

Environmental and Social Safeguards Process Framework
City Investments To Innovate, Integrate and Sustain

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A. CITIIS Program: E&S Principles and Approach

Environmental and Social (E&S) Safeguards are designed to avoid, minimize, reduce, or mitigate the adverse environmental and social risks and impacts of projects. Safeguards policies are essential tools to prevent and mitigate undue harm to people and their environment in the development process.

During project planning, safeguards aim to assess the possible environmental and social risks and impacts (positive or negative) associated with a project. During project implementation, safeguards help to define measures and processes to effectively manage risks and enhance positive impacts. The key emphasis is to follow a mitigation hierarchy as under:

- **Anticipate** and avoid Risks and Impacts;
- Where not possible to **avoid, minimize or reduce** risks to acceptable levels;
- Once impacts reduced, **mitigate, compensate, and offset** adverse impacts;

CITIIS PROGRAM: E&S ELIGIBILITY FOR FINANCING

- Follow Environmental Clearance Requirements (State/National) as per Ministry of Environment, Forests, and Climate Change (MoEFCC) Notification, 2006.
 - Impact Categorization by MoEFCC 2006 Notification- Category A; Category B- B1 and B2. Initial Project Risk Assessment-No projects under Category A as per MoEFCC 2006; and
 - **Category A will not be eligible for financing**
- Based on the above evaluation projects impacting more than 200 persons will not be eligible for financing. As per AFD policy, projects that affect more than 200 project affected persons, meaning 200 or more persons experience major impacts, which are defined as (i) *being physically displaced from housing, or (ii) losing 10% or more of their productive (income generating) assets are categorised as Category A projects.*

- Where possible, **enhance social and environmental benefits** through improved technology and practices; and
- E&S concerns to be integrated in all stages of project-design, implementation, and monitoring.

In CITIIS program, **Agence Française de Développement (AFD) has mandated the adherence to environmental and social safeguards** that contribute to France's Official Development Assistance (ODA) strategy, the implementation of the 2030 Global Agenda and the 17 Sustainable Development Goals (SDGs), as well as the 2015 Paris Climate Agreement.

AFD has developed Operating Procedures¹ to identify, prevent or mitigate environmental and social risks and impacts, as well as any human rights violation that could result from AFD funded activities. The AFD follows World Bank principles and guidelines for Environment and Social Standards - Resettlement, Stakeholder Engagement, Grievance Redressal Mechanism.

B. E&S Policy: Agence Française de Développement (AFD)

The AFD policy applies throughout the appraisal and implementation of all AFD funded operations². It involves taking into account the environmental and social issues as early on as possible, right from the design stage and in the implementation of operations, in order to define appropriate measures to avoid, reduce and, where necessary, offset their significant adverse environmental and social impacts. Some core principles are listed as under.

a. Classification of E&S Risks

AFD analyses and classifies all potential projects into **High, Substantial, Moderate, and Low** environmental and social risks, depending on the extent of the potential risks borne by the operation. The classification takes into account the nature and scale of the operation, the location, and sensitivity of the affected area, the severity of the potential environmental and social risks and impacts, as well as the client's capacity to manage them. For each operation, AFD conducts a categorization, right from the identification stage, of the expected intensity of its most sensitive component from an environmental and/or social perspective. In this classification process, AFD takes into account the direct, indirect, cumulative

1. Environmental and Social Risk Management Policy for AFD-funded Operations. Available at: https://www.afd.fr/sites/afd/files/2017-10/Environmental-social-risk-management-policy-afd_0.pdf
2. AFD conducts due diligence on all the projects submitted to its financing that fall within the scope of application of the present policy. This due diligence analyses the environmental and social risks and impacts during the ex-ante assessment of the operation, in a manner adapted to the nature and scale of the operation and proportional to the levels of these risks and impacts. This due diligence assesses whether the project is likely to be developed and implemented in compliance with AFD's environmental and social performance targets. For all AFD funded projects, it is the responsibility of the client to conduct environmental and social impact assessment of its projects, and mobilizes the expertise and environmental and social resources required at the various stages of the project implementation.

and induced risks and impacts in the area of influence of the operation.

b. Environmental and Social Commitment Plan (ESCP)

For projects categorised as High, Substantial, and Moderate risks, AFD requires the client to formalize the project's environmental and social commitments in a document called the Environmental and Social Commitment Plan (ESCP), which lays down the measures and actions that are required for the project to comply with environmental and social performance targets applied by the AFD.

The ESCP is finalized prior to the financing approval and is annexed to the financing agreement. The document is part of the legal documentation for High, Substantial or Moderate Risk projects. The financing agreement supports the provisions of the ESCP by setting out any conditions precedent to disbursement that need to be fulfilled prior to any disbursement by AFD.

c. Stakeholder Participation and Consultation

As per the E&S Safeguards Policy for High and Substantial risk projects, the analyses conducted must be subject to a free, prior, and informed consultation of the people potentially affected by the project, the central and local administrations impacted and civil society representatives involved in environmental and social issues. The consultation is organised and financed by the client at various stages of assessment, in line with national regulations.

d. Disclosure of Information

Once the environmental and social documents have been approved by AFD, especially the Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP) and/or Resettlement Action Plan (RAP), for transparency and accountability purposes, in particular towards the main stakeholders, the client will be encouraged to make these documents available to the public, in accessible areas in the country and on Internet.

e. Monitoring and Implementation support

AFD expects its clients to implement the environmental and social measures set out in the various plans (ESCP, ESMP, RAP, etc.), which are referred to in the financing agreements, in compliance with the required deadlines.

f. Handling of Environment and social complaints

For projects classified as High and Substantial risks, the client will, at the minimum, need to set up and fund

a grievance redress mechanism while providing it with adequate resources. To the extent possible, a project-level grievance redress mechanism will also work in conjunction with AFD's own environmental and social complaints mechanism.

C. National Policy and Clearance Requirements

The compliances under the CITIIS program have to be followed, mentioned as under:

- MoEFCC Notification, 2006
- Coastal Regulation Zone (CRZ) Notification, 2019
- Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

Apart from this, the relevant state laws and notifications are required to be followed.

a. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (also Land Acquisition Act, 2013)³ is an Act of Indian Parliament that regulates land acquisition and lays down the procedure and rules for granting compensation, rehabilitation, and resettlement to the affected persons due to projects and other reasons.

The Act has provisions to provide fair compensation to those whose land is taken away, brings transparency to the process of acquisition of land to set up factories or buildings, infrastructural projects and assures rehabilitation of those affected.

In accordance with the national legislation, a **Rehabilitation and Resettlement Scheme (RRS)** is required for social and resettlement impact assessment of the project and suggest mitigation measures to address them. It will be prepared and implemented under the supervision of the Executing Authority. The RRS includes severity of impacts, public disclosure, consultation, compensation details, entitlements, grievance redress mechanism, schedule of activities, institutional arrangements for implementation and monitoring, budget, etc.

b. Coastal Regulation Zone (CRZ) Notification, 2019

The CRZ Notification, 2019 aims to promote sustainable development based on scientific principles. Projects that

3. Land Acquisition Act, 2013. Available at: <http://legislative.gov.in/sites/default/files/A2013-30.pdf> due diligence analyses the environmental and social risks and impacts during the ex-ante assessment of the operation, in a manner adapted to the nature and scale of the operation and proportional to the levels of these risks and impacts. This due diligence assesses whether the project is likely to be developed and implemented in compliance with AFD's environmental and social performance targets. For all AFD funded projects, it is the responsibility of the client to conduct environmental and social impact assessment of its projects, and mobilizes the expertise and environmental and social resources required at the various stages of the project implementation.

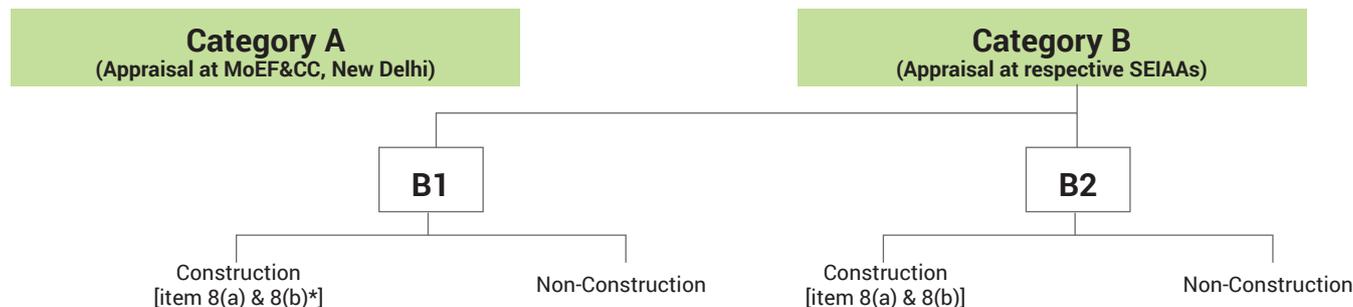
require approval from MoEFCC include:

- Only those projects located in CRZ-I (environmentally most critical) and CRZ-IV (water and seabed areas) shall require MoEFCC clearance. All other projects shall be considered by Coastal Zone Management Authorities (CZMAs) in the states and union territories;

- The draft also allows for construction of roads and roads on stilts, “by way of reclamation in CRZ-1 areas”, only in exceptional cases for “defence, strategic purposes and public utilities,” to be recommended by the CZMA and approved by the Ministry. However, it does not explicitly state what strategic projects are.⁴

c. MoEFCC Clearance

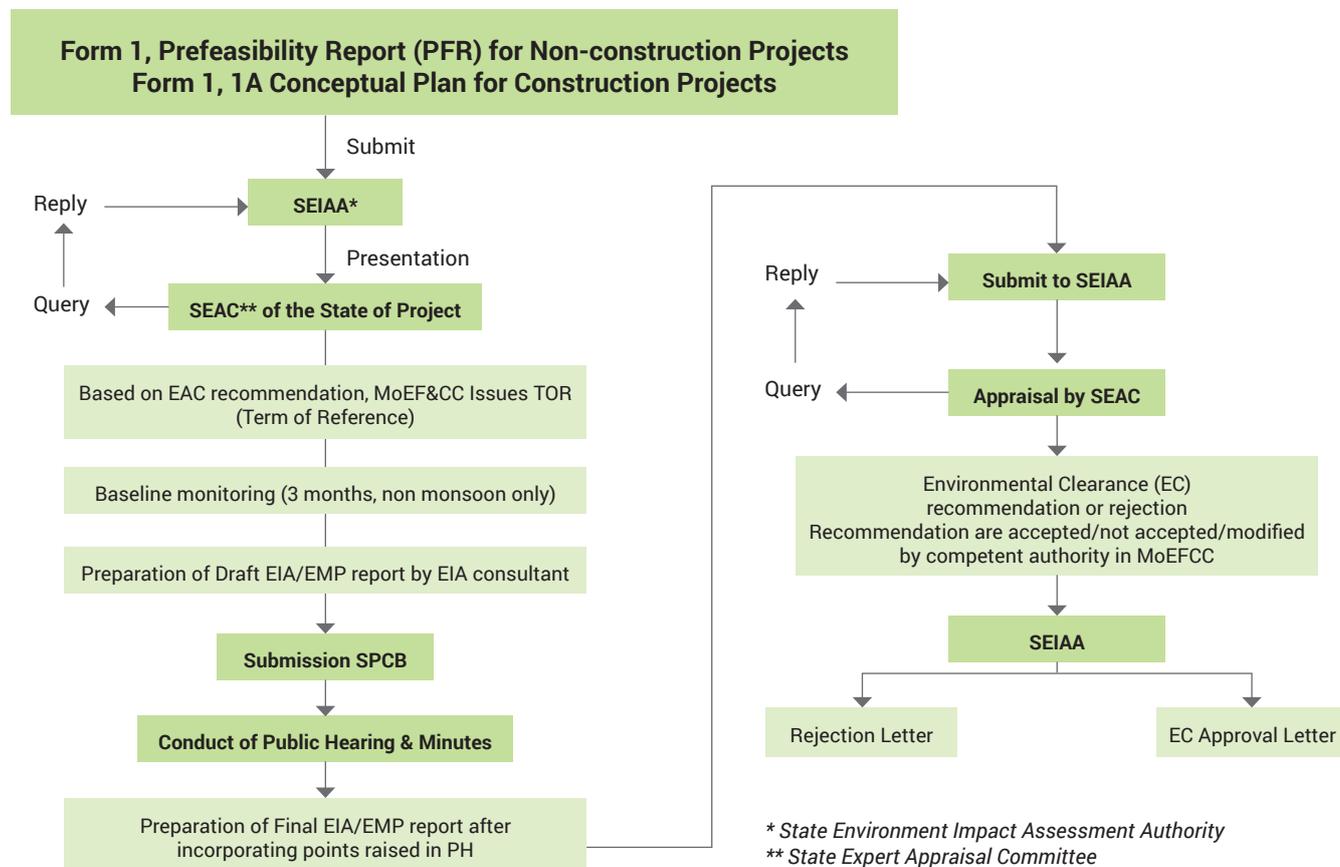
The general clearance process followed for approvals by MoEFCC is given below.



*of Schedule to EIA Notification 2006 & its amendments till date

EC Clearance for Projects under Category B1

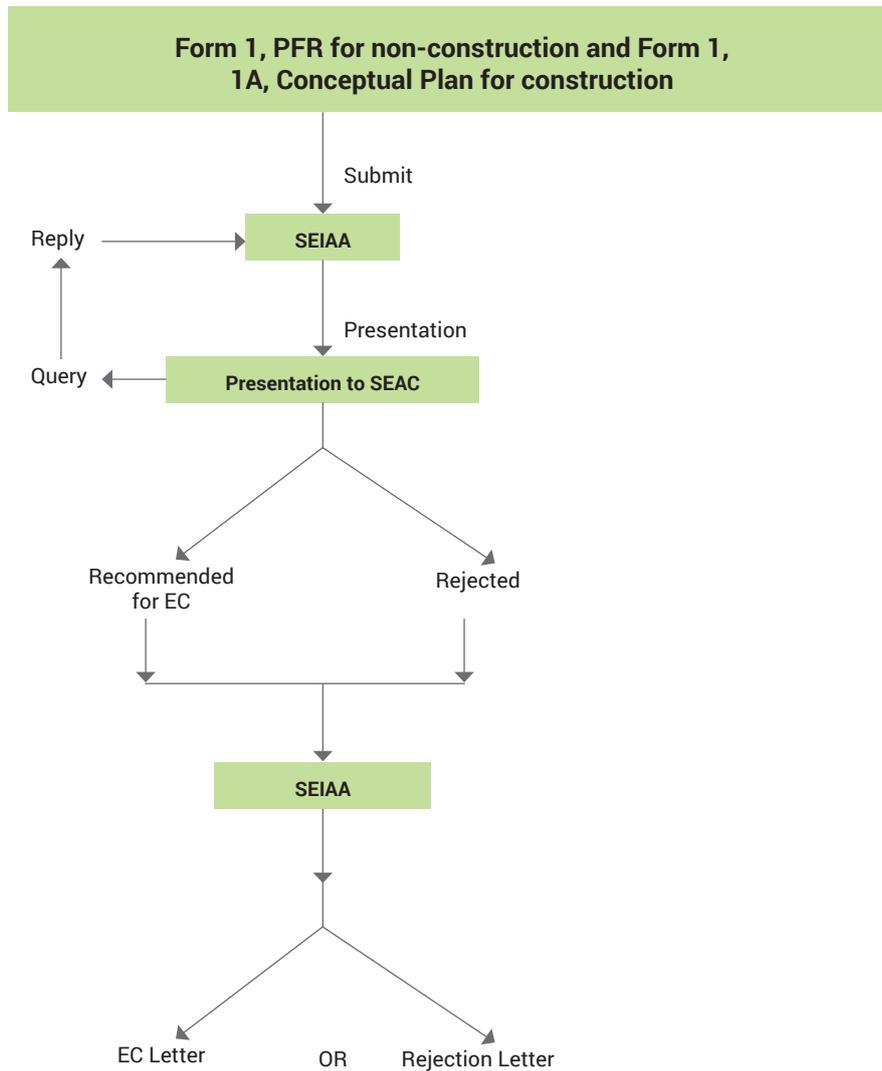
Non-construction: Likely practical time period from first to last step : 1 year or more
Construction: Likely practical time period from first to last step : 6 months (optimistic) - 9 months (usual)



4. For further details about the CRZ Notification 2018, visit: <http://www.indiaenvironmentportal.org.in/files/file/Amendment%20IN%20CRZ%20Notification%20,%202011.pdf>

EC Clearance for Projects under Category B2

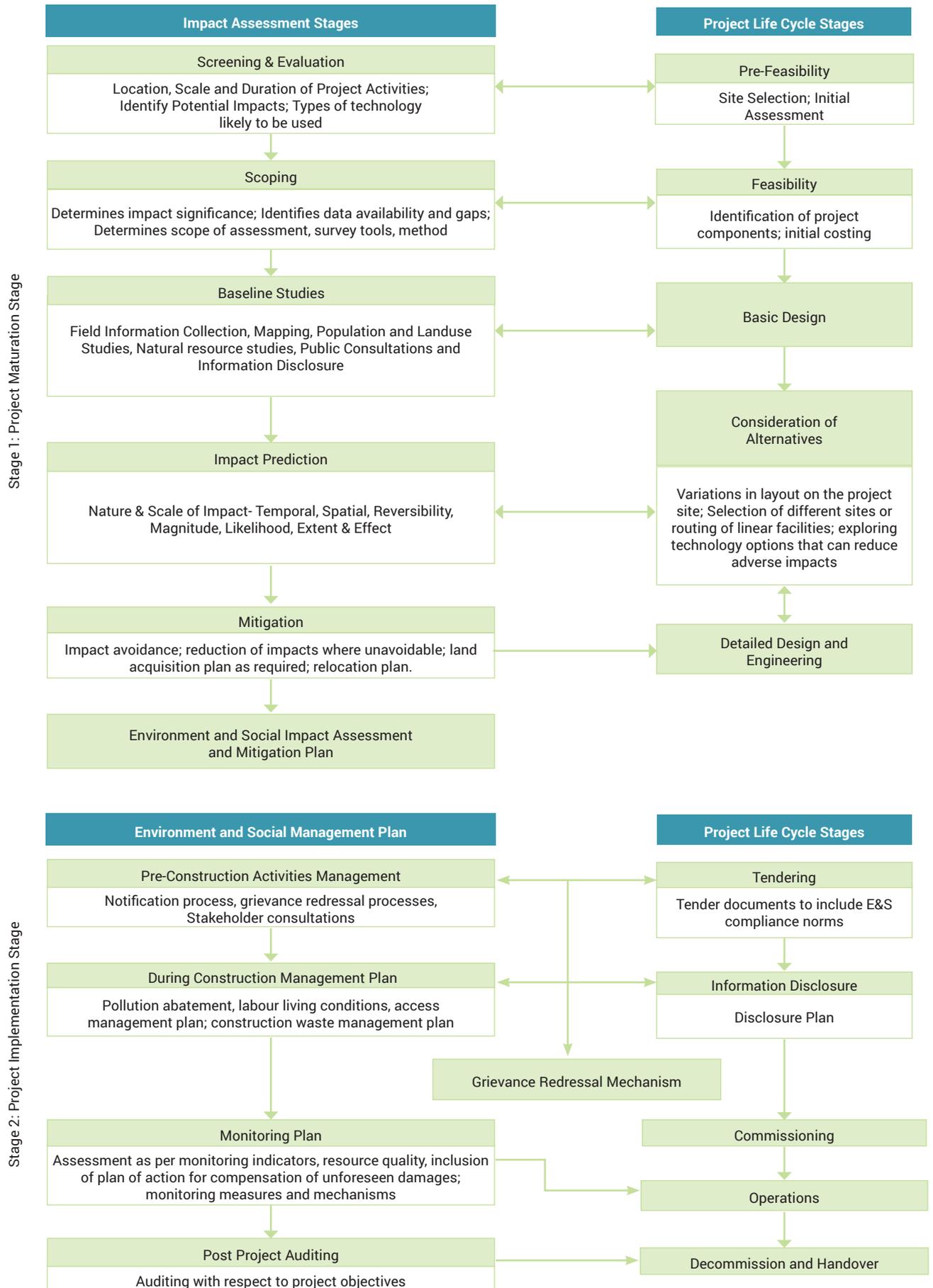
Construction and Non-construction: Likely practical time period from first to last step :
3 months (optimistic) - 4 to 6 months (usual)



D. Comparative Chart between International and National E&S Procedural Requirements

E&S Assessment Requirements	AFD-World Bank	MoEFCC Notification, 2006	Land Acquisition, Rehabilitation And Resettlement Act, 2013 Act No. 30 OF 2013
Categorization of Impacts	Category: High; Substantial, Moderate, and Low Risks; Takes into account: Direct, Indirect, Cumulative, and Induced Risks and Impacts in Area of Influence of the operation.	Category A; Category B- B1 and B2; Many exemptions that need to be checked.	Impacts are not categorized
Documentation	High Risk Operations: Detailed ESA, ESMP, RA; Substantial or Moderate Risks: ESA; Low Risks: No E&S Assessment Required.	Category B : EIA/EMP required.	Social Impact Assessment and a Social Impact Management Plan.
Stakeholder Participation and Discussion	High and Substantial Risk Projects: Various stages of assessment process.	Public consultation exempted from most of our projects. Public Hearing required only in the case of Category B1 Projects.	No process specified
Disclosure of Information	ESA, ESMP, RAP documents to be disclosed on websites and other identified mechanism; Feedback collection mechanism to be obtained.	Public Hearing required only in the case of Category A/B1 Projects.	Documents need to be published. Summary in local language.
Grievance Redressal	High and substantial risk: Project specific continuous grievance redressal mechanism.	There is no Grievance Redressal Mechanism	No mechanism exists. Disputes for award of compensation and R&R sent to R&R Authority;
Monitoring and Implementation Support	Monitoring and management measures operate through project implementation.	Half year compliance reports.	Monitoring of R&R Specified and not for during project implementation

E. E&S Process Flow



F.1 Multi Stage Risk Assessment and Integration in Project Design and Implementation

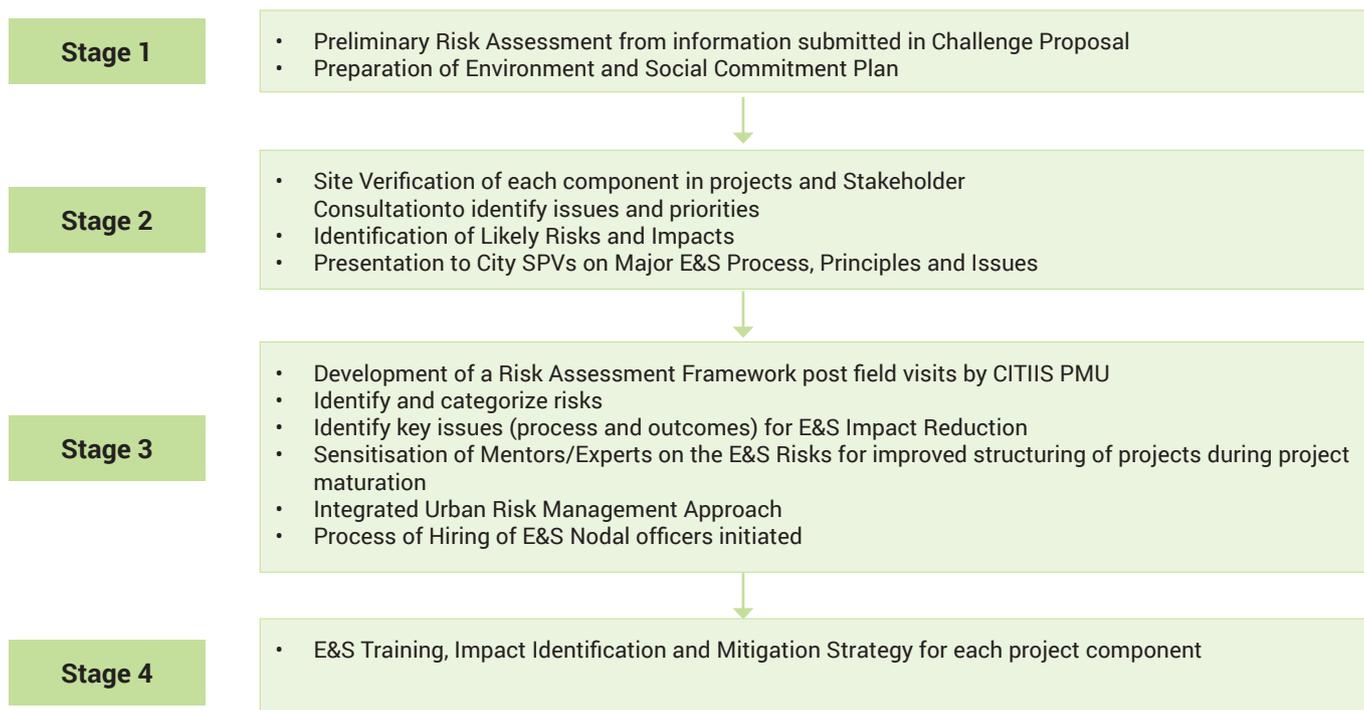
The CITIIS program is following a multi-stage risk assessment process for each of the components of the projects in the cities. The primary objective has been to anticipate risks to the best possible extent and integrate the same in project design and implementation. Project impacts and risks are being analysed in the context of the project's area of influence and to help in following the mitigation hierarchy.

- Primary project sites and ancillary facility sites that

will be owned, developed, operated or managed by the borrower/client or its contractors;

- Associated facilities not funded by the project but whose existence and viability are entirely dependent on the project and whose services are essential to project operation;
- Areas and communities potentially affected by cumulative impact; and
- Area and communities potentially affected by induced impacts.

The multi stage risk assessment process has been depicted as under.



F.2 Social and Environmental Sustainability: Core Principle of Project Development

The social & environmental sustainability and the scope of their larger beneficial impacts in urban social and environmental fabric is the core feature of the CITIIS Program. The three major integration aspects into the project components include the following:

a. Gender and Inclusion

The potential for particular individuals and groups to be differentially or disproportionately affected by the project's potential adverse environmental impacts because of their disadvantaged or vulnerable status would be analysed by the SPVs. Vulnerable groups include the poor, women, and indigenous persons. Where it is anticipated that the project will have impacts on different groups and communities, vulnerable individuals or groups would be identified and disaggregated data would be collected, if possible. The gender analysis and Gender Action Plan (GAP)

would be prepared only for project presenting significant gender inequality risks and/or high women empowerment potential.

The key areas for mainstreaming would be to identify actions that,

- promote enhancing of voice of women in decision-making processes and structures; and
- help in a gender sensitive design of the project that promotes equal and safe access.

b. Community Participation

The CITIIS program lays emphasis on meaningful consultation (two-way communication) with affected people and other relevant stakeholders including civil society, and facilitating their informed participation. Public participation and consultation shall be carried out at all stages of the program. The SPVs are required to prepare the ESMP document that has measures for information disclosure, the grievance redress

mechanism, and the process for continued consultation with and participation of affected people during project implementation. The consultation process and its results shall be documented in the environmental and social assessment reports by the SPV.

c. Climate Change, Disaster Preparedness and Resilience

The CITIIS program also envisages to focus on sustainability through its projects. Several projects proposed in the program have direct as well as indirect relevance to disaster preparedness, climate change

and resilience. Identification of key elements that can contribute to such long term preparedness has been from the very first stage of risk assessment.

F.3 E&S in Project Lifecycle

The key emphasis of the CITIIS Program is to ensure E&S compliance into each project. The way forward for this is through sustained handholding of the SPVs by the CITIIS PMU. The charts below describe the PMU and SPV actions throughout the E&S Process during the maturation phase.⁵

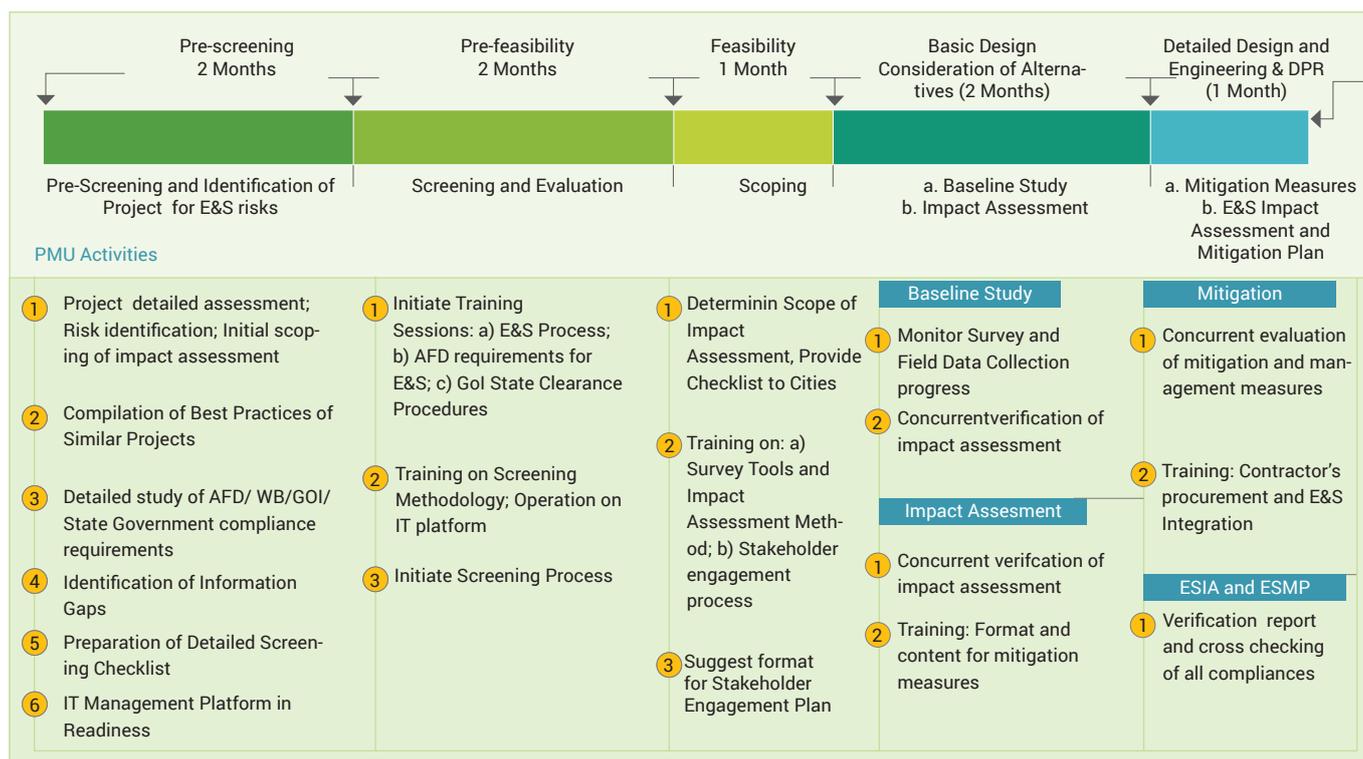


Figure 1: Planned Activities of the PMU during the Maturation Phase*

City Actions and Joint Activities

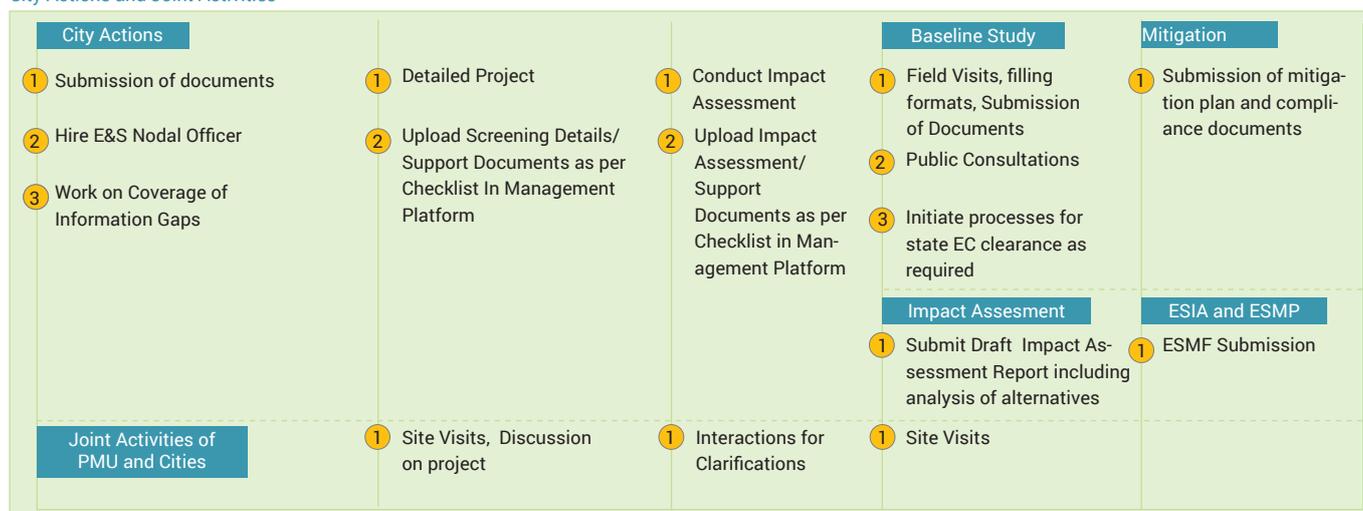


Figure 2: Planned Activities of the SPV during Maturation Phase

5. The CITIIS maturation phase is a preparatory stage to refine and strengthen selected through CITIIS expertise. The phase shall last between 6-9 months, depending on SPV readiness.

*The timeline is indicative and presents a conservative estimate of approximately 6 months. The duration of the maturation phase will depend on other factors such as SPV readiness.

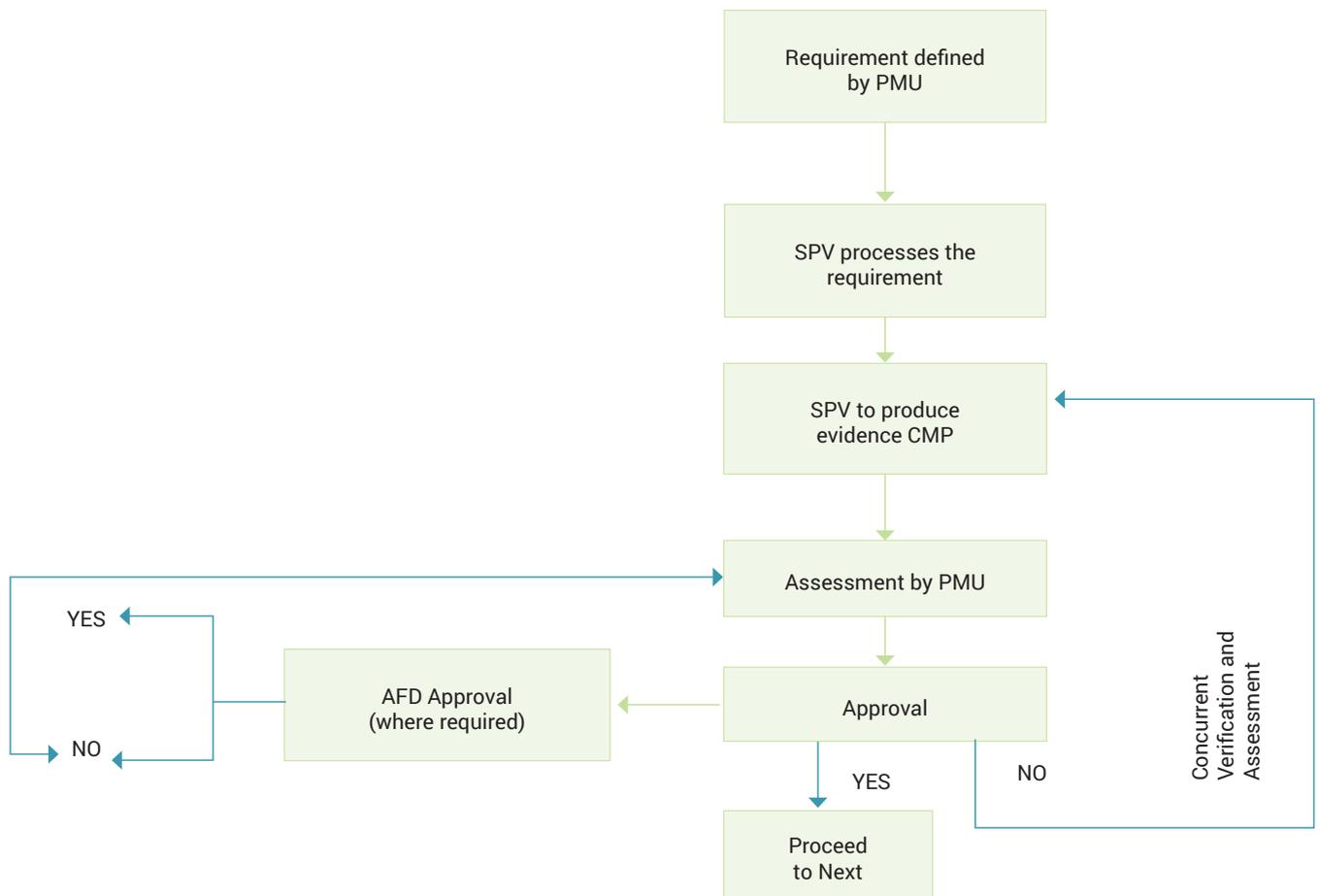
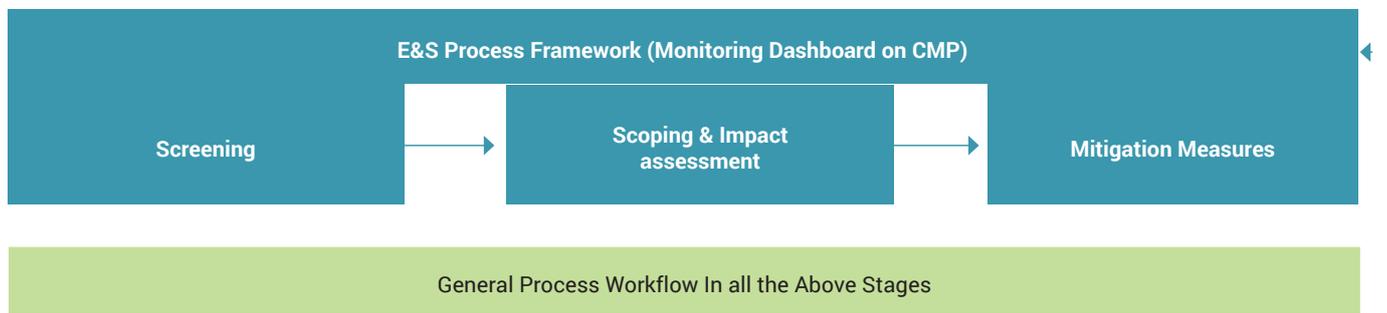
F.4 Data Management Platform

Since the CITIIS program includes multiple cities and multi thematic projects, the data and information base would be vast. The PMU intends to create a Data Management Platform (CMP) for the same for monitoring, assessing, and verifying all E&S compliances of the SPVs. This concurrent verification and assessment would be done on the CITIIS Management Platform, which is being developed as a program monitoring tool for the CITIIS program. The basic workflow of E&S Management in the

CITIIS program would include steps as depicted in the figure below.

The SPV is required to process the requirements, or in other words conduct relevant studies and fill in E&S compliance forms such as screening, ESIA, ESMP etc. and submit on the CMP. The PMU would access the forms, review, assess, and verify the document and may approve or reject as the case may be. Only after the stage is approved by the PMU, and endorsed by the Program Coordinator at the PMU can the SPV proceed to the next stage. The PMU shall monitor and handhold the SPV throughout the program.

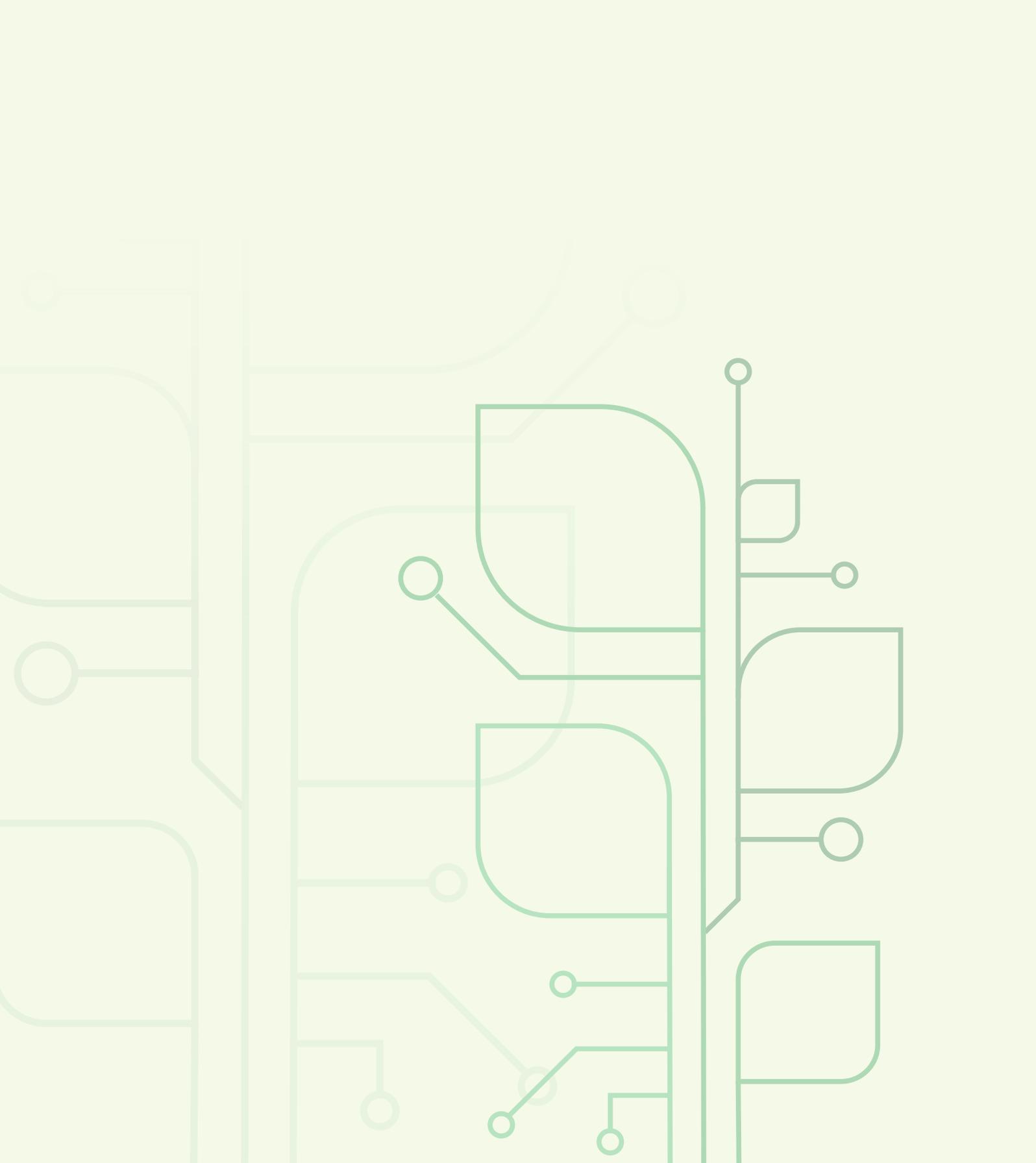
Once the project maturation report is endorsed by the mentor and PMU at NIUA followed by approval by the Apex



Committee, it is the responsibility of the SPV and its E&S Nodal person to ensure and monitor the implementation of the ESMP, RRS and when applicable GAP during the implementation phase of the project. An environmental and social monitoring program shall be developed by each SPV as part of the ESMP. Environmental monitoring during project implementation is required to assess performance against agreed standards and criteria, identify any negative environmental impact and non-compliance issues, provide data to support compliance, and meet government approval and permit conditions and AFD requirements.

F.5 Capacity Building

The E&S Guidelines under CITIIS mandate the hiring of an E&S Nodal Officer at the SPV level who would be responsible for managing E&S Safeguards requirements. The PMU will also undertake a training needs assessment of the SPV staff. Identification of exact needs would help in workshop and training design for capacity building of the SPVs over the course of planning and implementation of the projects. This would not only benefit the selected SPVs for projects within the CITIIS program, but would help build capacity at the institutional level as well.



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