PT INDONESIA INFRASTRUCTURE FINANCE

OPERATIONS MANUAL

ANNEXES TO THE SOCIAL & ENVIRONMENTAL MANAGEMENT SYSTEM (SEMS)

December 2014
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1 ANNEX A: EXCLUSION LIST OF IIF

IIF will not finance activities that are not eligible for financing by the IFC

List of Activities that will not be financed by IIF:

1. Any activity with the use of radioactive materials;
2. Commercial logging operations for use in primary tropical moist forest;
3. Drift net fishing in the marine environment;
4. Introduction of genetically engineered organisms;
5. Gambling, casinos and equivalent enterprises;
6. Mining or excavation of live coral;
7. Production of lead paints;
8. Production or trade in tobacco;
9. Production or trade in radioactive materials;
10. Production or trade in products containing PCBs;
11. Production or trade in alcoholic beverages;
12. Production or trade in weapons and munitions;
13. Production and/or use of asbestos containing products;
14. Production, dissemination and sale of illegal pesticides;
15. Production or trade in or use of un-bonded asbestos fibres;
16. Production or trade in wood or other forestry products from unmanaged forests;
17. Production or trade in ozone depleting substances subject to international phase out;
18. Production or trade in pharmaceuticals subject to international phase outs or bans;
19. Production or trade in pesticides/herbicides subject to international phase outs or bans;
20. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
21. Production or activities involving harmful or exploitative forms of forced labour/harmful child labour;
22. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals;

23. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples;

24. Purchase of logging equipment for use in primary tropical moist forest; and

25. Trade in wildlife or wildlife products.
ANNEX B: REGULATIONS UNDER INDONESIAN REPUBLIC RELATED TO S&E SAFEGUARDS

2.1 Environment Management Law (EML):


2. Article 10 of the EML 2009 takes into account of religious values, culture and traditions and the living norms of the community, protection of natural resources, protection of artificial resources, conservation of biological resources and their ecosystems, cultural preservation, bio-diversity and climate change.

3. Under article 22 of the law, every plan of a business and or activity with the possibility that it can give rise to large and significant impact on the environment must possess an Environment Impact Analysis (EIA) called as AMDAL (clearance procedure depicted in Annex E).

2.1.1. AMDAL (Analisis Mengenai Dampak Lingkungan)

4. Government regulations on AMDAL stresses that AMDAL is one of the licensing requirements, where decision-makers must consider the results of the study before giving permission to business/activities.

5. IIF will follow these procedures as a part of overall appraisal of the projects.

2.1.2. Other regulations

6. Other regulation, as mandated from time to time by prevailing law & regulation, pertaining to land acquisition is equally important for SEMS. In the case of any conflict between the requirements under this Section with the prevailing Indonesian laws and regulations, as a financial company operating in Indonesia, IIF shall comply with the later and that the later shall prevail at all times.

2.2 Excerpts of Environmental Management Law 32/2009

Chapter – II: Objectives

Article 3
Environmental protection and management shall have the objectives of:

a. protecting the Republic of Indonesia Unitary State’s territory from pollution and/or damage to the environment;
b. guaranteeing the human safety, health, and life;
c. guaranteeing the continued existence of all living things and conservation of the ecosystem;
d. maintaining the conservation of environmental functions;
e. achieving the environmental congruence, harmony, and balance;
f. guaranteeing the fulfillment of justice for present and future generations;
g. guaranteeing the fulfillment and protection of right to the environment as part of the human rights;
h. controlling the natural resources utilization in a sensible way;
i. accomplishing the sustainable development; and
j. anticipating the global environmental issue.

Chapter III: Planning

Article 9
1) RPPLH as referred to in Article 5 letter c shall comprise:
   a. national RPPLH;
   b. provincial RPPLH; and
   c. kabupaten/city RPPLH
2) National RPPLH as referred to in paragraph (1) letter a shall be prepared based on the national inventorying.
3) Provincial RPPLH as referred to in paragraph (1) letter b shall be prepared based on:
   a. national RPPLH;
   b. inventorying at island/islands level; and
   c. inventorying at eco-region level.
4) Kabupaten/city RPPLH as referred to in paragraph (1) letter c shall be prepared based on:
   a. provincial RPPLH;
   b. inventorying at island/islands level; and
   c. inventorying at eco-region level.

Article 10
1) RPPLH as referred to in Article 9 shall be prepared by the Minister, governor, or bupati/mayor in accordance with their respective authority.
2) Preparation of RPPLH as referred to in paragraph (1) shall notice:
   a. diversity of ecological characteristics and functions;
   b. population distribution;
   c. distribution of natural resource potentialities;
   d. local wisdom;
   e. community aspiration; and
   f. climate change.
3) RPPLH shall be stipulated by:
   a. a government regulation for national RPPLH;
   b. a provincial regional regulation for provincial RPPLH; and
   c. a kabupaten/city regional regulation for kabupaten/city RPPLH.
4) RPPLH shall contain plans for:
   a. natural resources utilization and/or reservation;
   b. maintenance and protection of quality and/or functions of the environment;
   c. control, monitoring, as well as efficient use and conservation of natural resources; and
   d. adaptation to and mitigation of climate change.
5) RPPLH shall form the basis for preparation of and be included in the long-term and medium-term development plan.

**Article 14**

Instruments for preventing pollution and/or damage to the environment shall comprise:

a. SEA;
b. spatial structure;
c. environmental quality standard;
d. standard criteria for environmental damage;
e. EIA;
f. UKL-UPL;
g. licensing;
h. environmental economic instrument;
i. environment-based legislation;
j. environment-based budget;
k. environmental risk analysis;
l. environmental audit; and
m. other instruments in accordance with the need and/or scientific developments.

**Paragraph 5**

**EIA**

**Article 22**

1) Each undertaking and/or activity with a significant impact on the environment shall have an EIA.

2) A significant impact shall be determined based on the following criteria:

   a. number of population that will be affected by the planned undertaking and/or activity;
   b. area of the impact spread;
   c. intensity and duration of the impact;
   d. amount of other environmental components that will be affected;
   e. cumulative nature of the impact;
   f. reversibility or irreversibility of the impact; and/or
   g. other criteria in accordance with scientific and technological progress.

**Article 23**

1) Criteria for any undertaking and/or activity with a significant impact to be accompanied by an EIA shall comprise:

   a. change in the forms of land and landscape;
   b. exploitation of natural resources, both renewable and non-renewable;
   c. processes and activities that are likely to cause pollution and/or damage to the environment as well as waste and deterioration of natural resources in the utilization;
   d. processes and activities whose by-products can affect the natural environment, artificial environment, as well as social and cultural environments;
   e. processes and activities whose by-products will affect preservation of the natural resource conservation area and/or protection of cultural conservation;
   f. introduction of plant, animal, and microorganism species;
g. making and use of biological and non-biological materials;

h. activities posing a high risk and/or affecting the state defense; and/or environment.

2) Further provisions concerning the types of undertaking and/or activity that must be accompanied by an EIA as referred to in paragraph (1) shall be stipulated by a Ministerial regulation.

Article 24
EIA document as referred to in Article 22 shall serve as a basis for making decision on environmental feasibility.

Article 25
EIA document shall contain:

a. study on impact of the planned undertaking and/or activity;

b. evaluation of activities around the location of the planned undertaking and/or activity;

c. suggestion, input and response from the community in regard to the planned undertaking and/or activity;

d. estimated amount and significance of the impact that may occur if the planned undertaking and/or activity is carried out;

e. holistic evaluation of the impact to determine the environmental feasibility or unfeasibility; and

f. plan for environmental management and monitoring.

Article 26
1) EIA document as referred to in Article 22 shall be prepared by an initiator while involving the community.

2) Community involvement shall be based on the principle of providing transparent and complete information communicated before carrying out the activity.

3) The community as referred to in paragraph (1) shall include:

a. affected people;

b. environmental observers; and/or

c. people affected by any kinds of decision in the EIA process.

4) The community as referred to in paragraph (1) may lodge their objections to the EIA document.

Article 27
In preparing the EIA document, the initiator as referred to in Article 26 paragraph (1) shall be permitted to request assistance from another party.

Article 28
1) EIA compiler as referred to in Article 26 paragraph (1) and Article 27 shall have the certificate of EIA compiler’s competence.

2) Criteria for obtaining the certificate of EIA compiler’s competence as referred to in paragraph (1) shall include:

a. mastery of EIA compilation methodology;

b. capability of scoping out, projection, and evaluation of impact and decision-making; and

c. capability to prepare the plan for environmental management and monitoring.

3) Certificate of EIA compiler’s competence as referred to in paragraph (1) shall be issued by the institution for certification of EIA compiler’s competence stipulated by the Minister in accordance with legislation.
4) Further provisions concerning certification of and criteria for EIA compiler’s competence shall be stipulated by a Ministerial regulation.

Article 29
1) EIA document shall be appraised by an EIA Appraising Commission set up by the Minister, governor, or bupati/mayor according to their respective authority.
2) EIA Appraising Commission shall have a license from the Minister, governor, or bupati/mayor according to their respective authority.
3) Requirements and procedure for licensing as referred to in paragraph (2) shall be stipulated by a Ministerial regulation.

Article 30
1) Membership of the EIA Appraising Commission as referred to in Article 29 shall comprise representatives from the following elements:
   a. environmental agencies;
   b. related technical agencies;
   c. experts in the science related to the type of undertaking and/or activity being studied;
   d. experts in the science related to the impact of an undertaking and/or activity being studied;
   e. representatives from the community that is likely to experience the impact; and
   f. environmental organization.
2) In carrying out its task, the EIA Appraising Commission shall be assisted by a technical team comprising independent experts to carry out a technical study and by a secretariat formed to that end.
3) The independent experts and secretariat as referred to in paragraph (3) shall be stipulated by the Minister, governor, or bupati/mayor according to their respective authority.

Article 31
Based on the EIA Appraising Commission’s appraisal, the Minister, governor, or bupati/mayor shall stipulate a decision regarding environmental feasibility or unfeasibility according to their respective authority.

Article 32
1) The Government and local government shall assist the compilation of EIA for economically weak groups’ undertaking and/or activity with a significant impact on the environment.
2) Assistance for the EIA compilation as referred to in paragraph (1) shall take the forms of facilitation, funding, and/or EIA compilation.
3) Criteria for economically weak groups’ undertaking and/or activity shall be stipulated by legislation.

Article 33
Further provisions concerning EIA as referred to in Article 22 through Article 32 shall be stipulated by a Government Regulation.

Clearance procedure of AMDAL (EIA) in Indonesia
- The Commission of Evaluation is established by Minister (at National Level) or by Governor (at Province Level)
- The Commission of Evaluation at National Level consists of representatives from Government Institution for Environmental, Government Institution for Health, Government Institution for Defence and Safety, Government Institution for Investment, Government Institution for Land
Use, Government Institution for Science & Technology, representatives from Province/Local Government involved, Experts on Environmental Technology/Management and related sectors, representatives from community that are impacted and others as needed

- The Commission of Evaluation at Province/Local Level consists of representative(s) from Development Planning Agency, Regional bureau of Environmental Bureau, Regional/Local Bureau for Land Use and Investment, Regional/Local Institution for Defence and Safety, Regional Bureau for Health, representative(s) from National Government Institution which are related to the types of business/project plan, representative(s) from community that are impacted, Centre for Environmental Studies from University in the region and others as needed

- Types of business/project plan which is evaluated by The Commission of Evaluation at National Level:
  - Strategic business/project/activity which is related to defence and safety of the country
  - Business/project/activity which is located on more than one provincial area
  - Business/project/activity which is located in conflict area with other country
  - Business/project/activity which is located in Ocean area
  - Business/project/activity which is located on boundary area with another country/other countries

- Meanwhile, The Commission at Province Level do evaluation for business/project/activity beyond those criteria

- Outline of EIA includes the scope of study/assessment (Social Area, Ecological Area, Administrative Area) and action plans

- In Indonesia, Minister of Environmental Affairs also acts as Head of National Environmental Bureau

Following figure illustrates the EIA procedure (AMDAL approval) in the Republic of Indonesia.
Figure 2.1: AMDAL approval process in the Republic of Indonesia

<table>
<thead>
<tr>
<th>Community Involved</th>
<th>Responsible Institution</th>
<th>Initiator (Owner of Business Plan/Project Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Announcement of EIA preparation</td>
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<tr>
<td></td>
<td>Suggestion, Opinion and Response</td>
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<td></td>
<td>Consultation</td>
<td></td>
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<tr>
<td></td>
<td>Suggestion, Opinion and Response</td>
<td></td>
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<tr>
<td></td>
<td>Evaluation of Outline EIA by the Commission (max. 75 days)</td>
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<tr>
<td></td>
<td>Suggestion, Opinion and Response</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Evaluation of EIA (including Environmental Management Plan and Environmental Monitoring Plan) by the Commission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Suggestion, Opinion and Response</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decision on the feasibility of EIA by Head of Environmental Bureau (National Level) or by Governor (Province Level)</td>
<td></td>
</tr>
</tbody>
</table>

- Announcement of Business Plan/Project Plan
- Preparation of Outline EIA
- Preparation of EIA (including Environmental Management Plan and Environmental Monitoring Plan)
3 ANNEX C: IIF PRINCIPLES

3.1. PRINCIPLE 1: SOCIAL AND ENVIRONMENTAL ASSESSMENT AND MANAGEMENT SYSTEM

1. Principle 1 underscores the importance of managing social and environmental performance throughout the life of a project (any business activity that is subject to assessment and management). An effective social and environmental management system is a dynamic, continuous process initiated by management and involving communication between the client, its workers, and the local communities directly affected by the project (the affected communities). Drawing on the elements of the established business management process of “plan, implement, check, and act,” the system entails the thorough assessment of potential social and environmental impacts and risks from the early stages of project development, and provides order and consistency for mitigating and managing these on an ongoing basis. A good management system appropriate to the size and nature of a project promotes sound and sustainable social and environmental performance, and can lead to improved financial, social and environmental project outcomes. This Principle applies to projects with social or environmental risks and impacts that should be managed, in the early stages of project development, and on an ongoing basis.

2. The client will establish and maintain a Social and Environmental Management System appropriate to the nature and scale of the project and commensurate with the level of social and environmental risks and impacts. The Management System will incorporate the following elements:

   (i) Screening and categorization of projects
   (ii) Social and environmental assessment;
   (iii) Management program;
   (iv) Organizational capacity and competency;
   (v) Training;
   (vi) Emergency preparedness and response;
   (vii) Stakeholder engagement;
   (viii) Monitoring and review; and
   (ix) Reporting.

3. Human rights should be respected to avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to. Each of the Principles has elements related to human rights dimensions that a project may face in the course of its operations. Relevant human rights issues in its project will be able to address through due diligence against these Principles.

3.1.1 Social and Environmental Assessment

4. The client will conduct a process of Social and Environmental Assessment that will consider in an integrated manner the potential social and environmental (including labour, health, and safety)
risks and impacts of the project. The Assessment process will be based on current information, including an accurate project description, and appropriate social and environmental baseline data. The Assessment will consider all relevant social and environmental risks and impacts of the project, including the issues identified in Principles 2 through 8, and those who will be affected by such risks and impacts. Applicable laws and regulations of the jurisdictions in which the project operates that pertain to social and environmental matters, including those laws implementing host country obligations under international law, will also be taken into account.

5. Risks and impacts will be analyzed in the context of the project's area of influence. This area of influence encompasses, as appropriate the following:

(i) the primary project site(s) and related facilities that the client (including its contractors) develops or controls, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps;

(ii) associated facilities that are not funded as part of the project (funding may be provided separately by the client or by third parties including the government), and whose viability and existence depend exclusively on the project and whose goods or services are essential for the successful operation of the project;

(iii) areas potentially impacted by cumulative impacts from further planned development of the project, any existing project or condition, and other project-related developments that are realistically defined at the time the Social and Environmental Assessment is undertaken;

(iv) areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location. The area of influence does not include potential impacts that would occur without the project or independently of the project; and

(v) Indirect project impacts on biodiversity or on ecosystem services upon which affected communities’ livelihoods are dependent.

6. Risks and impacts will also be analyzed for the key stages of the project cycle, including pre-construction, construction, operations, and decommissioning or closure. Where relevant, the Assessment will also consider the role and capacity of third parties (such as local and national governments, contractors and suppliers), to the extent that they pose a risk to the project, recognizing that the client should address these risks and impacts commensurate to the client’s control and influence over the third party actions. The impacts associated with supply chains will be considered where the resource utilized by the project is ecologically sensitive, or in cases where low labour cost is a factor in the competitiveness of the item supplied. The Assessment will also consider potential trans-boundary effects, such as pollution of air, or use or pollution of international waterways, as well as global impacts, such as the emission of greenhouse gasses.

7. The Assessment will be an adequate, accurate, and objective evaluation and presentation of the issues, prepared by qualified and experienced persons. In projects with significant adverse impacts or where technically complex issues are involved, clients may be required to retain external experts to assist in the Assessment process.

8. Depending on the type of project and the nature and magnitude of its risks and impacts, the Assessment may comprise a full-scale social and environmental impact assessment, a limited or focused environmental or social assessment, or straightforward application of environmental siting,
pollution standards, design criteria, or construction standards. When the project involves existing business activities, social and/or environmental audits may need to be performed to determine any areas of concern. The types of issues, risks and impacts to be assessed, and the scope of the community engagement can also vary considerably, depending on the nature of the project, and its size, location, and stage of development.

9. Projects with potential significant adverse impacts that are diverse, irreversible, or unprecedented will have comprehensive social and environmental impact assessments. This assessment will include an examination of technically and financially feasible alternatives to the source of such impacts, and documentation of the rationale for selecting the particular course of action proposed. In exceptional circumstances, a regional, sectoral or strategic assessment may be required.

10. Narrower scopes of Assessments may be conducted for projects with limited impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

11. Projects with minimal or no adverse impacts will not be subject to further assessment beyond their identification as such.

12. As part of the Assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status. Where groups are identified as disadvantaged or vulnerable, the client will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.

3.1.2 Management program

13. Taking into account the relevant findings of the Social and Environmental Assessment and the result of consultation with affected communities, the client will establish and manage a program of mitigation and performance improvement measures and actions that address the identified social and environmental risks and impacts (the management program).

14. Management programs consist of a combination of operational policies, procedures and practices. The program may apply broadly across the client's organization, or to specific sites, facilities, or activities. The measures and actions to address identified impacts and risks will favour the avoidance and prevention of impacts over minimization, mitigation, or compensation, wherever technically and financially feasible. Where risks and impacts cannot be avoided or prevented,

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1 “Technical feasibility” is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity and operational reliability. “Financial feasibility” is based on commercial considerations, including the relative magnitude of the incremental cost of adopting such measures and actions compared to the project’s investment, operating and maintenance costs and whether this incremental cost could make the project nonviable to the client.

2 This status may stem from an individual’s or group’s race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. The client should also consider factors such as gender, ethnicity, culture, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.
mitigation measures and actions will be identified so that the project operates in compliance with applicable laws and regulations, and meets the requirements of Principles 1 through 8. The level of detail and complexity of this program and the priority of the identified measures and actions will be commensurate with the project’s risks and impacts.

15. The program will define desired outcomes as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. Recognizing the dynamic nature of the project development and implementation process, the program will be responsive to changes in project circumstances, unforeseen events, and the results of monitoring.

3.1.2.1 Action Plan

16. Where the client identifies specific mitigation measures and actions necessary for the project to comply with applicable laws and regulations and to meet the requirements of Principles 1 through 8, the client will prepare an Action Plan. These measures and actions will reflect the outcomes of consultation on social and environmental risks and adverse impacts and the proposed measures and actions to address these. The Action Plan may range from a brief description of routine mitigation measures to a series of specific plans. The Action Plan will:

i. describe the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken;

ii. prioritize these actions;

iii. include the time-line for their implementation;

iv. be disclosed to the affected communities; and

v. describe the schedule and mechanism for external reporting on the client’s implementation of the Action Plan.

3.1.3 Organizational Capacity and Competency

17. The client will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the management program, including the Action Plan. Specific personnel, including management representative(s), will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the host country’s regulatory requirements with clear lines of responsibility and authority should be designated. Key social and environmental responsibilities should be well defined and communicated to the relevant personnel and to the rest of the organization. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous social and environmental performance.

18. The social and environmental risks and impacts identification process will consist of an adequate, accurate and objective evaluation and presentation, prepared by competent professionals.

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3.1.4 Training

19. The client will train employees and contractors with direct responsibility for activities relevant to the project’s social and environmental performance so that they have the knowledge and skills necessary to perform their work, including current knowledge of the host country’s regulatory requirements and the applicable requirements of Principles 1 through 8. Training will also address the specific measures and actions required under the management program, including the Action Plan, and the methods required to perform the action items in a competent and efficient manner.

3.1.5 Stakeholder Engagement

20. Strong, constructive and responsive relationships between the IIF client and the affected communities are essential for the successful management of a project’s social and environmental impacts. Therefore, stakeholder engagement is the basis to achieve this goal.

21. Stakeholder engagement is an on-going process that involves, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of Information, Consultation and Participation (ICP), grievance mechanism and ongoing reporting to the affected communities. The nature, frequency and level of effort of stakeholder engagement may vary considerably and will commensurate with the project’s risks and adverse impacts and the project’s phase of development.

3.1.6 Stakeholder Analysis and Engagement Planning

22. The IIF client will identify the range of stakeholder that may be interested in their actions and consider how external communications might facilitate a dialog with all stakeholders. The client will identify the project’s affected communities and will meet the relevant requirements. Where applicable, a Stakeholder Engagement Plan (SEP) will be developed and implemented according to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the affected communities. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. When the stakeholder engagement process depends substantially on community representatives, the client will make every reasonable effort to verify that such persons do in fact represent the views of affected communities and they can be relied upon to faithfully communicate the results of consultations to their constituents.

3.1.6.1 Disclosure

23. Disclosure of relevant project information helps affected communities and other stakeholders understand the risks, impacts and opportunities of the project. Where the client has undertaken a process of Social and Environmental Assessment, the client will publicly disclose the Assessment document. The client will provide affected communities with access to information on the purpose, nature and scale of the project, the duration of proposed project activities, any risks to and potential impacts on such communities. For projects with adverse social or environmental impacts, disclosure should occur early in the Social and Environmental Assessment process and in any event before the project construction commences, and on an ongoing basis.

3.1.6.2 Consultation

24. If affected communities may be subject to risks or adverse impacts from a project, the client will undertake a process of consultation in a manner that provides the affected communities with
opportunities to express their views on project risks, impacts, and mitigation measures, and allows the client to consider and respond to them. Effective consultation is a two-way process that should:

(i) should be based on the prior disclosure of relevant and adequate information, including draft documents and plans;
(ii) should begin early in the Social and Environmental Assessment process;
(iii) will focus on the social and environmental risks and adverse impacts, and the proposed measures and actions to address these;
(iv) will be carried out on an ongoing basis as risks and impacts arise. The consultation process will be undertaken in a manner that is inclusive and culturally appropriate; and
(v) Be free of external manipulation, interference, coercion or intimidation.

25. The client will tailor its consultation process to the language preferences of the affected communities, their decision-making process, and the needs of disadvantaged or vulnerable groups.

26. For projects with significant adverse impacts on affected communities, the consultation process will ensure their free, prior and informed consultation and facilitate their informed participation. Informed participation involves organized and iterative consultation, leading to the client’s incorporating into their decision-making process the views of the affected communities on matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The client will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the affected communities.

27. The consultation process should capture both men’s and women’s views and reflect men’s and women’s different concerns and priorities about impacts, mitigation mechanisms and benefits.

3.1.6.3 Grievance Mechanism

28. The client will respond to affected communities’ concerns related to the project. If the client anticipates ongoing risks to or adverse impacts on affected communities, the client will establish a grievance mechanism to receive and facilitate resolution of the affected communities’ concerns and grievances about the client’s social and environmental performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project and have affected communities as its primary user. It should address concerns promptly, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, and at no cost and without retribution. The mechanism should not impede access to judicial or administrative remedies. The client will inform the affected communities about the mechanism in the course of its stakeholder engagement process.

3.1.7 Monitoring

29. As an element of its Management System, the client will establish procedures to monitor and measure the effectiveness of the management program. In addition to recording information to track performance and establishing relevant operational controls, the client should use dynamic mechanisms, such as inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Appropriate level of personnel in the client’s organization should oversee the monitoring program and receive periodic assessments of the effectiveness of the management program, based on systematic data collection and analysis. For projects with significant
impacts that are diverse, irreversible, or unprecedented, the client will retain qualified and experienced external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's risks and impacts and with the project's compliance requirements. Monitoring should be adjusted according to performance experience and feedback. The client will document monitoring results, and identify and reflect the necessary corrective and preventive actions in the amended management program. The client will implement these corrective and preventive actions, and follow up on these actions to ensure their effectiveness.

3.1.8 External Reporting on Action Plans

30. The client will disclose the Action Plan to the affected communities. In addition, the client will provide periodic reports that describe progress with implementation of the Action Plan on issues that involve ongoing risk to or impacts on affected communities, and on issues that the consultation process or grievance mechanism has identified as of concern to those communities. If the management program results in material changes in, or additions to, the mitigation measures or actions described in the Action Plan on issues of concern to the affected communities, the updated mitigation measures or actions will also be disclosed. These reports will be in a format accessible to the affected communities. The frequency of these reports will be proportionate to the concerns of affected communities but not less than annually.
3.2.  PRINCIPLE 2:  LABOUR AND WORKING CONDITIONS

31.  Principle 2 recognizes that protection of the fundamental rights of workers should accompany the pursuit of economic growth. Through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project.

32.  The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the IIF client's Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1. The requirements set out in this Principle have been in part guided by a number of international conventions negotiated through the International Labour Organization (ILO) and the United Nations (UN)4.

33.  Throughout this Principle, the term “workers” is used to refer to employees of the IIF client or the developer, as well as to certain types of non-employee workers. The application of this Principle will vary depending on the type of workers, as follows:

- Employees: All the requirements of this Principle, except for the requirements under Sections 3.2.2 and 3.2.3 apply
- Non-Employee Workers: The requirements of Section 3.2.4 apply

34.  Supply chain5 issues are addressed in Section 3.2.5.

3.2.1  Working Conditions and Management of Worker Relationship

3.2.1.1  Human Resources Policy and Procedures

35.  The IIF client will adopt a human resources policy and procedures appropriate to its size and workforce that sets out its approach to managing employees consistent with the requirements of this Principle. Under the policy, the IIF client will provide employees with information regarding their rights under national labour and employment law, including their rights related to wages and benefits. This policy will be clear and understandable to employees and will be explained or made accessible to each employee upon taking employment.

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4 These conventions are:
ILO Convention 87 on Freedom of Association and Protection of the Right to Organize
ILO Convention 98 on the Right to Organize and Collective Bargaining
ILO Convention 29 on Forced Labour
ILO Convention 105 on the Abolition of Forced Labour
ILO Convention 138 on Minimum Age (of Employment)
ILO Convention 182 on the Worst Forms of Child Labour
ILO Convention 100 on Equal Remuneration
ILO Convention 111 on Discrimination (Employment and Occupation)
United Nations Convention on the Rights of the Child, Article 32.1
UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families

5 Supply chain refers to both labour and material inputs for the life-cycle of a good or service.
3.2.1.2 Working Relationship

36. The IIF client will document and communicate to all employees and workers directly contracted by the IIF client their working conditions and terms of employment, including their entitlement to wages and any benefits.

3.2.1.3 Working Conditions and Terms of Employment

37. Where the IIF client is a party to a collective bargaining agreement with a workers’ organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment (such as wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or holiday) the IIF client will provide reasonable working conditions and terms of employment that, at a minimum, comply with national law.

38. If applicable, the client will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.

39. The client will put in place and implement policies on the quality and management of the accommodation and provision of basic services if accommodation services are provided to workers. The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers’ accommodation arrangements should not restrict workers’ freedom of movement or of association.

3.2.1.4 Workers’ Organizations

40. In countries where national law recognizes workers’ rights to form and to join workers’ organizations of their choosing without interference and to bargain collectively, the IIF client will comply with national law. Where national law substantially restricts workers’ organizations, the IIF client will not restrict alternative means for workers to express their grievances and protect their rights regarding working conditions and terms of employment. The client should not seek to influence or control these mechanisms.

41. In either case described in the previous paragraph, and where national law is silent, the IIF client will not discourage workers from forming or joining workers’ organizations of their choosing or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and bargain collectively. IIF clients will engage with such worker representatives. Worker organizations are expected to fairly represent the workers in the workforce.

3.2.1.5 Non-Discrimination and Equal Opportunity

42. The IIF client will not make employment decisions on the basis of personal characteristics unrelated to inherent job requirements. The IIF client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to aspects of the employment relationship, including recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, promotion, termination of employment or retirement, and discipline. The client will take measures to prevent and address harassment, intimidation, and/or exploitation, especially in regard to women. The principles of non-discrimination apply to migrant workers.
43. In countries where national law provides for non-discrimination in employment, the IIF client will comply with national law. When national laws are silent on non-discrimination in employment, the IIF client will meet this Principle. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed discrimination.

3.2.1.6 Retrenchment

44. The IIF client will develop a retrenchment plan including to mitigate the adverse impacts of retrenchment on employees, if it anticipates the elimination of a significant number of jobs or a layoff of a significant number of employees. The plan will be based on the principle of non-discrimination and will reflect the IIF client’s consultation with employees, their organizations and, where appropriate, the government.

3.2.1.7 Grievance Mechanism

45. The IIF client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise reasonable workplace concerns. The IIF client will inform the workers of the grievance mechanism at the time of hire, and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.

3.2.2 Protecting the Work Force

3.2.2.1 Child Labour

46. The IIF client will not employ children in a manner that is economically exploitative, or is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral, or social development. The client will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, the IIF client will follow those laws applicable to the IIF client. Children below the age of 18 years will not be employed in dangerous work. All work of persons under the age of 18 will be subjected to an appropriate risk assessment and regular monitoring of health, working conditions, and working hours.

3.2.2.2 Forced Labour

47. The IIF client will not employ any forced labour, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labour, such as indentured labour, bonded labour or similar labour contracting arrangements. The IIF client will not employ trafficked persons.6

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6 Trafficking persons is the recruitment, transportation, transfer, harboring or receipt of persons by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.
3.2.3 Occupational Health and Safety

48. The IIF client will provide the workers with a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the IIF client's work areas including physical, chemical, biological and radiological hazards, and specific threats to women. The client will take steps to prevent accidents, injury and disease arising from, associated with, or occurring in the course of work by minimizing, so far as reasonably practicable the causes of hazards. In a manner consistent with good international industry practice, the client will address areas including: the identification of potential hazards to workers, particularly those that may be life threatening, provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; training of workers; documentation and reporting of occupational accidents, diseases and incidents; and emergency prevention, preparedness and response arrangements.

3.2.4 Non-Employee Workers

49. For purpose of this Principle, “non-employee workers” refers to workers who are (i) directly contracted by the client, or contracted through contractors or other intermediaries; and (ii) performing work directly related to core functions essential to the client’s products or services for a substantial duration. Policies and procedures for managing and monitoring the performance of such employers in relation to the requirements of this Principle will be established by the client. When the IIF client contracts non-employee workers directly, the IIF client will use commercially reasonable efforts to apply the requirements of this Principle, except for Sections 3.2.1.1, 3.2.1.6 and Section 3.2.5. With respect to contractors or other intermediaries procuring nonemployee workers, the IIF client will use commercially reasonable efforts to: (i) ascertain that these contractors or intermediaries are reputable and legitimate enterprises; and (ii) require that these contractors or intermediaries apply the requirements of this Principle except for Sections 3.2.1.1, 3.2.1.6 and 3.2.1.7.

50. Non-employee workers will have access to a grievance mechanism. The client will extend its own grievance mechanism to serve non-employee workers in cases their employers are not able to provide a grievance mechanism.

3.2.5 Supply Chain

51. The adverse impacts associated with supply chains will be considered where low labour cost is a factor in the competitiveness of the item supplied. The client will inquire about and address child labour and forced labour in its primary supply chain, consistent with Sections 3.2.2.1 and 3.2.2.2 above. If child labour or forced labour cases are identified, the client will take appropriate steps to remedy them. The client will monitor its primary supply chain on an on-going basis in order to identify any significant changes in its supply chain and if new risks or incidents of child and/or forced labour are identified, the client will take appropriate steps to remedy them.

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7 Defined as the exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.

8 Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core business processes of the project.
52. To the extent applicable, relevant and possible, the client will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life-threatening situations if there is a high risk of significant safety issues related to supply chain workers. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers. Where remedy is not possible, the client will consider shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with this Principle.
3.3. PRINCIPLE 3: POLLUTION PREVENTION AND ABATEMENT AND CLIMATE CHANGE

53. Principle 3 recognizes that increased economic activity and urbanization often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global level. On the other hand, along with international trade, pollution prevention and control technologies and practices have become more accessible and achievable in virtually all parts of the world. There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world.

54. This Principle outlines a project-level approach to resource efficiency and pollution prevention and control in line with these internationally disseminated technologies and practices. In addition, this Principle promotes the private sector’s ability to integrate such technologies and practices as far as their use is technically and financially feasible and cost-effective in the context of a project that relies on commercially available skills and resources.

55. The applicability of this Principle is established during the Social and Environmental risks and impacts identification process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client’s Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

3.3.1. General Requirements

56. During the design, construction, operation and decommissioning of the project (the project life-cycle) the client will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid or, where avoidance is not possible, minimize or reduce adverse impacts on human health and the environment while remaining technically and financially feasible and cost-effective. The principles and techniques applied during the project life-cycle will be tailored to the hazards and risks associated with the nature of the project and consistent with good international industry practice (GIIP), as

9 For the purposes of this Principle, the term “pollution” is used to refer to both hazardous and non-hazardous pollutants in the solid, liquid, or gaseous forms, and is intended to include other forms such as nuisance odours, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.

10 For the purpose of this Principle, the term “pollution prevention” does not mean absolute elimination of emissions, but the avoidance at source whenever possible, and, if not possible, then subsequent minimization of pollution to the extent that the Principle objectives are satisfied.

11 Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project’s investment, operating, and maintenance costs.
reflected in various internationally recognized sources, including including IFC’s Environmental, Health and Safety Guidelines (EHS Guidelines).

### 3.3.1.1 Pollution Prevention, Resource Conservation and Energy Efficiency

57. The client will avoid the release of pollutants or, when avoidance is not feasible, minimize or control the intensity or load of their release. This applies to the release of pollutants due to routine, non-routine or accidental circumstances with the potential for local, regional, and trans-boundary impacts. In addition, the client should examine and incorporate in its operations resource conservation and energy efficiency measures by implementing technically and financially feasible and cost effective measures for improving efficiency in its consumption of energy, water, as well as other resources and material inputs, with a focus on areas that are considered core business activities. Such measures will integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy, and water.

### 3.3.1.2 Wastes

58. The client will avoid the generation of hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, the client will reduce the generation of waste, and recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, the client will treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. If the generated waste is considered hazardous, the client will adopt GIIP alternatives for its environmentally sound disposal while adhering to the limitations applicable to its trans-boundary movement. When hazardous waste disposal is conducted by third parties, the client will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and obtain chain of custody documentation to the final destination. The client should ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, the client will use these sites. Where this is not the case, clients should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.

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12 GIIP is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

13 In reference to trans-boundary pollutants, including those covered under the Convention on Long-range Trans-boundary Air Pollution.

14 Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the measure considered over the life of the measure. For the purpose of this Principle, a resource efficiency or GHG emissions reduction measure is considered cost-effective if it is expected to provide a risk-rated return on investment at least comparable to the project itself.

15 As defined by international conventions or local legislation.

16 Trans-boundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.
3.3.1.3 Hazardous Materials Management

59. The client will avoid or, when avoidance is not feasible, minimize or control the release of hazardous materials resulting from their production, transportation, handling, storage and use for project activities. The client will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer\(^\text{17}\), and consider the use of less hazardous substitutes for such chemicals and materials.

3.3.1.4 Emergency Preparedness and Response

60. The client will be prepared to respond to process upset, accidental, and emergency situations in a manner appropriate to the operational risks and the need to prevent their potential negative consequences. This preparation will include a plan that addresses the training, resources, responsibilities, communication, procedures, and other aspects required to effectively respond to emergencies associated with project hazards. Additional requirements on emergency preparedness and response are found in Principle 4.

3.3.1.5 Technical Guidance

61. The client will refer to the current version of the EHS Guidelines when evaluating and selecting pollution prevention and control techniques for the project. These Guidelines contain the performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from the levels and measures presented in the EHS Guidelines, clients will achieve whichever is more stringent. If less stringent levels or measures are appropriate in view of specific project circumstances, the client will provide full and detailed justification for any proposed alternatives. This justification will demonstrate that the choice for any alternate performance levels is consistent with the overall requirements of this Principle.

3.3.2 Ambient Considerations

62. To address adverse project impacts on existing ambient conditions\(^\text{18}\), the client will: (i) consider a number of factors, including the finite assimilative capacity\(^\text{19}\) of the environment, existing and future land use, existing ambient conditions, the project’s proximity to ecologically sensitive or protected areas, and the potential for cumulative impacts with uncertain and irreversible consequences; and (ii) promote strategies that avoid or, where avoidance is not feasible, minimize or reduce the release of pollutants, including strategies that contribute to the improvement of ambient conditions when the project has the potential to constitute a significant source of emissions in an already degraded area. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.

\(^{17}\) Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.

\(^{18}\) Such as air, surface and groundwater, and soils.

\(^{19}\) The capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.
63. Where historical pollution such as land or ground water contamination exists, the client will seek to determine who has the legal liability to manage this contamination since this liability will vary according to various circumstances. The client may bear this responsibility due to its own past actions or inactions, or may have taken on this liability when acquiring the site. In other cases, contamination may have been identified and provision made legally to isolate the client from such liability when acquiring the site. If it is determined that the client is legally responsible, then these liabilities will be resolved in accordance with national law, or where this is silent, with GIIP.20

3.3.3. Greenhouse Gases

64. The client will promote the reduction of project-related greenhouse gas (GHG) emissions in a manner appropriate to the nature and scale of project operations and impacts.

65. During the development or operation of projects that are expected to or currently produce significant quantities of GHGs, the client will quantify direct emissions from the facilities owned or controlled within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. Quantification and monitoring of GHG emissions will be conducted annually in accordance with internationally recognized methodologies.21 In addition, the client will evaluate technically and financially feasible and cost-effective options to reduce or offset project-related GHG emissions during the design and operation of the project. These options may include, but are not limited to, carbon financing, energy efficiency improvement, the use of renewable energy sources, alterations of project design, emissions offsets, and the adoption of other mitigation measures such as the reduction of fugitive emissions and the reduction of gas flaring.

66. The significance of a project’s contribution to GHG emissions varies between industry sectors. The threshold for this Principle is 25,000 tonnes CO2 equivalent per year for the aggregate emissions of direct sources and indirect sources associated with purchased electricity for own consumption. This or similar thresholds will apply to such industry sectors or activities as energy, transport, heavy industry, agriculture, forestry, and waste management in order to help promote awareness and reduction of emissions.

67. To the extent the above threshold is not met, the client shall prepare, and IIF shall monitor, a periodic plan to list down steps to reduce the emissions of GHG over time, taking into consideration the client’s resources as well as technically and financially feasible as well as cost effective.

3.3.4. Water Consumption

68. When the project is a potentially significant consumer of water, the client shall adopt measures that avoid or reduce water usage so that the project’s water consumption does not have significant adverse impacts on others, besides applying the resource efficiency requirements of this Principle. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the client’s operations, the use of alternative water supplies,

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20 This may require coordination with national and local government, communities, and the contributors to the contamination, and that any assessment follows a risk-based approach consistent with GIIP as reflected in the EHS Guidelines.

21 Estimation methodologies are provided by the Intergovernmental Panel on Climate Change (IPCC), various international organizations, and relevant host country agencies.
water consumption offsets to reduce total demand for water resources to within the available supply, and evaluation of alternative project locations.

3.3.5. Pesticide Use and Management

69. The client will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. The client’s IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent economically significant pest damage and/or disease transmission to humans and animals.

70. When pest management activities include the use of chemical pesticides, the client will select chemical pesticides that are low in human toxicity, that are known to be effective against the target species, and that have minimal effects on non-target species and the environment. When the client selects chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be clearly labelled for safe and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.

71. The client will design its pesticide application regime to (i) avoid damage to natural enemies of the target pest, and where avoidance is not possible, minimize, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible minimize. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization’s International Code of Conduct on the Distribution and Use of Pesticides or other GIIP.

72. The client will not purchase, store, use, manufacture, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous). The client will not purchase, store, use, manufacture or trade in Class II (moderately hazardous) pesticides, unless the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.
3.4. **PRINCIPLE 4: COMMUNITY HEALTH, SAFETY AND SECURITY/DAM SAFETY**

73. Principle 4 recognizes that project activities, equipment, and infrastructure often bring benefits to communities including employment, services, and opportunities for economic development. However, projects can also increase the potential for community exposure to risks and impacts arising from climate change, equipment accidents, structural failures, and releases of hazardous materials. Communities may also be affected by impacts on their natural resources, exposure to diseases, and the use of security personnel. While acknowledging the public authorities’ role in promoting the health, safety and security of the public, this Principle addresses the client’s responsibility to avoid or minimize the risks and impacts to community health, safety and security that may arise from project-related activities, with particular attention to vulnerable groups. The level of risks and impacts described in this Principle may be greater in projects located in conflict and post-conflict areas.

74. The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client’s Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

75. This Principle addresses potential risks and impacts to the affected community from project activities. Occupational health and safety standards are found in Principle 2, and environmental standards to prevent impacts on human health and the environment due to pollution are found in Principle 3.

3.4.1. **Community Health and Safety Requirements**

3.4.1.1 **General Requirements**

76. The client will evaluate the risks and impacts to the health and safety of the affected community during the design, construction, operation, and decommissioning of the project and will establish preventive measures to address them in a manner commensurate with the identified risks and impacts. These measures will favour the prevention or avoidance of risks and impacts over minimization and reduction.

77. Where the project poses risks to or adverse impacts on the health and safety of affected communities, the client will disclose the Action Plan and any other relevant project-related information to enable the affected communities and relevant government agencies to understand these risks and impacts, and will engage the affected communities and agencies on an ongoing basis consistent with the requirements of Principle 1.

3.4.1.2 **Infrastructure and Equipment Safety**

78. The client will design, construct, and operate and decommission the structural elements or components of the project in accordance with good international industry practice\(^{22}\), taking into

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\(^{22}\) Defined as the exercise of that degree of skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally.
consideration safety risks to third parties or Affected Communities, and will give particular consideration to potential exposure to natural hazards, especially where the structural elements are accessible to members of the affected community or where their failure could result in injury to the community. Structural elements will be designed and constructed by qualified and experienced professionals, and certified or approved by competent authorities or professionals. When structural elements or components, such as dams, tailings dams, or ash ponds, are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the client will engage one or more qualified experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, operation and decommissioning to conduct a review as early as possible in project development and throughout the stages of project design, construction, and commissioning. For projects that operate moving equipment on public roads and other forms of infrastructure, the client will seek to prevent the occurrence of incidents and accidents associated with the operation of such equipment.

3.4.1.3 Hazardous Materials Management and Safety

79. The client will avoid or minimize the potential for community exposure to hazardous materials that may be released by the project. Where there is a potential for the community (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the client will exercise special care to avoid or minimize their exposure by modifying, substituting or eliminating the condition or substance causing the hazards. Where hazardous materials are part of existing project infrastructure or components, the client will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. In addition, the client will exercise commercially reasonable efforts to control the safety of deliveries of hazardous materials and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides in accordance with the Sections 3.3.1.3 and 3.3.5 outlined in paragraphs of Principle 3.

3.4.1.4 Environmental and Natural Resource Issues

80. The client will avoid or minimize the exacerbation of impacts caused by natural hazards, such as landslides or floods that could arise from land use changes due to project activities.

81. The client will also avoid or minimize adverse impacts due to project activities on soil, water, and other natural resources in use by the affected communities.

3.4.1.5 Ecosystem Services

82. The project’s direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to Affected Communities. Ecosystem services are limited to provisioning and regulating services, with respect to this Principle and as defined in Principle 6.23 The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater,24 may result in health-related risks and impacts. The client will identify those risks and potential impacts on priority ecosystem services that may be exacerbated by climate change, where

23 For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate the effects of natural hazards such as flooding, landslides, and fire, may result in increased vulnerability and community safety-related risks and impacts.

24 Freshwater is an example of provisioning ecosystem services.
appropriate and feasible. The client will implement mitigation measures in accordance with Principle 6 for those unavoidable impacts and Principle 5 for the use of and loss of access to provisioning services.

3.4.1.6 Community Exposure to Disease
83. The client will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, vector-borne disease, and other communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases are endemic in communities in the project area of influence, the client is encouraged to explore opportunities during the project life cycle to improve environmental conditions that could help reduce their incidence.

84. The client will avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labour.

3.4.1.7 Emergency Preparedness and Response
85. The client will assess the potential risks and impacts from project activities and inform affected communities of significant potential hazards in a culturally appropriate manner. The client will also assist and collaborate with the community and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information in the Action Plan or other relevant document to affected communities and relevant government agencies.

3.4.1.8 Security Personnel Requirements
86. When the client directly retains direct or contracted workers employees or contractors to provide security to safeguard its personnel and property, it will assess risks to those within and outside the project site posed by its security arrangement. In making such arrangements, the client will be guided by the principles of proportionality, good international practices in terms of hiring, rules of conduct, training, equipping and monitoring of such personnel, and applicable law. The client will make reasonable inquiries ensure that those providing security are not implicated in past abuses, will train them adequately in the use of force (and where applicable, firearms) and appropriate conduct toward workers and the affected community, and require them to act within the applicable law. The client will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. A grievance mechanism should allow the affected community to express concerns about the security arrangements and acts of security personnel.

87. If government security personnel are deployed to provide security services for the client, the client will assess risks arising from such use, and encourage the relevant public authorities to disclose the security arrangements for the client’s facilities to the public, subject to overriding security concerns.

88. The client will consider and, where appropriate investigate any credible allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities when appropriate.
3.5. **PRINCIPLE 5: LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT**

89. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of project-related land acquisition. Resettlement is considered involuntary when affected individuals or communities do not have the right to refuse land acquisition that results in displacement. This occurs in cases of: (i) lawful expropriation or restrictions on land use based on eminent domain; and ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.

90. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for affected persons and communities, as well as environmental damage and social stress in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided or at least minimized. However, where it is unavoidable, appropriate measures to mitigate adverse impacts on displaced persons and host communities should be carefully planned and implemented. Experience demonstrates that the direct involvement of the client in resettlement activities can result in cost-effective, efficient, and timely implementation of those activities, as well as innovative approaches to improving the livelihoods of those affected by resettlement.

91. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. Negotiated settlements can usually be achieved by providing fair and appropriate compensation and other incentives or benefits to affected persons or communities, and by mitigating the risks of asymmetry of information and bargaining power. Clients are encouraged to acquire land rights through negotiated settlements wherever possible, even if they have the legal means to gain access to the land without the seller’s consent.

92. The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client’s Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

93. This Principle applies to physical or economic displacement resulting from the following types of land transactions:

- **Type I:** Land rights or land use rights for a private sector project acquired through expropriation or other compulsory procedures;
- **Type II:** Land rights or land use rights for a private sector project acquired through negotiated settlements with property owners or those with legal rights to land, including customary or

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25 Land acquisition includes both outright purchases of property and purchases of access rights, such as rights-of-way.

26 Such restriction may include restrictions of access to legally designated nature conservation areas.

27 A host community is any community receiving displaced persons.
traditional rights recognized or recognizable under the laws of the country, if expropriation or other compulsory process would have resulted upon the failure of negotiation;  

- Type III: Project situations where involuntary restrictions on land use and access to natural resources cause a community or groups within a community to lose access to resource usage where they have traditional or recognizable usage rights;  

- Type IV: Project situations requiring evictions of people occupying land without formal, traditional, or recognizable usage rights; or  

- Type V: Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas.

94. This Principle does not apply to resettlement resulting from voluntary land transactions (i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory procedures if negotiations fail). It also does not apply to impacts on livelihoods where the project is not changing the land use of the affected groups or communities.

95. In the event of adverse economic, social, or environmental impacts from project activities other than land acquisition (e.g. loss of access to assets or resources or restrictions on land use), such impacts will be avoided, minimized, mitigated or compensated for through the process of Social and Environmental Assessment under Principle 1. If these impacts become significantly adverse at any stage of the project, the client should consider applying the requirements of Principle 5, even where no initial land acquisition was involved.

3.5.1. General Requirements

3.5.1.1 Project Design

96. The client will consider feasible alternative project designs to avoid or at least minimize physical or economic displacement, while balancing environmental, social, and financial costs and benefits, paying attention to impacts on the Affected People who are poor and vulnerable.

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28 These negotiations can be carried out by the private sector company acquiring the land or by an agent of the company. In the case of private sector projects in which land rights are acquired by the government, the negotiations may be carried out by the government or by the private company as an agent of the government.

29 In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments. This Principle may also apply when project-related biodiversity areas or legally designated buffer zones are established but not acquired by the client.

30 While some people do not have rights over the land they occupy, this Principle requires that non land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored.

31 Natural resource assets referred to in this Principle are equivalent to ecosystem provisioning services as described in Principle 6.

32 More generalized impacts on communities or groups of people are covered in Principle 1. For example, disruption of access to mineral deposits by artisanal miners is covered by Principle 1.
3.5.1.2 Compensation and Benefits for Displaced Persons

97. When displacement cannot be avoided, the client will offer displaced persons and communities compensation for loss of assets at full replacement cost and other assistance to help them improve or at least restore their standards of living or livelihoods, as provided in this Principle. Standards for compensation will be transparent and consistent within the project. Where livelihoods of displaced persons are land-based, or where land is collectively owned, the client will offer land-based compensation, where feasible. Possession of the acquired land will only be taken by the client only after compensation has been made available. The client will provide opportunities to displaced persons and communities to derive appropriate development benefits from the project.

3.5.1.3 Consultation

98. Following disclosure of all relevant information, the client will consult with and facilitate the informed participation of affected persons and communities, including host communities, this process should be conducted as part of the stakeholder engagement as described in Principle 1. In relation to the resettlement and livelihood restoration processes, the client will apply a decision-making process that includes options and alternatives, where applicable. Project disclosure will continue during the implementation, monitoring, and evaluation of compensation payment, livelihood restoration activities and resettlement to achieve outcomes that are consistent with the objectives of this Principle.

3.5.1.4 Grievance Mechanism

99. The client will establish a grievance mechanism consistent with Principle 1 to receive and address specific concerns about compensation and relocation that are raised by displaced persons or members of host communities, including a recourse mechanism designed to resolve disputes in an impartial manner.

3.5.1.5 Resettlement and Livelihood Restoration Planning and Implementation

100. Where involuntary resettlement is unavoidable, either as a result of a negotiated settlement or expropriation, the client will carry out a census with appropriate socio-economic baseline data to identify the persons who will be displaced by the project, to determine who will be eligible for compensation and assistance, and to discourage inflow of people who are ineligible for these benefits. In the absence of host government procedures, the client will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area.

101. Where affected persons do not accept the compensations offers that meet the requirement of this principle, and thus, expropriation or other legal procedures are initiated, the client will explore opportunities to collaborate with the responsible governmental agency and when permitted, will play active role in the resettlement planning, implementation and monitoring.

102. Resettlement Action Plan (RAP) and/or Livelihood Restoration Plan implementation is completed when the adverse impacts of the resettlement have been addressed and consistent with

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33 For some cases where it is not possible for the client to pay all compensation before taking possession of the land (e.g. when the ownership of the land is disputable), the possession of the land should be identified and agreed on a case-by-case basis, and compensation funds should be made available for example through deposit into an escrow account before displacement.
the relevant plan as well as the objectives of this principle. The client will document all transactions to acquire land rights, as well as compensation measures and relocation activities. The client will also establish procedures to monitor and evaluate the implementation of resettlement plans and take corrective action as necessary. A resettlement will be considered complete when the adverse impacts of resettlement have been addressed in a manner that is consistent with the objectives stated in the resettlement plan or framework as well as the objectives of this Principle. The evaluation will include, at a minimum, the following:

- Review of the totality of mitigation measures implemented by the client;
- Comparison of implementation outcomes against agreed objectives; and
- Conclusion as to whether the monitoring process can be concluded.

3.5.2. Displacement

103. Displaced persons may be classified as persons: (i) who have formal legal rights to the land they occupy; (ii) who do not have formal legal rights to land, but have a claim to land that is recognized or recognizable under the national laws; or (iii) who have no recognizable legal right or claim to the land they occupy. The census will establish the status of the displaced persons.

104. Land acquisition for the project may result in the physical displacement of people as well as their economic displacement. As a result, requirements for both physical displacement and economic displacement may apply.

3.5.2.1 Physical Displacement

105. When the project involves physical displacement, the client will develop a Resettlement Action Plan. The Resettlement Action Plan is designed to mitigate negative impacts of the physical displacement, identify any development opportunities, set resettlement schedule and establish the entitlement of all categories of affected persons.

106. If people living in the project area must move to another location, the client will: (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons, with particular attention paid to the needs of the poor and the vulnerable. Alternative housing and/or cash compensation will be made available prior to relocation. New resettlement sites built for displaced persons will offer improved living conditions. The client will respect social and cultural institutions of the displaced persons and any host communities.

107. In the case of category (i) and (ii) displacement, the client will offer the choice of replacement property of equal or higher value, equivalent or better characteristics and advantages of location, or cash compensation at full replacement value where appropriate.36

34 Such claims could be derived from adverse possession or from customary or traditional law.

35 Such as opportunistic squatters and recently arrived economic migrants who occupy land prior to the cut-off date.

36 Payment of cash compensation for lost assets may be appropriate where: (a) livelihoods are not land-based; (b) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (c) active markets for land, housing, and labour exist, displaced persons use such markets.
108. In the case of category (iii) of displacement, the client will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Where these displaced persons own and occupy structures, the client will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these people occupy the project area prior to the cut-off date for eligibility. Compensation in kind will be offered in lieu of cash compensation where feasible. Based on consultation with such displaced persons, the client will provide relocation assistance sufficient for them to restore their standards of living at an adequate alternative site. The client is not required to compensate or assist those who encroach on the project area after the cut-off date.

109. Where communities of Indigenous Peoples are to be physically displaced from their communally held traditional or customary lands under use, the client will meet the applicable requirements of this Principle, as well as those of Principle 7.

110. The client will not carry out any forced evictions except in accordance with Indonesian law and requirements of this principle.

3.5.2.2 Economic Displacement

111. If land acquisition for the project causes loss of income or livelihood, regardless of whether or not the affected people are physically displaced, the client will meet the following requirements:

- Promptly compensate economically displaced persons for loss of assets or access to assets at full replacement cost;
- In cases where land acquisition or restrictions on land use affect commercial structures, compensate the affected business owner for the cost of re-establishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of the plant, machinery or other equipment.
- Provide replacement property (e.g., agricultural or commercial sites) of equal or greater value, at full replacement cost where appropriate, to persons with legal rights or claims to land which are recognized or recognizable under the national laws.
- Compensate economically displaced persons who are without legally recognizable claims to land for lost assets (such as crops, irrigation infrastructure and other improvements made to the land) other than land, at full replacement cost. The client is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date.
- Provide additional targeted assistance (e.g., credit facilities, training, or job opportunities) and opportunities to improve or at least restore their income-earning capacity, production levels, and there is sufficient supply of land and housing. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets.

37 Relocation of informal settlers in urban areas often has trade-offs. For example, the relocated families may gain security of tenure, but they may lose advantages of location.

38 Forced Evictions: permanent or temporary removal against the will of individuals, families and/or communities from the homes and/or lands which are occupied without provision of appropriate forms of legal and other protection.
and standards of living to economically displaced persons whose livelihoods or income levels are adversely affected as follow:

- For affected persons whose livelihoods are land-based, as priority, replacement land that has a combination of productive potential, locational advantages and other factors at least equivalent to that being lost.

- For affected persons whose livelihoods are natural resource-based and where project related restrictions to land or use of other resources apply, the client will implement measures to either allow continued access to affected resources or provide access to alternative resources with equivalent livelihood-earning potential and accessibility. Benefits and compensation associated with natural resource usage may be collective in nature rather than directly oriented towards individuals or households.

- If due to some circumstances, the client is not able to provide land or similar resources as described above, the client will provide alternative income earning opportunities (e.g. credit facilities, training, cash or employment opportunities).

- Provide transitional support to economically displaced persons, as necessary, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

112. Where communities of Indigenous Peoples are economically displaced (but not relocated) as a result of project-related land acquisition, the client will meet the applicable requirements of this Principle, as well as those of Principle 7.

3.5.3. Private Sector Responsibilities under Government-Managed Resettlement

113. Where land acquisition and resettlement are the responsibility of the host government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this Principle. In addition, where government capacity is limited, the client will play an active role during resettlement planning, implementation and monitoring, as described in the ensuing paragraphs.

114. In the case of Type I transactions (acquisition of land rights through expropriation or other legal procedures) involving physical or economic displacement, and Type II transactions (negotiated settlements) involving physical displacement, the client will identify and describe government resettlement measures. If these measures do not meet the requirements of this principle, the client will prepare a Supplementary Resettlement Plan (or a framework) that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Principle (the General Requirements and requirements for Physical Displacement and Economic Displacement above). The client may need to include in its Supplementary Resettlement Plan:

(i) Identification of the affected persons and impacts;

(ii) Description of regulated activities, including the entitlements of displaced persons provided under applicable laws and regulations;

(iii) Supplemental measures proposed to bridge any gaps between such entitlements and the requirements of this Principle; and

(iv) The financial and implementation responsibilities of the government agency and/or the client, in the implementation of this Supplementary Resettlement Plan.
115. In the case of Type II transactions (negotiated settlements) involving economic (but not physical) displacement, the client will identify and describe the procedures that the responsible government agency plans to use to compensate affected persons and communities. If these procedures do not meet the relevant requirements of this Principle, the client will develop its own procedures to supplement government action.

116. If permitted by the responsible government agency, the client will, in collaboration with such agency: (i) implement its plan or procedures established in accordance with paragraphs above; and (ii) monitor resettlement activity that is undertaken by the government agency until such activity has been completed.

3.5.4. **Land Acquisition Procedures in the Indonesian Context**

117. The above principles provide the overarching guidance. Specific guidance on issues related to the application of this Principle in Indonesia is following the prevailing law and regulation from time to time. The Social and Environment Management Unit of the IIF shall update and ensure that Principle 5 is complied with.
3.6. **PRINCIPLE 6: BIODIVERSITY CONSERVATION AND NATURAL RESOURCE MANAGEMENT**

118. Principle 6 recognizes that protecting and conserving biodiversity - maintaining ecosystem services, and sustainably managing natural resources are fundamental to sustainable development. This Principle reflects the objectives of the Convention on Biological Diversity\(^3^9\) to conserve biological diversity and promote use of renewable natural resources in a sustainable manner. This Principle addresses how clients can avoid or mitigate threats to biodiversity arising from their operations as well as sustainably manage renewable natural resources.

119. The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client's Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

120. Based on the Assessment of risks and impacts and the vulnerability of the biodiversity and the natural resources present, the requirements of this Principle are applied to projects in all habitats, whether or not those habitats have been previously disturbed, whether or not they are legally protected, and potentially impact on or are dependent on ecosystem services over which the client has direct management control or significant influence.

121. When avoidance of impacts on biodiversity and ecosystem services is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented. Predicting project impacts on biodiversity and ecosystem services over the long term on biodiversity and ecosystem services, the client should adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the project's lifecycle.

3.6.1. **Protection and Conservation of Biodiversity**

122. In order to avoid or minimize adverse impacts to biodiversity in the project's area of influence, the client will assess the significance of project impacts on all levels of biodiversity as an integral part of the Social and Environmental Assessment process. The Assessment will take into account the differing values attached to biodiversity by specific stakeholders, as well as identify impacts on ecosystem services. The Assessment will focus on the major threats to biodiversity, which include habitat destruction and invasive alien species.

123. The mitigation hierarchy for the protection and conservation of biodiversity includes biodiversity offsets, which may be considered only after appropriate avoidance, minimization, and restoration measures have been applied.\(^4^0\) A biodiversity offset should be designed and implemented.

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\(^3^9\) Biodiversity is defined as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems

\(^4^0\) Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken.
to achieve measurable conservation outcomes\(^{41}\) that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. However, a net gain is required in critical habitats. A biodiversity offset should be designed to the “like-for-like or better” principle\(^{42}\) and must be carried out in alignment with best available information and current practices. External experts with offset design knowledge and implementation must be involved during the development of an offset.

### 3.6.1.1 Habitat

124. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. For the purposes of implementation of this Principle, habitats are divided into modified, natural, and critical.

125. Habitat destruction is recognized as the major threat to the maintenance of biodiversity. Habitats can be divided into natural habitats (which are land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area’s primary ecological functions) and modified habitats (where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas). Both types of habitat can support important biodiversity at all levels, including endemic or threatened species.

### 3.6.1.2 Modified Habitat

126. Modified habitats may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition\(^ {43}\), which may include areas managed for agriculture, forest plantations, reclaimed\(^ {44}\) coastal zones, and reclaimed wetlands.

127. This Principle applies to those areas of modified habitat that include significant biodiversity value, as determined by the risks and impacts identification process required in Principle 1. The client will exercise care to minimize any conversion or degradation of such habitat, and will, depending on the nature and scale of the project, identify opportunities to enhance habitat and protect and conserve biodiversity as part of their operations.

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\(^{41}\) Measurable conservation outcomes for biodiversity must be demonstrated in situ (on-the-ground) and on an appropriate geographic scale (e.g., local, landscape level, national, regional).

\(^{42}\) The principle of “like-for-like or better” indicates that biodiversity offsets must be designed to conserve the same biodiversity values that are being impacted by the project (an “in-kind” offset). In certain situations, however, areas of biodiversity to be impacted by the project may be neither a national nor a local priority, and there may be other areas of biodiversity with like values that are a higher priority for conservation and sustainable use and under imminent threat or need of protection or effective management. In these situations, it may be appropriate to consider an “out-of-kind” offset that involves “trading up” (i.e., where the offset targets biodiversity of higher priority than that affected by the project) that will, for critical habitats, meet the requirements of Critical Habitat of this Principle.

\(^{43}\) This excludes habitat that has been converted in anticipation of the project.

\(^{44}\) Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.
3.6.1.3 Natural Habitat

128. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition.

129. In areas of natural habitat, the client will not significantly convert or degrade\(^{45}\) such habitat, unless the following conditions are met:

- There are no technically and financially feasible alternatives
- The overall benefits of the project outweigh the costs, including those to the environment and biodiversity
- Any conversion or degradation is appropriately mitigated according to the mitigation hierarchy.

130. Mitigation measures will be designed to achieve no net loss of biodiversity where feasible, and may include a combination of actions, such as:

- Identification and protection of set-asides\(^{46}\);
- Restoration of habitats during operations and/or post-operations;
- Offset of losses through the creation of ecologically comparable area(s) that is managed for biodiversity\(^{47}\);
- Minimising habitat fragmentation (e.g. biological corridors).

3.6.1.4 Critical Habitat

131. Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value\(^{48}\), including habitat required for the survival of critically endangered or endangered species\(^{49}\); areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities.

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\(^{45}\) Significant conversion or degradation is: (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) modification of a habitat that substantially reduces the habitat’s ability to maintain viable population of its native species.

\(^{46}\) Set-asides are land areas of the project site or areas over which the client has management control, that are excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides likely have significant values and/or provide significant ecosystem services at local, national and/or regional level. Internationally recognised approaches or methodologies (e.g. High Conservation Value, systematic conservation planning) can be used to define the set-asides.

\(^{47}\) Clients will respect the ongoing usage of such biodiversity by Indigenous Peoples or traditional communities.

\(^{48}\) Such as areas that meet the criteria of the World Conservation Union (IUCN) classification.

\(^{49}\) As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.
132. In areas of critical habitat, the client will not implement any project activities unless the following requirements are met:

- No other feasible alternatives to develop the project on non-critical modified or natural habitats within the region;
- There are no measurable adverse impacts on the ability of the critical habitat to support the established population of species or the functions of the critical habitat;
- There is no reduction in the population\(^{50}\) of any recognized critically endangered or endangered species\(^{51}\).

133. When the client can meet the above requirements for critical habitats, the client will describe the mitigation strategy in a Biodiversity Action Plan. The main goal of the Biodiversity Action Plan will be to achieve net gains\(^{52}\) of biodiversity values.

### 3.6.1.5 Legally Protected Areas

134. In circumstances where a proposed project is located within a legally protected area\(^{53}\), or an internationally recognised area, will meet the following requirements:

- Act in a manner consistent with defined protected area management plans
- Consult protected area sponsors and managers, local communities, and other key stakeholders on the proposed project
- Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area

### 3.6.1.6 Invasive Alien Species

135. Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.

136. The client will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction, if such framework is present, or is subject to a risk assessment (as part of the client’s Social and Environmental Assessment) to determine the potential

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\(^{50}\) Net reduction is defined as singular or cumulative loss of individuals that impacts on the species’ ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The potential net reduction scale (i.e. global and/or regional/national) is based on the species’ listing on either IUCN Red List and/or regional/national lists. Species listed on both the (global) IUCN Red List and the national/regional lists, the net reduction will be based on the national/regional population.

\(^{51}\) As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.

\(^{52}\) Net gains can be achieved through a biodiversity offset and/or through implementation of in-situ(on-the-ground) programs to enhance habitat and protect & conserve biodiversity.

\(^{53}\) An area may be designated as legally protected for different purposes. This Principle refers to areas legally designated for the protection or conservation of biodiversity, including areas proposed by governments for such designation.
for invasive behaviour. The client will not deliberately introduce any alien species with a high risk of invasive behaviour or any known invasive species, and will exercise diligence to prevent accidental or unintended introductions.

3.6.2. Management of Ecosystem Services

Ecosystem services are the benefits that people and businesses derive from ecosystems, which are categorized into four services:

(i) Provisioning services which are the products people obtain from ecosystems;

(ii) Regulating services which are the benefits people obtain from the regulation of ecosystem processes;

(iii) Cultural services which are the nonmaterial benefits people obtain from ecosystems; and

(iv) Supporting services which are the natural processes that maintain the other services.

Ecosystem services valued by humans are often supported by biodiversity. Hence, impacts on biodiversity can often adversely affect the delivery of ecosystem services.

If it is indicated, from the risks and impacts identification process, that the project is likely to have adverse impact to ecosystem services, the client will implement a systematic review to identify priority ecosystem services. These prioritised ecosystem services are two-fold:

(i) Services on which project operations are most likely to have an impact and hence, it will result in adverse impacts to the affected communities and/or

(ii) Services on which project is directly dependant for its operations (e.g. water).

In the case when impacts to the prioritised ecosystem services are unavoidable, the client will minimise such impacts and implement mitigation measures to maintain their value and functionality. For impacts on priority ecosystem services on which the project depends, the client should minimise such impacts and implement measures to increase resource efficiency of the operations (as outlined in principle 3). Additional provisions for ecosystem services are included in Principle 4, 5, 7 and 8.

3.6.3. Supply Chain

In the case when the client purchases primary production from regions where there is a significant risk of natural and/or critical habitats conversion, the client will evaluate its primary suppliers. The client will include, as part of its SEMS, systems and verification practices with the following objectives:

(i) Identify the source of the supply and the habitat type;

(ii) Provide on-going review of the client’s primary supply chains;

(iii) Limit procurement from suppliers that contribute significantly to conversion of natural and/or critical habitats;

(iv) Shift client’s supply chain over time to suppliers that do not significantly impacting natural and/or critical habitats, where possible.

The client’s control over influence of its primary suppliers will play significant contribution to the client’s ability to address supply chain issues.
3.7. **PRINCIPLE 7: INDIGENOUS PEOPLES**

143. The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client’s Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

144. There is no universally accepted definition of “Indigenous Peoples”. Indigenous Peoples may be referred to in different countries by such terms as “Indigenous ethnic minorities,” “aboriginals,” “hill tribes,” “minority nationalities,” “scheduled tribes,” “first nations,” or “tribal groups.”

145. In this Principle, the term “Indigenous Peoples” is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories therein or those who have lost the collective attachment to distinct habitats because of forced severance, conflict, government resettlement programs, land dispossessions, natural disasters or incorporation of their territories into a urban area
- Customary cultural, economic, social, or political institutions that are separate from those of the dominant society or culture
- An indigenous language, often different from the official language of the country or region

146. Ascertaining whether a particular group is considered as Indigenous Peoples for the purpose of this Principle may require technical judgment or inputs from competent professionals.

3.7.1. **General Requirements**

3.7.1.1 **Avoidance of Adverse Impacts**

147. The client will identify through a process of Social and Environmental Assessment all communities of Indigenous Peoples who may be affected by the project within the project’s area of influence, as well as the nature and degree of the expected social, cultural (including cultural heritage), and environmental impacts on them, and avoid adverse impacts whenever feasible.

148. When alternatives have been explored and avoidance is not feasible, the client will minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the Affected Communities of Indigenous Peoples. The client’s proposed action will be developed with the informed participation of affected Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples...

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*Additional client requirements on protection of cultural heritage are set out in Principle 8.*
Development Plan (IPDP), or a broader community development plan with separate components for Indigenous Peoples.

3.7.1.2 Participation and Consent

149. The client will establish an ongoing relationship with the affected communities of Indigenous Peoples from as early as possible in the project planning and throughout the life of the project. In projects with adverse impacts on affected communities of Indigenous Peoples, the consultation process will ensure their Free, Prior, and Informed Consent (FPIC) and facilitate their informed participation on matters that affect them directly, such as proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

150. The process of community engagement will be culturally appropriate and commensurate with the risks and potential impacts to the Indigenous Peoples. In particular, the process will include the following steps:

- Involve Indigenous Peoples’ representative bodies (for example, councils of elders or village councils, among others) as well as members of the Affected Communities of Indigenous Peoples;
- Be inclusive of both women and men and of various age groups in a culturally appropriate manner;
- Provide sufficient time for Indigenous Peoples’ decision-making processes;
- Facilitate the Indigenous Peoples’ expression of their views, concerns, and proposals in the language of their choice, without external manipulation, interference, or coercion, and without intimidation; and
- Ensure that the grievance mechanism established for the project, as described in Principle 1, is culturally appropriate and accessible for Indigenous Peoples.

151. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting the communities of Indigenous Peoples. When any of these circumstances apply, the client will engage external experts to assist in the identification of the project risks and impacts. The client will ensure that FPIC builds on and expands the process of Informed Consultation and Participation (ICP) as described in the Principle 1. To achieve FPIC, unanimity is not necessarily required. FPIC can also be achieved when individuals or groups within community explicitly disagree. The following should be documented:

- Mutually accepted process between the client and Affected Communities; and
- Agreement evidence between parties as the outcome for the negotiations.

55 The determination of the appropriate plan will require technical judgment. A community development plan may be appropriate when Indigenous Peoples are integrated into larger affected communities.

56 Internal decision making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.
3.7.2. **Mitigation and Development Benefits**

152. The client will seek to identify, through the process of FPIC of the affected communities of Indigenous Peoples, mitigation measures that are in line with the mitigation hierarchy as described in the Principle 1 as well as opportunities for culturally appropriate and sustainable development benefits. Such opportunities should be commensurate with the degree of project impacts, with the aim of improving their standard of living and livelihoods in a culturally appropriate manner, and to fostering the long-term sustainability of the natural resource on which they depend. The client will document identified mitigation and development benefits and deliver them in a timely and equitable manner to the Affected Communities of Indigenous People.

153. Laws, institutions and customs of the Affected Communities of Indigenous Peoples will be taken into account for the determination, delivery and distribution of compensation and other benefit sharing measures. Compensation eligibility can occur on a collective or individual basis or a combination of both. Where control of resources, assets and decision making are predominantly collective in nature, the client will make efforts to ensure that, where possible, benefits and compensation are collective, and take account of intergenerational differences and needs.

154. Some factors can be used by the client to determine how the Affected Communities of Indigenous Peoples should benefit from the project. These factors include, but not limited to, the nature of the project, project context and the vulnerability of the communities. The client should develop opportunities that aim to meet the goals and preferences of the Indigenous Peoples including to improve their living and livelihood standard in a culturally appropriate manner. The client should also foster the long-term sustainability of the natural resources on which the Indigenous Peoples depend.

3.7.3. **Special Requirements**

155. Because Indigenous Peoples may be particularly vulnerable to the project circumstances described below, the following requirements will also apply, in the circumstances indicated, in addition to the General Requirements above. When any of these Special Requirements apply, the client will retain qualified and experienced external experts to assist in conducting the Assessment.

3.7.3.1 **Impacts on Traditional or Customary Lands under Use**

156. Indigenous Peoples are often closely tied to their traditional or customary lands and natural resources on these lands. While these lands may not be under legal ownership pursuant to national law, use of these lands, including seasonal or cyclical use, by communities of Indigenous Peoples for their livelihoods, or cultural, ceremonial, or spiritual purposes that define their identity and community, can often be substantiated and documented.

157. If the client proposes to locate the project on, or commercially develop natural resources located within, traditional or customary lands under use, and adverse impacts can be expected on the livelihoods, or cultural, ceremonial, or spiritual use that define the identity and community of the Indigenous Peoples, the client will respect their use by taking the following steps:

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57. *Such adverse impacts may include impacts from loss of access to assets or resources, or restrictions on land use, resulting from project activities.*
The client will document its efforts to avoid or at least minimize the size of land proposed for the project;

The client will document its efforts to avoid or at least minimize the impacts on natural resources and natural areas of importance (e.g. loss of access to assets or resources or restrictions on land use resulting from the client's project) to the Indigenous People;

The client will identify and review all property interests and traditional resource uses prior to land purchase and lease;

The Indigenous Peoples' resource use will be documented by experts in collaboration with the affected communities of Indigenous Peoples without prejudicing any Indigenous Peoples' land claim. The assessment should be gender inclusive and specifically consider women's role in the management and use of these resources;

The affected communities of Indigenous People will be informed of their rights with respect to these lands under national laws, including any national law recognizing customary rights or use;

The client will offer affected communities of Indigenous Peoples at least compensation and due process in the case of commercial development of their land and natural resources, along with culturally appropriate sustainable development opportunities, including:

- The client will provide land-based compensation or compensation-in-kind in lieu of cash compensation;
- When the project results in loss of access to and loss of natural resources independent of project land acquisition, the client will ensure the affected communities of Indigenous People will have continued access to natural resources, identify the equivalent replacement resources for them or, provide compensation and alternative livelihoods;
- When the project will utilise resources that are central to the identity and livelihood of the Affected Communities of Indigenous Peoples, the client will ensure fair and equitable share of benefits associated with that use of resources;
- The client will provide the Affected Communities of Indigenous Peoples access, usage and transit on land it is developing and subject to health, safety and security considerations.

The client will enter into good faith negotiation with the affected communities of Indigenous Peoples, and document their informed participation and the successful outcome of the negotiation.

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58 While this Principle requires substantiation and documentation of the use of such land, clients should also be aware that the land may already be under alternative use, as designated by the host government.

59 If, under some circumstances, the client is not able to provide suitable land replacement, the client will provide such verification. In this case, the client will provide non land based income-earning opportunities over and above cash compensation to the affected communities of Indigenous Peoples.
3.7.3.2 Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Customary Use

158. The client will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from their communally held\(^60\) traditional or customary lands and natural resources. If such relocation is unavoidable, the client will not proceed with the project unless FPIC has been reached as described above. Any relocation of Indigenous Peoples will be consistent with the Resettlement Planning and Implementation requirements of Principle 5. Where feasible, the relocated Indigenous Peoples should be able to return to their traditional or customary lands, should the reason for their relocation cease to exist.

3.7.3.3 Critical Cultural Heritage

159. The client will put as a priority, the avoidance of project impacts on to critical cultural heritage\(^61\) that is essential to the identity and/or cultural, ceremonial and spiritual aspects of Indigenous Peoples. When this avoidance cannot be achieved, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples.

160. Where a project proposes to use the cultural heritage such as knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the client will inform the Affected Communities of Indigenous Peoples of: (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; (iii) the potential consequences of such development and (iv) obtain their FPIC. The client will also ensure that fair and equitable share of benefits are achieved from the commercialisation of such cultural resources.

\(^{60}\) Where members of the affected communities of Indigenous Peoples individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of Principle 5 will apply, rather than the requirements under this heading.

\(^{61}\) Critical Cultural Heritage includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees and rocks.
3.8. **PRINCIPLE 8: CULTURAL PROPERTY AND HERITAGE**

161. Principle 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Principle aims to protect irreplaceable cultural heritage and to guide clients on protecting cultural heritage in the course of their business operations. In addition, the requirements of this Principle on a project’s use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.

162. The applicability of this Principle is established during the Social and Environmental Assessment process, while implementation of the actions necessary to meet the requirements of this Principle is managed through the client’s Social and Environmental Management System. The assessment and management system requirements are outlined in Principle 1.

163. For the purposes of this Principle, cultural heritage refers to:

   (i) tangible forms of cultural heritage, such as tangible property, structures, and sites having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values;

   (ii) unique natural environmental features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and

   (iii) intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations and practices of communities embodying traditional lifestyles, are also included. The requirements of this Principle apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed. This principle does not apply to cultural heritage of indigenous peoples, Principle 7 describes these requirements.

**3.8.1. Protection of Cultural Heritage in Project Design and Execution**

**3.8.1.1 Internationally Recognized Practices**

164. In addition to complying with relevant national law on the protection of cultural heritage, including national law implementing the host country’s obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage and other relevant international law, the client will protect and support cultural heritage by undertaking internationally recognized practices for the protection, field-based study, and documentation of cultural heritage. When the project risks and impacts assessment process identifies a chance of impacts to cultural heritage, the client will retain qualified and experienced experts to assist in the Assessment.

**3.8.1.2 Chance Find Procedures**

165. The client is responsible for siting and designing a project to avoid significant damage to cultural heritage. When the proposed location of a project is in areas where cultural heritage is expected to be found, either during construction or operations, the client will implement chance find
procedures\textsuperscript{62} established through the Social and Environmental Assessment. The client will not disturb any chance finds further until an Assessment by a competent specialist is made and actions consistent with the requirements of this Principle are identified.

3.8.1.3 Consultation

166. Where a project may affect cultural heritage, the client will consult with affected communities within the host country who use, or have used within living memory, the cultural heritage for long-standing cultural purposes. The client will consult with the Affected Communities to identify cultural heritage of importance, and to incorporate into the client’s decision-making process the views of the affected communities on such cultural heritage. Consultation will also involve the relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage.

3.8.1.4 Community Access

167. The client will allow continuous access to the cultural sites or provide alternative access route, based on the Affected Communities consultation above and subject to health, safety and security considerations for the project site contains cultural heritage or prevents access to previously accessible cultural heritage sites used by, or that have been used by, Affected Communities within living memory for long-standing cultural purposes.

3.8.1.5 Removal of Replicable Cultural Heritage

168. In the case the project involves replicable\textsuperscript{63} tangible cultural heritage (but not critical), the client will apply mitigation measures that favour avoidance of removal. When this is not avoidable, the client will implement the following mitigation hierarchy:

- The client will minimise adverse impacts of the project and apply in-situ restoration measures. This should ensure maintenance of the value and functionality of the cultural heritage, including any supporting ecosystem processes (in line with requirements of Principle 6);
- If on-site restoration is not feasible, the client will restore the functionality of the cultural heritage at a different location, including the supporting ecosystem processes;
- When the project involves permanent removal of historical and archaeological artifacts and structures, the client will carry out the process in accordance to the requirements in this Principle;
- The client will compensate for loss of tangible cultural heritage when it can demonstrated that minimisation of adverse impacts and restoration to maintain the value and functionality of the cultural heritage is not feasible and where tangible cultural heritage is used by the Affected Communities for long-standing cultural purposes.

\textsuperscript{62}A chance find procedure is a project-specific procedure that outlines the actions to be taken if previously unknown cultural heritage is encountered.

\textsuperscript{63}Replicable cultural heritage is tangible form of cultural heritage that can themselves be moved to another location or can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures. The client can consider archaeological or historical sites as replicable if the particular eras and cultural values represented are well represented by other sites and/or structures.
3.8.1.6 Removal of Non-Replicable Cultural Heritage

169. Most cultural heritage is best protected by preservation in its place, since removal is likely to result in irreparable damage or destruction of the cultural heritage. The client will not remove any nonreplicable cultural heritage, unless the following conditions are met:

- There are no technically or financially feasible alternatives to removal
- The overall benefits of the project outweigh the anticipated cultural heritage loss from removal
- Any removal of cultural heritage is conducted by the best available technique

3.8.1.7 Critical Cultural Heritage

170. Critical cultural heritage consists of one or both of the following types of cultural heritage:

(i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and

(ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

171. The client will not significantly alter, damage, or remove any critical cultural heritage. In exceptional circumstances, where a project impacts on critical cultural heritage are unavoidable, the client will: (i) meet the requirements of Paragraph 6 above; and (ii) conduct a good faith negotiation with and document the informed consultation and participation of the affected communities and the successful outcome of the negotiation. The client will retain external experts to assist in the assessment and protection of critical cultural heritage.

172. Legally protected cultural heritage areas are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national laws in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, the client, in addition to the requirements for critical cultural heritage cited above in Paragraph, will meet the following requirements:

- Comply with defined national or local cultural heritage regulations or the protected area management plans;
- Consult the protected area sponsors and managers, local communities and other key stakeholders on the proposed project; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.

\[64\] Nonreplicable cultural heritage may relate to the social, economic, cultural, environmental, and climatic conditions of past peoples, their evolving ecologies, adaptive strategies, and early forms of environmental management, where the (i) cultural heritage is unique or relatively unique for the period it represents, or (ii) cultural heritage is unique or relatively unique in linking several periods in the same site.
3.8.2. Project’s Use of Cultural Heritage

173. Where a project proposes to use the cultural heritage, including knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes\(^{65}\), the client will inform these communities of:

(i) their rights under national law;
(ii) the scope and nature of the proposed commercial development; and
(iii) the potential consequences of such development.

174. The client will not proceed with such commercialization unless it:

(i) enters into a process of ICP (as described in Principle 1) which uses a good faith negotiation with the affected local communities embodying traditional lifestyles;
(ii) documents their ICP and the successful outcome of the negotiation; and
(iii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.

\(^{65}\) Including, but not limited to, commercialisation of traditional medicinal knowledge or other scared or traditional technique for processing plants, fibers or metals.
4 ANNEX D: TERMS OF REFERENCE FOR IIF SEU STAFF

Social and Environment Manager

<table>
<thead>
<tr>
<th>Title:</th>
<th>Social and Environment Manager</th>
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<tbody>
<tr>
<td>Committee/Unit:</td>
<td>Risk Management Department/ Social and Environment (S&amp;E) Management Unit</td>
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1. IMMEDIATE REPORTING RELATIONSHIPS:

The position reports to: Director, Risk who in turn reports into the Risk Management Committee of the Board of Directors

The following staff positions report to the environment specialist: Social and Environment Specialists; Administrative Staff

2. JOB PURPOSE:

Lead the planning, implementation and supervision of the SEU vision, goals, strategies and work plan in support of overall IIF goals. Oversee the quality of work and ensure the achievement of objectives of the unit. Lead and support external and internal relations, coordination and consultation initiatives for the unit. Lead and provide guidance on day-to-day operational issues and compliance with IIF social and environmental Principles. Work with problems and issues that may involve high risk.

3. EXPECTED OUTCOMES:

a. Principles

- Lead, promote and facilitate the implementation of IIF’s Social and Environment (S&E) Principles.

- Oversee the implementation of IIF’s Social and Environment Management System (SEMS), report on lessons learned and good practices and recommend enhancements to IIF’s Social & Environment (S&E) Principles.

- As needed, update IIF’s Principles to ensure consistency with the requirements of the strategic investors and laws and regulations of the Republic of Indonesia.

b. Guidance and Advisory Function

- Ensure S&E Policy is endorsed and actively communicated internally and externally.

- Ensure S&E contribution and approval in due diligence and risk management committees.

- Submit the memo to Director, Risk Management, confirming project compliance with the application requirements as described in the SEMS, as well as compliance with any related legal and/or contractual obligations and regulatory requirements.
- Monitor and measure the effectiveness of the SEMS program,
- Prepare and include the required S&E covenants in the loan agreements.
- Finalize corrective actions based on the findings of social and environmental due diligence.
- Interact and consult with investors and co-lenders; and
- Develop and provide advisory services to project developers.

c. Knowledge Sharing
- Direct the capacity building initiative to improve quality of social and environmental due diligence in project development and implementation.

d. Division Operations Management
- Lead the effective day-to-day operations of the unit and provide guidance on social and environmental issues and IIF Principles.
- Lead and facilitate effective unit coordination and cooperation with other IIF committees, units and other internal stakeholders.
- Undertake the performance management of the unit, including motivation of staff.
- Manage budget and resource allocation for the unit.

e. Staff Supervision
- Recruit and manage staff for SEU and ensure the overall quality of their work.
- Manage the performance of staff by providing clear direction and regular monitoring and feedback on performance.
- Provide coaching and mentoring to staff and ensure their on-going learning and development.

4. CORE COMPETENCIES:

Technical Knowledge and Skills

- Applies technical knowledge and skills in managing the unit and efficient use of resources
- Works at the leading edge of own technical specialism to ensure that the unit achieve its goals
- Recognized as IIF’s spokesperson in the specialist area

Achieving Results

- Ensures work of own unit contributes to achieving IIF results
- Regularly reviews progress to ensure work of the unit is on target
• Is a role model for output quality

Working Together
• Leads teams in a way that demonstrates the value of diversity in different views, culture, nationality, and gender
• Able to mediate in conflict resolution

Learning and Knowledge Sharing
• Requires others to create learning opportunities for staff and clients
• Communicates an expectation of improvement and innovation
• Initiates and develops knowledge sharing networks

Managing Staff
• Manages the performance of staff fairly and consistently and according to IIF human resources policy
• Plans and implements learning and development of staff
• Allocates work fairly
• Creates an environment where teams benefit from cultural diversity in different views, culture, nationality, and gender

Leadership and Strategic Thinking
• Focuses work of the unit on achieving relevant IIF objectives
• Makes positive contributions to policy development
• Engenders commitment in others to achieving IIF strategic objectives

5. KEY RELATIONSHIPS:

Supervisor (Director Risk): Work planning, performance feedback, results assessment, and personal development

External Clients: Knowledge sharing and capacity development, development of regional partnerships and external networks

Internal Clients: Support for project identification and development, implementation and compliance monitoring, knowledge sharing and capacity development.

6. EDUCATION REQUIREMENTS:

A university degree in engineering, applied science, social sciences; preferably at post-graduate level
or its equivalent

7. RELEVANT EXPERIENCE AND OTHER REQUIREMENTS:

- Suitability to undertake the responsibilities mentioned above at the required level
- At least 7 years of relevant professional experience in project management, social and environmental assessment; and social and environmental management, planning and implementation.
- A comprehensive knowledge and understanding of relevant Indonesian laws and regulations
- Proven management and leadership qualities
- Excellent oral and written communication skills in English and Bahasa Indonesia
- Knowledge and understanding of multilateral financing institutions social and environmental policies

Social Specialist(s)

<table>
<thead>
<tr>
<th>Title: Social Specialist(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Committee/Unit:</strong></td>
</tr>
</tbody>
</table>

1. IMMEDIATE REPORTING RELATIONSHIPS:

The position reports to: S&E Manager

The following staff positions report to the social specialist: Administrative Staff

2. JOB PURPOSE:

Promoting the implementation of IIF’s Social & Environment (S&E) Principles on social assessment, labour, land acquisition and involuntary resettlement, indigenous peoples and cultural heritage.

3. EXPECTED OUTCOMES:

a. Principles

- Promote and facilitate the implementation of IIF’s Social & Environment (S&E) Principles on social assessment, labor, land acquisition and involuntary resettlement, indigenous peoples and cultural heritage in close cooperation with project developers.

- Report on lessons learned and good practices and recommend enhancements to IIF’s Social & Environment (S&E) Principles.

b. Guidance and Advisory Function

public communications plans, among others, and recommend enhancements to assure compliance with IIF’s social policies

- Prepare corrective action plans and propose S&E covenants to be included in investment agreements.
- During project processing, undertake social due diligence, conduct field visits, and assist in public consultations and disclosure activities to support the implementation and ensure compliance with IIF’s social Principles.
- Monitor and supervise the projects to ensure on-going compliance with applicable S&E performance requirements and implementation of corrective plans.

c. Knowledge Sharing

- Prepare guidelines, handbooks and information materials on social Principles for use by project developers;
- Prepare training programs and conduct annual learning workshops for internal staff and project developers; and
- Undertake project implementation reviews and prepare annual report to Management on performance of various projects with a view to recommend respect to IIF’s social Principles.

4. CORE COMPETENCIES:

Technical Knowledge and Skills

- Able to provide solutions to complex problems using technical knowledge and skills in relation to project design and implementation
- Applies a high level of technical expertise in work relating to social dimensions of projects
- Uses technical expertise to advise and support IIF project

Client Orientation

- Focuses own and other efforts on understanding and meeting client needs (e.g., government agencies, private sector parties, non-government organizations)
- Able to work effectively with clients
- Seeks feedback on the quality of service and makes improvements

Achieving Results

- Ensures own work contributes to achieving IIF goals
- Regularly reviews progress to ensure work is on target
- Prioritizes own and others’ work to achieve key results areas

Working Together
• Develops the team skills of team members

• Encourages cooperation within and between teams and promotes the value of diversity in teams, such as in different views, culture, nationality, and gender

• Facilitates conflict resolution within the team

**Learning and Knowledge Sharing**

• Helps staff to find a variety of ways to learn and develop

• Empowers staff to make improvements

• Encourages the team to learn from each other

5. **KEY RELATIONSHIPS:**

Supervisor (S&E Manager): Work planning, performance feedback, results assessment, and personal development

External Clients: Knowledge sharing and capacity development, development of regional partnerships and external networks

Internal Clients: Support for project identification and development, implementation and compliance monitoring, knowledge sharing and capacity development.

6. **EDUCATION REQUIREMENTS:**

A university degree in an applied social science, e.g. sociology, anthropology, economics, development or human geography or other related fields; preferably at post-graduate level or its equivalent

7. **RELEVANT EXPERIENCE AND OTHER REQUIREMENTS:**

• Suitability to undertake the responsibilities mentioned above at the required level

• At least 5 years of relevant professional experience in social impact assessment, social development/resettlement/indigenous peoples planning and implementation

• A comprehensive knowledge and understanding of relevant Indonesian laws and regulations and social and cultural environments and of issues related to land acquisition, involuntary resettlement, labor, indigenous peoples, among others

• Strong interpersonal, leadership, team, and negotiation skills

• Excellent oral and written communication skills in English and Bahasa Indonesia

• Knowledge and understanding of multilateral financing institutions social policies

**Environment Specialist**
Title: Environment Specialist(s)

Committee/Unit: Risk Management Department/Social & Environment (S&E) Management Unit

1. IMMEDIATE REPORTING RELATIONSHIPS:

The position reports to: S&E Manager

The following staff positions report to the environment specialist: Administrative Staff

2. JOB PURPOSE:

Promoting the implementation of IIF’s Social & Environment (S&E) Principles on environmental assessment, pollution prevention and abatement, community health, safety and security, biodiversity conservation and sustainable natural resource management.

3. EXPECTED OUTCOMES:

a. Principles

- Promote and facilitate the implementation of IIF’s Social & Environment (S&E) Principles on environmental assessment, pollution prevention and abatement, community health, safety and security, biodiversity conservation and sustainable natural resource management in close cooperation with project developers.

- Report on lessons learned and good practices and recommend enhancements to IIF’s Social & Environment (S&E) Principles.

b. Guidance and Advisory Function

- Review environmental assessment reports, environmental management plans, public health action plans, environment, health and safety plans among others, and recommend enhancements to assure compliance with IIF’s policies and Principles.

- Prepare corrective action plans and propose S&E covenants to be included in investment agreements.

- During project processing, undertake environmental due diligence, conduct field visits, and assist in public consultations and disclosure activities to support the implementation and ensure compliance with IIF’s Principles.

- Monitor and supervise the projects to ensure on-going compliance with applicable S&E performance requirements and implementation of corrective plans.

c. Knowledge Sharing

- Prepare guidelines, handbooks and information materials on environmental Principles for use by project developers

- Prepare training programs and conduct annual learning workshops for internal staff and project developers,
- Undertake project implementation reviews and prepare annual report to Management on performance of various projects with a view to recommend respect to IIF’s environmental Principles.

## 4. CORE COMPETENCIES:

### Technical Knowledge and Skills
- Able to provide solutions to complex problems using technical knowledge and skills in relation to project design and implementation
- Applies a high level of technical expertise in work relating to environmental dimensions of projects
- Uses technical expertise to advise and support IIF project

### Client Orientation
- Focuses own and other efforts on understanding and meeting client needs (e.g., government agencies, private sector parties, non-government organizations)
- Able to work effectively with clients
- Seeks feedback on the quality of service and makes improvements

### Achieving Results
- Ensures own work contributes to achieving IIF goals
- Regularly reviews progress to ensure work is on target
- Prioritizes own and others’ work to achieve key results areas

### Working Together
- Develops the team skills of team members
- Encourages cooperation within and between teams and promotes the value of diversity in teams, such as in different views, culture, nationality, and gender
- Facilitates conflict resolution within the team
- Learning and Knowledge Sharing
- Helps staff to find a variety of ways to learn and develop
- Empowers staff to make improvements
- Encourages the team to learn from each other

## 5. KEY RELATIONSHIPS:
Supervisor (S&E Manager): Work planning, performance feedback, results assessment, and personal development

External Clients: Knowledge sharing and capacity development, development of regional partnerships and external networks

Internal Clients: Support for project identification and development, implementation and compliance monitoring, knowledge sharing and capacity development.

6. EDUCATION REQUIREMENTS:

A university degree in engineering or applied science (e.g. civil/chemical/mining/sanitary, biology, geology, geography, forestry or other related fields) preferably at post-graduate level or its equivalent

7. RELEVANT EXPERIENCE AND OTHER REQUIREMENTS:

- Suitability to undertake the responsibilities mentioned above at the required level
- At least 5 years of relevant professional experience in environmental assessment; environmental, health and safety audit; and environmental management, planning and implementation.
- A comprehensive knowledge and understanding of relevant Indonesian laws and regulations
- Strong interpersonal, leadership, team, and negotiation skills
- Excellent oral and written communication skills in English and Bahasa Indonesia
- Knowledge and understanding of multilateral financing institutions environmental policies
5  ANNEX E1: S&E INFORMATION SHEET

1. Name of Project:

2. Preliminary risk categorization:

3. Name of the Developer

4. Please provide the name of the responsible person/promoter of the organisation.
   i. Name:
   ii. Designation:
   iii. Contact Details:

5. Give brief description of the project:

6. Give location of the project site:

7. Provide information on the scale of the project (e.g. project area, area of plants and buildings, production capacity, amounts of power generation etc.)

8. Are there any environmentally sensitive area(s) shown below in and around project site(s)? (Yes/No)
   If “Yes”, please select applicable items below.
   1) National parks, protected areas designated by government (coastal areas, wetlands, habitats of minorities or indigenous populations, heritage sites, etc.)
   2) Primeval forests, tropical natural forests
   3) Ecologically important habitats (coral reefs, mangrove, tidal flats, etc.)
   4) Habitats of endangered species of which protection is required under local laws and international agreements.
   5) Areas that have risks of large scale increase in soil salinity or soil erosion
   6) Desertification areas
   7) Areas with special values from archaeological, historical and/or cultural viewpoints
   8) Habitats of minorities, indigenous populations, nomadic people with traditional life style, or areas with special social value

9. Does the project involve following elements? If yes, give details on the scale, predicted impact and effects (positive and negative) on socio economic environment and other related details.
1) Land Acquisition
2) Involuntary Resettlement
3) Deforestation
4) Land reclamation and/or development
5) Labour and working conditions (child labour, women labour, forced labour, third parties, migrant workers, etc.)

10. Give brief description of the likely impacts of the project on air quality, Water quality, noise, Climate, soil, land use and biodiversity.

11. Give status on EIA/AMdal requirements. Give details. If EIA / AMDAL is already completed and approved by relevant authorities, please specify

12. Is there any other approval required and taken under Indonesian regulations governing land acquisition, compensation, resettlement and indigenous people? Give details.

13. Whether to be taken up for next stage processing: Yes / No,

14. Date of Decision:

15. Approving Authority (Director Risk)
6 ANNEX E2: INFORMATION REQUEST FORM

1. Contact Details of the Developer [To be filled by IIF]
   - Reference Number:
   - Name of the company:
   - Main postal address, telephone, fax and e-mail details for the company:

2. Characteristics of the Project
   - Brief description of the proposed project.
   - Reasons for proposing the project.
   - A plan showing the boundary of the development including any land required temporarily during construction.
   - The physical form of the development (layout, buildings, other structures, construction materials, etc).
   - Description of the main processes including size, capacity, throughput, input and output.
   - Any new access arrangements or changes to existing road layout.
   - A work program for construction, operation and commissioning phases, and restoration and after-use where appropriate.
   - Construction methods.
   - Resources used in construction and operation (materials, water, energy, etc.)
   - The relationship with other existing/planned projects.
   - Information about alternatives being considered.
   - Information about mitigating measures being considered.
   - Other activities which may be required as a consequence of the project (e.g., new roads, extraction of aggregate, provision of new water supply, generation or transmission of power, increased housing and sewage disposal).
   - Details of any other permits required for the project.

3. Location of the Project
• Maps and photographs showing the location of the project relative to surrounding physical, natural and man-made features.

• Existing land-uses on and adjacent to the site and any future planned land uses.

• Zoning or land-use policies.

• Protected areas or features.

• Sensitive areas.

• Details of any alternative locations which have been considered.

4. **social and environmental Information**

• Environmental and socioeconomic impacts of the investment.

• Requirements under relevant laws and regulations, S&E safeguards of strategic investors and applicable international agreements, including but not limited to laws and regulations governing land acquisition, compensation, resettlement and indigenous peoples.

• Sustainable development and use of renewable natural resources. Protection of human health, cultural properties, and biodiversity, including endangered species and sensitive ecosystem.

• Land acquisition and land use

• Labour and working conditions

• Impact on indigenous peoples/ethnic minorities and communities.

• Cumulative social and environmental impacts of existing proposed and anticipated future investments.

• Disclosure of impacts and mitigation measures to and participation of affected parties in the design, and review of mitigation and rehabilitation measures.

• Consideration of environmentally, socially and economically feasible alternatives.

• Pollution prevention and waste minimization, pollution controls (liquid effluents and air emissions) and solid and chemical waste management.

5. **Characteristics of the Potential Impacts**

A brief description of the likely impacts of the project considering the following factors:

• Impacts on people, human health, fauna and flora, soils, land use, material assets, water quality and hydrology, air quality, climate, noise and vibration, the landscape and visual environment, historic and cultural heritage resources, and the interactions between them.
- Nature of the impacts (i.e. direct, indirect, secondary, cumulative, short, medium and long-term, permanent and temporary, positive and negative).

- Extent of the impact (geographical area, size of the affected population/habitat/species).

- Magnitude and complexity of the impact.

- Probability of the impact.

- Duration, frequency and reversibility of the impact.

- Mitigation incorporated into the project design to reduce, avoid or offset significant adverse impacts.
### ANNEX F: CHECKLIST FOR VARIOUS INFRASTRUCTURE PROJECTS (THERMAL POWER PLANTS, HIGHWAYS & ROADS, WATER SUPPLY AND SANITATION)

**Table 7.1: Checklist for Thermal Power Plants**

<table>
<thead>
<tr>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social environment</td>
<td>It is necessary to screen impacts from the Principles Checklist first.</td>
<td></td>
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<tr>
<td>Air Quality</td>
<td>i. Have adequate air quality control plans been established for different types of fuel?</td>
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<td></td>
<td>ii. Have other sources of pollution within airshed been considered in establishing air quality control plan?</td>
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<td></td>
<td>iii. Do air pollutants, such as sulfur oxides (SOx), nitrogen oxides (NOx), and soot and dust emitted by power plant operations comply with the country’s or international emission standards?</td>
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<td>iv. In the case of coal-fired power plants, is there a possibility that fugitive coal dust from coal piles, coal handling facilities, and dust from coal ash disposal sites will cause air pollution? Are adequate measures taken to prevent the air pollution?</td>
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<td></td>
<td>v. Can the facility purchase low sulphur coal to decrease air emissions?</td>
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<td></td>
<td>vi. Can the plant monitor and reduce excess air flow in the boiler to ensure good combustion efficiency while reducing NOx emissions?</td>
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<td>Water</td>
<td>i. Do effluents including thermal effluents from the power plant comply with the country’s or international effluent standards? Is there a</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<tr>
<td>Wastes</td>
<td>i. Are wastes, (such as waste oils, and waste chemical agents), coal ash, and by-product gypsum from flue gas desulphurization</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<td>generated by the power plant operations properly treated and disposed of in accordance with the country’s standards?</td>
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<tr>
<td></td>
<td>i. Will the project cause public health and safety hazards due to solid waste disposal in sanitary landfills?</td>
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<td></td>
<td>ii. Has the opportunities to reduce the amount of hazardous and toxic materials used in the plant evaluated?</td>
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<tr>
<td></td>
<td>iv. Have alternatives uses of fly ash and bottom ash been evaluated? Is there a local market for construction material additives, road base materials, abrasives, soil amendments or acid neutralizing materials?</td>
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</tr>
<tr>
<td>Soil and Underground water contamination</td>
<td>i. Has the soil in the project site been contaminated in the past, and are adequate measures taken to prevent soil contamination by leaked materials, such as crude oil, products, and chemical agents?</td>
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<tr>
<td></td>
<td>ii. In the case of coal-fired power plants, have adequate management plans been established for controlling leachates from coal piles and coal ash disposal sites?</td>
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<tr>
<td>Noise and Vibration</td>
<td>i. Do noise and vibrations generated by the power plant operations comply with the country’s or international ambient standards, and occupational health and safety standards?</td>
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<td></td>
<td>ii. In the case of coal-fired power plants, are the facilities for coal unloading, coal storage areas, and facilities for coal handling designed to reduce noise?</td>
<td></td>
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</tr>
</tbody>
</table>
| Subsidence         | i. In the case of extraction of a large volume of groundwater, is there a possibility that the extraction of
<table>
<thead>
<tr>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>groundwater will cause subsidence?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Odour</td>
<td>i. Are there any odour sources? Are adequate odour control measures taken?</td>
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<tr>
<td>Protected areas</td>
<td>i. Is the project site located in protected areas designated by the country's laws or international treaties and conventions? Is there a possibility that the project will affect the protected areas?</td>
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</tr>
<tr>
<td>Ecosystem</td>
<td>i. Does the project site encompass primeval forests, tropical rain forests, ecologically valuable habitats (e.g., coral reefs, mangroves, or tidal flats)?</td>
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<td></td>
<td>ii. Does the project site encompass the protected habitats of endangered species designated by the country's laws or international treaties and conventions?</td>
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<td></td>
<td>iii. If significant ecological impacts are anticipated, are adequate environmental protection measures taken to reduce the impacts on ecosystem?</td>
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<td></td>
<td>iv. Is there a possibility that the amount of water (e.g., surface water, groundwater) used by the project will adversely affect aquatic environments, such as rivers? Are adequate measures taken to reduce the impacts on aquatic environments, such as aquatic organisms?</td>
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<td></td>
<td>v. Is there a possibility that discharge of thermal effluents, intake of a large volume of cooling water or discharge of leachates will adversely affect the ecosystem of surrounding water areas?</td>
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</tbody>
</table>
Table 7.2: Checklist for highways and roads

<table>
<thead>
<tr>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social environment</td>
<td>i. It is necessary to screen impacts from the Principles Checklist first.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earth/Soil</td>
<td>i. Will the project cause unstable earth conditions or changes in geologic substructures? The destruction, covering, or modification of any unique geologic or physical features?</td>
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<tr>
<td></td>
<td>ii. Does the project cause disruptions, slope failures, landslides, displacement, compaction, or over covering of the soil due to earthwork? Are adequate measures considered to prevent slope failures or landslides, where needed?</td>
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<td>iii. Will there be a change in topography or ground surface relief features?</td>
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<td></td>
<td>iv. Will there be an increase in wind or water erosion of soils either on or off the site?</td>
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<td></td>
<td>v. Is there a possibility of changes in deposition or erosion of beach sands, which may modify the bed of the ocean, bay, or inlet?</td>
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<td></td>
<td>vi. Will there be chances of siltation, deposition, or erosion, which may modify the channel of a river or stream or the bed of a lake? Will there be sedimentation of roadside waterbodies and drains? Are adequate measures taken to prevent soil runoff?</td>
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<td>vii. Will there be loss of productive topsoil in borrow areas?</td>
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<td>viii. Will the project result in foreclosure on future uses of site on a long term basis?</td>
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<td></td>
<td>ix. Will the project cause alteration of surface</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
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<td></td>
<td>water hydrology of waterways crossed by roads, resulting in increased sediment in streams affected by increased soil erosion at construction site? Does the construction plan provide for erosion and sediment control during and after construction?</td>
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<tr>
<td>Air</td>
<td>i. Will there be increased local air pollution due to rock crushing, cutting and filling works, and chemicals from asphalt processing?</td>
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<tr>
<td></td>
<td>ii. Is there a possibility that air pollutants emitted from various sources, such as vehicle traffic will affect ambient air quality? Does ambient air quality comply with the country’s ambient air quality standards?</td>
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<td></td>
<td>iii. Will there be vehicle and equipment emissions from construction activities or degradation of air quality due to construction wastes?</td>
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<td></td>
<td>iv. Where industrial areas already exist near the route, is there a possibility that the project will make air pollution worse?</td>
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</tr>
<tr>
<td>Water</td>
<td>i. Is there a possibility that soil runoff from the bare lands resulting from earthmoving activities, such as cutting and filling will cause water quality degradation in downstream water areas?</td>
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<td></td>
<td>ii. Will there be deterioration of surface water quality due to silt runoff and sanitary wastes from worker-based camps and chemicals used in construction?</td>
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<tr>
<td></td>
<td>iii. Will the project result in discharge and contamination to public water systems? Is there any alteration of surface water quality, including but not limited to, temperature, dissolved oxygen, or turbidity?</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
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<td>iv.</td>
<td>Will there be reduction in the amount of water otherwise available for public water supplies?</td>
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<tr>
<td>v.</td>
<td>Is there a possibility that surface runoff from roads will contaminate water sources, such as groundwater?</td>
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<tr>
<td>vi.</td>
<td>Will there be a change in the quantity of ground water either through direct additions or withdrawals or through interception of an aquifer by cuts or excavations?</td>
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<td>vii.</td>
<td>Will the project result in alterations to the course or flow of floodwaters?</td>
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<td>viii.</td>
<td>Is the road placing fill below the ordinary high water mark of rivers and streams?</td>
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<tr>
<td>ix.</td>
<td>Is the site located in a riverine or coastal floodplains? Encroachment into a 100-year flood plain or regulated flood way?</td>
<td></td>
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<tr>
<td>x.</td>
<td>Is there an impact on or construction in a wetland or inland floodplain?</td>
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<tr>
<td>xi.</td>
<td>Is there an increased risk of water pollution from oil, grease and fuel spills, and other materials from vehicles using the road?</td>
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<tr>
<td>xii.</td>
<td>Do effluents from various facilities, such as stations and parking areas/service areas comply with the country's effluent standards and ambient water quality standards? Is there a possibility that the effluents will cause areas that do not comply with the country's ambient water quality standards?</td>
<td></td>
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<tr>
<td>Wetlands</td>
<td>i. Is there a possibility that alteration of topographic features and installation of structures, such as tunnels will adversely affect surface water and groundwater flows?</td>
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<tr>
<td>Environment al Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<tr>
<td>ii.</td>
<td>Will the earthwork cause the removal of hydrophytic vegetation or the covering or replacing of any hydric soil?</td>
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<tr>
<td>Flora &amp; fauna</td>
<td>i. Will the project result in change in the diversity of species or numbers of any species of flora (including trees, shrubs, grass, crops, micro flora, and aquatic plants)? Or an effect on any unique, rare, or endangered species of flora?</td>
<td></td>
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<td></td>
<td>ii. Will there be introduction of new species of flora into an area or a barrier to the normal replenishment of existing species?</td>
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<tr>
<td></td>
<td>iii. Will the project result in changes in the diversity of species or numbers of any species of fauna (birds, land animals including reptiles, fish and shellfish, benthic organisms, insects, or micro fauna)? Or an effect on any threatened or endangered species of fauna?</td>
<td></td>
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<tr>
<td></td>
<td>iv. Will there be introduction of new species of fauna into an area or result in a barrier to the migration or movement of fauna?</td>
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<td></td>
<td>v. Will there be deterioration of, or interference with, fish or wildlife critical habitat?</td>
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<tr>
<td>Noise</td>
<td>i. Would this proposal increase existing noise levels?</td>
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<td></td>
<td>ii. Will there be noise and vibration due to blasting and other civil works?</td>
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<tr>
<td>Land use</td>
<td>i. Will the project result in the alteration of the present or planned land use of an area?</td>
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<td></td>
<td>ii. Is there a possibility of reduction in acreage of any agricultural products, prime and unique farmland?</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<tr>
<td>Others</td>
<td>i. Will the road construction affect a site with the potential for hazardous waste (e.g., sanitary landfills, gasoline stations, industrial sites)?</td>
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<td></td>
<td>ii. Will the project result in an impact upon the quality or quantity of existing recreational opportunities?</td>
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<td></td>
<td>iii. Will there be an increase in motor vehicle movement, movement of bicycles, or pedestrians?</td>
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<td></td>
<td>iv. Will there be existing parking facilities to be affected or create a demand for new parking?</td>
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<td></td>
<td>v. Will the commissioning of the project cause changes in access?</td>
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<td></td>
<td>vi. Will it impact upon existing transportation systems?</td>
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<td></td>
<td>vii. Will the project result in hazardous driving conditions where construction interferes with pre-existing roads?</td>
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<td></td>
<td>viii. Is there a possibility of poor sanitation and solid waste disposal in construction camps and work sites, and possible transmission of communicable diseases from workers to local populations?</td>
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<td></td>
<td>ix. Will there be creation of temporary breeding habitats for mosquito vectors of disease?</td>
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<tr>
<td>Socio-economic</td>
<td>i. Will the project affect existing housing (including but not limited to rural or urban residences and business or commercial buildings)?</td>
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<td></td>
<td>ii. Will there be a demand for additional</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<tr>
<td>housing for construction workers?</td>
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<tr>
<td>iii. Will the project cause other social concerns relating to inconveniences in living conditions in the project areas that may trigger cases of upper respiratory problems and stress?</td>
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<tr>
<td>iv. Will the project affect local employment, property values, etc.?</td>
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</tbody>
</table>
### Table 7.3: Checklist for Water supply Projects

<table>
<thead>
<tr>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
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</thead>
<tbody>
<tr>
<td>Social environment</td>
<td>i. It is necessary to screen impacts from the Principles Checklist first.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Air Quality</td>
<td>i. Is there a possibility that chlorine from chlorine storage facilities and chlorine injection facilities will cause air pollution? Do chlorine concentrations within the working environments comply with the country's occupational health and safety standards?</td>
<td></td>
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<tr>
<td>Water Quality</td>
<td>i. Will the project have inadequate protection of intake works or wells, leading to pollution of water supply?</td>
<td></td>
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<td></td>
<td>ii. Is the water supplied to the distribution system unsafe (e.g. excessive pathogens or mineral constituents) due to poor O&amp;M treatment processes (especially mud accumulations in filters) and inadequate chlorination due to lack of adequate monitoring of chlorine residuals in distribution systems?</td>
<td></td>
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<td></td>
<td>iii. Is the delivery of water to distribution system, which is corrosive due to inadequate attention to feeding of corrective chemicals?</td>
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<td></td>
<td>iv. Will the project cause excessive abstraction of water affecting downstream water users?</td>
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<td></td>
<td>v. Do pollutants, such as SS, BOD, COD contained in effluents discharged by the facility operations comply with the country's effluent standards?</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Wastes</td>
<td>i. Are wastes, such as sludges generated by the facility operations properly treated and disposed of in accordance with the country's standards?</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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</tr>
<tr>
<td>Wastewater</td>
<td>i. Will the project cause increased sewage flow due to increased water supply? Or increased volume of sullage (wastewater from cooking and washing) and sludge from wastewater treatment plant?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noise and vibrations</td>
<td>i. Do noise and vibrations generated from the facilities, such as pumping stations comply with the country's standards?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land/Subsidence</td>
<td>i. In the case of extraction of a large volume of groundwater, is there a possibility that the extraction of groundwater will cause salinization or subsidence?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>i. Is there a possibility that the amount of water used (e.g., surface water, groundwater) by the project will adversely affect the existing water uses and water area uses?</td>
<td></td>
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<td></td>
<td>ii. Will there be excessive algal growth in storage reservoir?</td>
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<td></td>
<td>iii. Will the project cause impairments associated with transmission lines and access roads?</td>
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<td></td>
<td>iv. Will there be health hazards arising from inadequate design of facilities for receiving, storing, and handling of chlorine and other hazardous chemicals?</td>
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<tr>
<td></td>
<td>v. Will the project cause health and safety hazards to workers from the management of chlorine used for disinfection and other contaminants?</td>
<td></td>
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<tr>
<td></td>
<td>vi. Is there a possibility of accidental leakage of chlorine gas?</td>
<td></td>
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<tr>
<td>Construction activities</td>
<td>i. Will the project cause increased road traffic due to interference of construction activities?</td>
<td></td>
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</tbody>
</table>
### Table 7.4: Checklist for Water Sanitation Projects

<table>
<thead>
<tr>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social environment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>It is necessary to screen impacts from the Principles Checklist first.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water Quality</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>Will the project cause deterioration of water quality due to inadequate sludge disposal or direct discharge of untreated sewage water?</td>
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<td></td>
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<tr>
<td>ii.</td>
<td>Will there be contamination of surface and ground waters due to sludge disposal on land?</td>
<td></td>
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<tr>
<td>iii.</td>
<td>Is there a possibility of impairment of downstream water quality due to inadequate sewage treatment or release of untreated sewage?</td>
<td></td>
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</tr>
<tr>
<td>iv.</td>
<td>Do pollutants, such as SS, BOD, COD, pH contained in treated effluent from a sewage treatment plant comply with the country's effluent standards?</td>
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<tr>
<td><strong>Wastes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>Are wastes, such as sludge generated by the facility operations properly treated and disposed of in accordance with the country’s standards?</td>
<td></td>
<td></td>
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<tr>
<td>ii.</td>
<td>Will the project cause discharge of hazardous materials into sewers, resulting in damage to sewer system and danger to</td>
<td></td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
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<tr>
<td>Soil contamination</td>
<td>i. If wastes, such as sludge are suspected to contain heavy metals; are adequate measures taken to prevent contamination of soil and groundwater by leachates from the wastes?</td>
<td></td>
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</tr>
<tr>
<td>Noise and vibration</td>
<td>i. Do noise and vibrations generated from the facilities, such as sludge treatment facilities and pumping stations comply with the country’s standards?</td>
<td></td>
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<tr>
<td>Odour</td>
<td>i. Are adequate control measures taken for odour sources, such as sludge treatment facilities?</td>
<td></td>
<td></td>
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<tr>
<td>Public Health</td>
<td>i. Is there a possibility of hazards to public health due to overflow flooding, and groundwater pollution due to failure of sewerage system?</td>
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<td></td>
<td>ii. Will the project cause health and safety hazards to workers from toxic gases and hazardous materials which maybe contained in sewage flow and exposure to pathogens in sewage and sludge?</td>
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<tr>
<td>Others</td>
<td>i. Will the project cause interference with other utilities and blocking of access to buildings; nuisance to neighbouring areas due to noise, smell, and influx of insects, rodents, etc.?</td>
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<td></td>
<td>ii. Is there a possibility of environmental pollution due to inadequate sludge disposal or industrial waste discharges illegally disposed in sewers?</td>
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<tr>
<td>Construction</td>
<td>i. Will the project cause social conflicts between construction workers from other areas and community workers?</td>
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<tr>
<td>Environmental Item</td>
<td>Main Check Items</td>
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<td>No</td>
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<td>ii.</td>
<td>Will there be road blocking and temporary flooding due to land excavation during the rainy season?</td>
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<tr>
<td>iii.</td>
<td>Is there a possibility of noise and dust from construction activities?</td>
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<td>iv.</td>
<td>Will there be traffic disturbances due to construction material transport and wastes?</td>
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</tbody>
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## 8 ANNEX G: SOCIAL AND ENVIRONMENTAL SCREENING CATEGORIES OF PROJECTS

Table 8.1: Social and environmental Screening Categories of Projects

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Project Type</th>
<th>Project Categorization</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>High Risk Projects:</strong></td>
<td>A</td>
<td>Category A requires an adequately prepared - Environmental Impact Assessment (EIA) (outline in Annex H1) with environmental management plan (EMP) and environmental monitoring report (EMR) to obtain environmental clearance.</td>
</tr>
<tr>
<td></td>
<td><strong>For Indigenous Peoples (IP)</strong></td>
<td>A</td>
<td>For projects significantly affecting IP/EMs, an Indigenous Peoples Development Plan (IPDP) should be prepared (outline in Annex K)</td>
</tr>
<tr>
<td>2</td>
<td><strong>Moderate Risks Projects:</strong></td>
<td>B</td>
<td>Category B projects will require the preparation of Initial Environmental Examination (IEE) (outline in Annex I) with an</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Project Type</td>
<td>Project Categorization</td>
<td>Remark</td>
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<td></td>
<td>These include projects with minor environmental impacts, such as</td>
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<td>environmental mitigation and monitoring programs required to obtain</td>
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<td>transmission lines and substations; rehabilitation projects of</td>
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<td>environmental clearance.</td>
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<td>power plants, factories, or roads within the same corridor or</td>
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<td>footprint; and other developments anticipating insignificant</td>
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<td>adverse impacts.</td>
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<td></td>
<td><strong>For Involuntary Resettlement (IR)</strong></td>
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<td></td>
<td>Projects where fewer than 200 people will experience major</td>
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<td>Category B projects will require the preparation a Short</td>
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<td></td>
<td><strong>Indigenous Peoples (IP)</strong></td>
<td>B</td>
<td>Requires a specific action favourable to indigenous peoples in the</td>
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<td></td>
<td>Projects that are expected to have limited impacts on IP/EMs</td>
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<td>project design or in related plans (e.g. a Resettlement Action Plan).</td>
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<td>3 <strong>Low Risk Projects:</strong></td>
<td>C and FI</td>
<td>Category C projects require no impact assessment studies.</td>
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<td></td>
<td>Projects with no anticipated adverse environmental impacts</td>
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<td>For Category FI projects, the Developer/Project Sponsor is required</td>
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<td>to adopt its own SEMS.</td>
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<tr>
<td></td>
<td>No indigenous peoples or involuntary resettlement impacts are</td>
<td>C</td>
<td>No requirement.</td>
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<td>expected.</td>
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9 ANNEX H1: OUTLINE OF AN ENVIRONMENTAL IMPACT ASSESSMENT (EIA) REPORT

9.1 Introduction

1. This section usually includes the following:

   (i) Purpose of the report, including: (a) identification of the project and its proponent; (b) brief description of the nature, size, and location of the project and its importance to the country; and (c) any other pertinent background information;

   (ii) Stage of project preparation (i.e. pre-feasibility study, feasibility study, detailed engineering design preparation, etc.);

   (iii) Extent of the environmental impact assessment (EIA) study, including the scope of the study, magnitude of effort, and persons/expertise or agency performing the study and corresponding person-months; and

   (iv) Brief outline of the contents of the report, including any special techniques or methods used for identifying issues, assessing impacts, and designing environmental protection measures.

9.2 Policy, legal, and administrative framework.

2. Discusses the policy, legal, and administrative framework within which the EA is carried out. Also details environmental needs of the co-financiers. Identifies relevant international environmental agreements to which the country is a party.

9.3 Description of the Project

3. The project should be described in terms of its basic activities, location, layout, and schedule (in terms of the project cycle). This section of the EIA report should provide sufficient details on the following:

   (i) Type of project;

   (ii) Need for project;

   (iii) Location (use maps showing general location, specific location, project boundary and project site layout);

   (iv) Size or magnitude of operation, including any associated activities required by or for the project;

   (v) Proposed schedule for approval and implementation; and

   (vi) Description of the project including drawings showing project layout, components of project, etc.
4. This information should be of the same type and extent as is included in feasibility reports for proposed projects, in order to give a clear picture of the project and its operations.

9.4 Description of the Environment

5. This section contains a description of the study area to provide a clear picture of the existing environmental resources and values within which the impacts must be considered. Detailed methodology to gather information, including data sources, should also be briefly described. As much as possible, the baseline information should be presented in maps, figures, and tables. The baseline environmental information area should include:

(i) Physical resources (e.g.): atmosphere (e.g. air quality and climate), topography and soils, surface water, groundwater, geology/ seismology;

(ii) Ecological resources (e.g.): fisheries, aquatic biology, wildlife, forests, rare or endangered species, protected areas, coastal resources

(iii) Economic development (e.g.): industries; infrastructure facilities (e.g. water supply, sewerage, flood control); transportation (roads, harbours, airports, and navigation); land use (e.g. dedicated area uses); power sources and transmission; agricultural development, mineral development, and tourism facilities; and

(iv) Social and cultural resources (e.g.): population and communities (e.g. numbers, locations, composition, employment); health facilities; education facilities; socio-economic conditions (e.g. community structure, family structure, social well-being); physical or cultural heritage; current use of lands and resources for traditional purposes by Indigenous Peoples; structures or sites that are of historical, archaeological, paleontological, or architectural significance.

9.5 Alternatives

6. The consideration of alternatives is one of the more proactive aspects of environmental assessment - enhancing the project design through examining options instead of only focusing on the more defensive task of reducing adverse impacts of a single design. This calls for the systematic comparison of feasible alternatives for the proposed project site, technology, and operational alternatives. Alternatives should be compared in terms of their potential environmental impacts, capital and recurrent costs, suitability under local conditions, and institutional, training and monitoring requirements. For each alternative, the environmental costs and benefits should be quantified to the extent possible, economic values should be attached where feasible, and the basis for the selected alternative should be stated.

7. Examining alternative means of carrying out a project involves answering the following three questions: (i) what are the alternatives?; (ii) what are the environmental impacts associated with each alternative?; and (iii) what is the rationale for selecting the preferred alternative? For example, a road connecting two points can follow a number of different routes. In this case, the EIA report must describe the process taken to select the most appropriate route based on a set of pre-determined criteria. The consideration of alternatives and the selection criteria used to identify the preferred alternatives must include environmental factors. The information going into the decision and the decision-making process must be documented in the EIA report. For example, if "alternative means"
refers to site selection for a large hydroelectric dam, the location of each alternative would have to be described, the environmental impacts of each alternative defined and the criteria and analysis of site selection presented.

8. Since the selection of alternatives can involve detailed technical analysis that includes more than just environmental factors, it may be preferable to present the details of this analysis as an appendix and include only the results and summary of this selection process in the body of the report. For example, a table listing the alternatives on one axis, and the criteria, such as reliability, cost, performance, inherent environmental effects, and necessary mitigation measures, on the other axis may provide an effective summary.

9. Alternatives to the project. In some instances it will be necessary to consider “alternatives to” the project. The EIA report should describe how the project fits into this larger strategic planning context. This context helps justify the project and demonstrates the requirements that may constrain the alternatives that are feasible or permitted.

10. However, in the case of potentially controversial projects, there may be public concern that the project does not represent the best way to achieve stated development objectives. In addition, segments of the public may react negatively if they perceive that the EIA report has not considered alternatives to the project, or the preferred alternative is proceeding based on flawed assumptions. Therefore, if controversy is expected surrounding the fundamental reasons for the project, the EIA report should include a discussion of alternatives to the project.

11. One alternative that should receive special attention is the “no action” alternative. In some cases, this may be the only alternative to the project that can be realistically considered. This involves projecting what is likely to occur if proposed investment projects are not undertaken. It provides the means to compare the environmental, social, and economic impacts of various project alternatives with those of a scenario in which the project is not implemented. In evaluating the no-action alternative, it is important to take into account all probable public and private actions which are likely to occur in the absence of the project.

9.6 Anticipated Environmental Impacts and Mitigation Measures

12. Review characteristics of each environmental impact. This section will evaluate the project’s expected impacts (in as quantified terms as possible) on each resource or value, and applicable sectoral environmental guidelines wherever any significant impact is expected (including environmental risk assessment, where appropriate). Environmental impacts to be investigated will include those: (i) due to project location; (ii) caused by possible accidents; (iii) related to design; and (iv) during construction, regular operations, and final decommissioning or rehabilitation of a completed project. Where adverse effects are indicated, discuss measures for minimizing and/or offsetting these, and opportunities for enhancing natural environmental values will be explored. Both direct and indirect effects will be considered, and the region of influence indicated. This analysis is the key presentation in the report and if not sufficiently completed it may be necessary to delay the project until the analysis can be completed. It is necessary to present a reasonably complete picture of both the human use and quality of life gains to result from the project due to the utilization, alteration, and impairment of the natural resources affected by the project, so that fair evaluation of the net worth of the project could be made.

13. Mitigating adverse effects. For each significant adverse environmental impact, the report will carefully explain how the project plan/design minimizes the adverse effects and in addition how the
project plan/design, to the extent feasible, includes provision for offsetting or compensating of adverse effects and for positive enhancement of benefits or environmental quality. Where substantial cost of mitigation measures is involved, alternative measures and costs will be explored.

14. Irreversible and irretrievable impacts. The EIA report will identify the extent to which the proposed project would irreversibly curtail the potential uses of the environment. For example, highways that cut through stream corridors, wetlands, or a natural estuary can result in irretrievable damage to those sensitive ecosystems. Other impacts that may be irreversible include alteration of historic sites, and expenditure of construction materials and fuels. Also, projects through estuaries, marshes, etc., may permanently impair the area’s natural ecology; or elimination of recreation areas and parklands can precipitate drastic changes in the project area’s social and economic character.

15. Temporary effects during project construction. In the event the construction phase of the project involves special environmental impacts (to be terminated on completion of construction), these will be separately discussed including proposed remedial measures.

9.7 Economic Assessment

16. This section may be drawn from the economic analysis conducted as part of the project feasibility study. It should include the following elements which should be integrated into the overall economic analysis of the project: (i) costs and benefits of environmental impacts; (ii) costs, benefits, and cost-effectiveness of mitigation measures; and (iii) discussion of impacts that have not been expressed in monetary values, in quantitative terms where possible (e.g. weight of volume estimates of pollutants).

9.8 Environmental Management Plan

17. Covers mitigation measures, monitoring, and institutional strengthening; see outline in Annex H2.

9.9 Public Consultation and Information Disclosure

18. This section will: (i) describe the process undertaken to involve the public in project design and recommended measures for continuing public participation; (ii) summarize major comments received from beneficiaries, local officials, community leaders, NGOs, and others, and describe how these comments were addressed; (iii) list milestones in public involvement (e.g. dates, attendance, topics of public meetings), and recipients of the report and other project-related documents; (iv) describe compliance with relevant regulatory requirements for public participation; (v) if possible summarize public acceptance or opinion on the proposed project; and (vi) describe other related materials or activities (e.g. press releases, notifications, etc.) as part of the effort to gain public participation. This section will provide a summary of information disclosed to date, and procedures for future disclosure.

9.10 Conclusions

19. The EIA report will present the conclusions of the study including: (i) gains which justify project implementation; (ii) explanation of how adverse effects could be minimized or offset, and compensated to make these impacts acceptable; (iii) explanation of use of any irreplaceable resources; and (iv) provisions for follow-up surveillance and monitoring.
9.11 **Appendixes**

i) List of EA report preparers--individuals and organizations.

ii) References--written materials both published and unpublished, used in study preparation.

iii) Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected people and local nongovernmental organizations (NGOs). The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups and local NGOs.

iv) Tables presenting the relevant data referred to or summarized in the main text.

v) List of associated reports (e.g., Resettlement Action Plan or Indigenous Peoples Development Plan).
10 ANNEX H2 - ENVIRONMENTAL MANAGEMENT PLAN

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

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

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

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

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

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

10.3. Monitoring
3. Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the borrower and the IIF to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when

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66 The management plan is sometimes known as an “action plan.” The EMP may be presented as two or three separate plans covering mitigation, monitoring, and institutional aspects, depending on borrowing country requirements.

67 For projects involving rehabilitation, upgrading, expansion, or privatization of existing facilities, remediation of existing environmental problems may be more important than mitigation and monitoring of expected impacts. For such projects, the management plan focuses on cost-effective measures to remediate and manage these problems.
needed. Therefore, the EMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the EA report and the mitigation measures described in the EMP. Specifically, the monitoring section of the EMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

10.4. Capacity Development and Training

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

10.5. Implementation Schedule and Cost Estimates

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

10.6. Integration of EMP with Project

6. The borrower's decision to proceed with a project, and the IIF's decision to support it are predicated in part on the expectation that the EMP will be executed effectively. Consequently, the IIF expects the plan to be specific in its description of the individual mitigation and monitoring measures and its assignment of institutional responsibilities, and it must be integrated into the project's overall planning, design, budget, and implementation. Such integration is achieved by establishing the EMP within the project so that the plan will receive funding and supervision along with the other components.
11 ANNEX I: OUTLINE OF AN INITIAL ENVIRONMENTAL EXAMINATION (IEE) REPORT

11.1. Introduction

7. This section usually includes the following:

   a) Purpose of the report, including: (a) identification of the project and project proponent; (b) brief description of the nature, size, and location of the project and of its importance to the country; and (c) any other pertinent background information; and

   b) Extent of the IEE study: scope of study, magnitude of effort, person or agency performing the study, and acknowledgement.

11.2. Description of the Project

8. Furnish sufficient details to give a brief but clear picture of the following (include only applicable items):

   i. Type of project;
   ii. Category of project;
   iii. Need for project;
   iv. Location (use maps showing general location, specific location, and project site);
   v. Size or magnitude of operation;
   vi. Proposed schedule for implementation; and
   vii. Descriptions of the project, including drawings showing project layout, and project components.

9. This information should be of the same type and extent as is included in feasibility reports for proposed projects to give a clear picture of the project and its operations.

11.3. Description of the Environment

10. Furnish sufficient information to give a brief but clear picture of the existing environmental resources in the area affected by the project, including the following (to the extent applicable):

   i. Physical resources (e.g.): atmosphere (e.g. air quality and climate), topography and soils, surface water, groundwater, geology / seismology;
   ii. Ecological resources (e.g.): fisheries, aquatic biology, wildlife, forests, rare or endangered species, protected areas, coastal resources
iii. **Economic development** (e.g.): industries; infrastructure facilities (e.g. water supply, sewerage, flood control); transportation (roads, harbors, airports, and navigation); land use (e.g. dedicated area uses); power sources and transmission; agricultural development, mineral development, and tourism facilities; and

iv. **Social and cultural resources** (e.g.): population and communities (e.g. numbers, locations, composition, employment); health facilities; education facilities; socio-economic conditions (e.g. community structure, family structure, social well being); physical or cultural heritage; current use of lands and resources for traditional purposes by Indigenous Peoples; structures or sites that are of historical, archaeological, paleontological, or architectural significance.

### 11.4. Screening of Potential Environmental Impacts and Mitigation Measures

11. Using the checklist of environmental parameters for different sector projects, this section will screen out "no significant impacts" from those with significant adverse impact by reviewing each relevant parameter in the EA checklist. Mitigation measures, where appropriate, will also be recommended to address environmental problems arising due to project location, and related to project design, construction, and operations. Potential environmental enhancement measures and additional considerations will also be covered.

### 11.5. Institutional Requirements and Environmental Monitoring Plan

12. This section should state the impacts to be mitigated, and activities to implement the mitigation measures, including how, when, and where they will be implemented. Institutional arrangements for implementation should be described. The environmental monitoring plan will describe the impacts to be monitored, and when and where monitoring activities will be carried out, and who will carry them out. The environmental management and monitoring costs should also be described.

### 11.6. Public Consultation and Information Disclosure

13. This section will describe the process undertaken to involve the public in project design and recommended measures for continuing public participation; summarize major comments received from beneficiaries, local officials, community leaders, NGOs, and others, and describe how these comments were addressed; list milestones in public involvement such as dates, attendance, and topics of public meetings; list recipients of this document and other project-related documents; describe compliance with relevant regulatory requirements for public participation; and summarize other related materials or activities, such as press releases and notifications. This section will provide a summary of information disclosed to-date, and procedures for future disclosure.

### 11.7. Findings and Recommendations

14. This section will include an evaluation of the screening process and recommendation will be provided whether significant environmental impacts exist needing further detailed study or EIA. If there is no need for further study, the IEE itself, which at times may need to be supplemented by a special study in view of limited but significant impacts, becomes the completed environmental assessment for the project and no follow-up EIA will be needed. If an EIA is needed, then this section
will include a brief terms of reference (TOR) for the needed follow-up EIA, including approximate descriptions of work tasks, professional skills required, time required, and estimated costs.

11.8. Conclusions

15. This section will discuss the result of the IEE and justification, if any, of the need for additional study or EIA. If an IEE, or an IEE supplemented by a special study, is sufficient for the project, then the IEE with the recommended institutional and monitoring program becomes the completed EIA.
12 ANNEX J: GUIDANCE ON THE APPLICATION OF PRINCIPLE 5 (LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT)

Note:
“In the case of any conflict between the requirements under this Section with the prevailing Indonesian laws and regulations, as a financial company operating in Indonesia, IIF shall comply with the later and that the later shall prevail at all times”.

1. This Section provides guidance on the application of Principle 5 (Involuntary Resettlement), as described in Section 3.5, Annex C. This guidance applies to Type 1, 2, and 3 project categories.

12.1. Land Acquisition procedures for projects supported by IIF

2. Land for an IIF project can be acquired with government assistance and through procedures defined by Indonesian Regulations if two conditions are met: (1) the project is considered to be in the public interest and (2) the area to be acquired is larger than one hectare.

3. The following projects are considered in the public interest: public roads, toll road, rail, water supply, waste water system and sanitation; dam, irrigation and irrigation facilities; airports, seaports, railway station and terminal; garbage disposal, cultural and natural resources; power plants, transmission and electricity distribution lines; and public safety.

4. Projects that are not classified as projects in the public interest, or require an area that is smaller than one hectare, must be acquired directly from the owner through a purchase, trade, or other voluntary method, without resorting to the procedures defined in the presidential regulations.

5. IIF clients that implement projects that are classified in the public interest and require the acquisition of an area that is larger than one hectare have two options. The first is to acquire the land directly, through negotiations. The second is to do it with the assistance of government. If the first method fails, they can request government assistance. The land acquisition procedures with government involvement require negotiations with the affected land owners; however, if the negotiations fail, the private developer can get access to the land through expropriation or by consigning the compensation offered with the courts.

12.1.1. Land Acquisition Procedures following existing regulations

6. The procedures that must be followed to acquire land for public purposes are described in (1) the Presidential Regulation No. 36/2005 (Perpres 36/2005) on “Land Provision for Development Activities in the Public Interest”, revised by Presidential Regulation No. 65/2006 (Perpres 65/2006) and (2) Implementation Guidelines No. 3/2007 for Perpres 36/2005 and Perpres 65/2006 issued by the National Land Agency (Badan Pertanahan Nasional—BPN). These procedures are summarized below, along with the supplemental actions that need to be implemented to comply with Principle 5 (the supplemental actions are described in the indented paragraphs).
**Definition of project area**

7. The government institution that requires land for Projects submits the project proposal to the District Heads/Mayors of the districts/cities where the Project is located or to the Governor of Jakarta (GoJ) in cases of Projects within the Special Capital Region of Jakarta. If the District Head/Mayor (or GoJ) considers that the Project is appropriate, they issue a “determination of location”, defining the Project area.

**Establishment of the Land Provision Committee**

8. The District Heads/Mayors (or the GoJ) establish a Land Provision Committee (LPC) or Panitia Pengadaan Tanah (P2T) to facilitate land acquisition. The LPC is chaired by the District Head (Sekda) other regional heads and includes members from relevant government agencies (e.g., Land Agency, Technical Agency requiring the land, Administrative Agency, sub-district head (camat) and chief of village (lurah).

**Consultations with affected communities and/or holders of land rights**

9. After the Project area has been defined, the LPC explains the Project to the affected communities and/or holders of land rights by way of public consultation, face-to-face consultations, and dissemination of information through the media.

10. Supplemental actions or procedures:
   - Consultation meetings are organized with all categories of PAPs (not just land owners). PAPs are provided with information on the potential impacts of the project and their rights and obligations under the LARPF.
   - The concerns expressed by the PAPs during the consultation meetings and the actions proposed to address such concerns are recorded in the Resettlement Action Plan.

**Inventory of affected land and other assets**

11. The LPC carries out an inventory of affected land and other assets. The inventory of affected land and other assets is carried out after the project designs are available.

12. Supplemental actions or procedures:
   - The LPC carries out the inventory of affected land and other assets with the assistance of a project consultant, if such assistance is requested by LPC.

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68 BPN Implementation Guidelines No 3/2007, Article 2, subsection (1); Article 5, subsection (3).
69 Ibid, Article 5, subsections (1) to (3)
70 Perpres 36/2005, Article 7, as revised by Perpres 65/2006; BPN Implementation Guideline, Article 8.
The inventory of affected land and other assets includes the following information for each household that loses land or their assets: (i) total size of the plot affected, area to be taken for the Project, and area of the residual land; (ii) structures affected, indicating the percentage of the structure to be affected by the Project; the legal status of land to be taken; and (iii) description of land use in the lot affected – residential, commercial, agricultural.

The inventory distinguishes between total and partial land takings. In cases of partial land takings, the inventory will indicate if the residual land is economically viable. In cases of dwellings and business structures, the inventory will indicate if the residual land/building is sufficient for shelter or work place.

Identification of displaced persons/households

13. The LPC produces a list with the names of the land owners or holders of land rights affected by the Project.  
14. Required supplemental actions to comply with Principle 5

- The LPC carries out a census of all the occupants of the affected area, including renters and occupants without rights to the land affected. The date of completion of the census is the cut-off date to determine the persons in the Project area who are entitled to compensation, rehabilitation assistance and rehabilitation support. Subsequent inflows of people are excluded from these benefits.

- The census of displaced persons/households is carried out with the assistance of a project consultant, if such assistance is requested by the LPC.

- The census identifies the persons/households that must move to another location, distinguishing between:
  - PAPs who must move permanently and PAPs who must move temporarily; and
  - PAPs who can rebuild their homes within the residual land and PAPs who must move to another location because their residual land is not economically viable.

- The census also identifies displaced persons or households that lose more than 20% of their productive assets.

- A socio-economic study is carried out, covering all PAPs/PAHs that lose more than 20% of their productive assets and/or are forced to move to another location. In such cases, displacement can affect the income-earning opportunities and livelihoods of displaced persons, which makes it necessary to collect basic socio-economic data on them, including data on income, sources of livelihood and living conditions, as appropriate. The survey will constitute the "baseline" of the social and economic conditions before the implementation of

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the Project. Progress in the implementation of income or livelihood restoration measures will be monitored against the baseline information generated by the survey\textsuperscript{73}.

**Dissemination of information on affected persons and assets**

12. The list of affected assets and of the owners of the assets is announced in the village offices, municipal/district offices and in websites for 7 days and/or in two publications in order to enable the parties affected to raise their objections\textsuperscript{74}.

15. Required supplemental actions to comply with Principle 5:

- The results of the inventory of affected persons and assets is displayed for 30 days in the village office (*kantor kelurahan* for urban areas and *kantor desa* for rural areas) in order to enable affected persons to submit their objections. If affected persons raise objections within this period, the grievance procedure is activated (see paragraphs 3.1.8.4 and Chapter 6).

- Establishment of a Cut-off Date. The cut-off date for determining the persons eligible for compensation and other forms of support under this LARPF will be the date of the announcement of the results of the census of the population affected by a project. Persons who occupy the area after this date will not be entitled to benefits under the LARPF. The cut-off date for determining the eligibility for compensation and other supports under this LARPF will be the date on which project affected persons, land and other assets attached to land, income sources, means of livelihood, and/or access to income sources, means of livelihood, are clearly identified through a census survey, provided that (i) all the land potentially affected by a project has been clearly delineated through aerial photography, ground survey, and confirmed by the detailed engineering design; and (ii) information on the area delineated is disseminated in an effective, systematic and continuous manner to the affected persons within the delineated area.

**Valuation of affected land and other assets**

**Valuation of land**

16. The value of affected land is determined by a Land Appraising Institution\textsuperscript{75} appointed by the District Heads/Mayors or the GoJ. In cases where there is no Land Appraising Institution in the municipality or district or city where the project is located, or in the surrounding municipalities, the District Heads/Mayors or the GoJ establish a “Land Appraisal Team” (LAT), which appraises the land.

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\textsuperscript{73} The survey should permit the assessment of the impact of land acquisition and/or relocation on the PAP’s patterns of economic and social activity, including impacts on social networks and social support systems. The survey should produce all the information that is necessary to monitor the progress towards the full rehabilitation of displaced households.

\textsuperscript{74} BPN Implementation Guidelines No 3/2007, Article 23 (3).

\textsuperscript{75} “Land Price Appraising Institutions” are defined in Article 1 of the BPN Implementation Guidelines No 3/2007 as “professional and independent institutions that possess the skill and ability in land appraisal”. Article 25, subsection 2, of the same Guidelines state that Land Appraising Institutions must be licensed by the National Land Agency.
based on the Selling Value of Taxable Objects (SVTO) or by observing the SVTO of the current year. The LAT can consider other factors affecting land price, such as location.\(^{76}\)

17. Required supplemental actions to comply with Principle 5:

- The value of the affected land is determined by a Land Appraising Institution or a licensed land appraiser.

**Valuation for buildings and other objects related to the land**

18. The valuation for building and other objects related to land (including trees and crops) shall be conducted by the Head of Office in municipalities/regencies in charge of buildings, plants and other objects related to land, based on the price standard having been stipulated by the regulation of the Law.\(^{77}\)

19. Required supplemental actions to comply with Principle 5:

- Buildings and other objects related to the land will be valued at their “replacement cost”, i.e., the market cost of the materials to build a replacement structure with an area and quality similar to those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, plus cost of any labour and contractors’ fees. In applying this method of valuation, depreciation of structures and assets will not be taken into account.

**Compensation**

**Deliberations on the compensation**

15. The results of the appraisal are submitted to the LPC and are used as the basis for the “deliberation” on the “form and/or the amount of compensation” between government institutions requiring the land and the owners affected.\(^{78}\) The deliberation is conducted “directly and collectively” between the government institutions and the owners.\(^{79}\) If the number of owners makes direct deliberations impossible, the deliberations can be conducted in stages.\(^{80}\) The deliberation can last up to 120 calendar days.\(^{81}\)

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\(^{76}\) BPN Implementation Guidelines No. 3/2007, Article 26, subsection (1); Article 28.

\(^{77}\) Ibid, Article 29.

\(^{78}\) BPN Implementation Guidelines No. 3/2007, Articles 30 and 31.

\(^{79}\) Ibid, Article 32, subsection (1). If a collective right is affected, deliberations are carried out by all holders of the collective right; and if a wakaf property is affected, deliberations are carried out with the parties as stipulated in Law No. 41/2004 on wakaf (Article 32, subsection (2). Wakif (charitable trust/endowment) is defined in Article 1, subsection (1) of Law No. 41/2004 as the legal act of a Wakif (the donator) in dividing and/or transferring part of their wealth either permanently or for a set period for religious purposes and/or public welfare in accordance with the Syar’iyah (Islamic Law).

\(^{80}\) BPN Implementation Guidelines No. 3/2007, Article 33.

\(^{81}\) Ibid, Article 37, subsection (1).
20. Required supplemental actions to comply with Principle 5:

- Before beginning the deliberations on the form and/or the amount of compensation, the LPC will share the results of the appraisal carried out by the Land Appraising Institution or the licensed land appraiser with the affected land owners.

- In cases where a Project displaces persons whose livelihoods are land-based, such persons will be offered replacement land whenever possible.

**Compensation payment or offer**

21. After the end of the deliberation period, the government institution requiring the land presents a compensation payment or makes a compensation offer, all of which is included in official reports. If the compensation is in the form of money, the LPC orders the institution requiring the land to pay the compensation 60 days at most since the date of the decree of the Land Provision Committee stipulating the form and/or amount of compensation\(^{82}\). The invitation to receive compensation must be received by the land owners at least 3 days prior to the date of payment\(^{83}\). If the compensation is in a form other than money, the timing of the compensation is agreed by the owners and the government institutions requiring the land. Persons who lose land or other assets should be compensated before their land and/or other assets are taken for the Project.

**Forms of compensation**

22. The compensation can be in the form of (1) cash; (2) substitute lands and/or buildings; (3) resettlement; or (4) a combination of two or more of the previous forms of compensation\(^{84}\). Compensation in the form of replacement land and/or buildings will be given according to the wish of the owners and as agreed by the government institutions requiring the land\(^{85}\).

23. Required supplemental actions to comply with Principle 5:

- If replacement land is offered, such land will be of equal or higher value, considering factors such as size, location, productive potential, etc.

- In cases where a project displaces persons whose livelihoods are land-based, such persons will be offered replacement land whenever possible. The provision of cash compensation to this type of displaced person is not appropriate, except in cases where the land taken for the project constitutes a small fraction (less than 20%) of the affected asset and the residual land

\(^{82}\) Ibid, Articles 40 and 44.

\(^{83}\) Ibid, Article 44.


\(^{85}\) BPN Implementation Guidelines No. 3/2007, Article 45 (a).
is economically viable or active markets for land exist near the Project area and there is sufficient supply of land.

- If it is not possible to offer substitute lands to persons whose livelihoods are land based and who lose more than 20% of their productive assets, the procedures described in paragraph 54 will be followed.

24. In the case of wakaf properties (properties donated for religious or charitable purposes and that are put in a trust) compensation will be in the form of land and/or buildings and/or other facilities of at least the same value as that of the revoked wakaf properties. In cases where ulayat land (land over which a community has customary land rights) is affected by a Project, the compensation will be in the form of public facilities or other facilities that contribute to the welfare of the affected communities.

25. Required supplemental actions to comply with Principle 5:

- Communities affected by the loss of land over which they have customary rights (ulayat land) will be offered compensation based on consultations with them, and could consist of public facilities, replacement land or cash, depending on their preferences.

Grievance procedure

26. The owners that object the LPC’s decision on the form and/or amount of compensation can raise their objections to the District Heads/Mayors or the GoJ or the Minister of Internal Affairs during a period of 14 days, following the LPC’s decision. These authorities must make a decision on the objections within 30 days and confirm or modify the form and/or amount of compensation.

12.1.2. Procedures if negotiations fail

27. If the land owners do not agree to relinquish their rights and the project location cannot be changed, the LPC proposes to the District Heads/Mayors or to the GoJ to apply Law No. 20/1961 (Revocation of Rights to Lands and Objects upon them). If these authorities or the Minister of Internal Affairs decide to resolve the disagreement by revoking land rights on the basis of Law 20/1961, the LPC issues a decision on the form and/or amount of compensation and orders the government institutions requiring the land to consign the compensation to the District Court whose legal territory covers the location of the land for public interests. Projects can begin after the

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86 BPN Implementation Guidelines No. 3/2007, Article 45 (b).
87 Ibid, Article 45 (c).
88 Ibid, Article 41.
89 Ibid, Article 19.
90 Ibid, Articles 41 and 42.
91 Ibid, Articles 38 and 40.
compensation has been consigned in the District Court and the District Head/Mayor (or GoJ) has issued a decree for the implementation of the physical development\textsuperscript{92}.

28. Required supplemental actions to comply with Principle 5:

- If the land owners affected by a project do not agree to relinquish their rights, and IIF cannot verify that a compensation that meets the requirements of section has been offered prior to the land take, the project will be excluded from IIF’s investment program.

12.1.3. Procedures for acquiring the land through direct negotiations

29. If the IIF project is classified as a project in the public interest and the area required exceeds one hectare, the IIF client has the option to request government assistance to acquire the land and has the legal means to obtain the land without the consent of the owner. These transactions, therefore, are Type II transactions (negotiated settlements) under Principle 5. If the transactions require relocation of people, the IIF client is required to develop a Resettlement Action Plan that covers the applicable requirements of this Principle 5. The IIF client will document all transactions to acquire land rights, as well as compensation measures and relocation activities. The client will also establish procedures to monitor and evaluate the implementation of Resettlement Action Plans and take corrective action as necessary.

30. In the case of negotiated land purchases that do not require relocation, the IIF client will develop procedures to offer to the affected persons and communities compensation and other assistance that meet the objectives of Principle 5.

12.2. Types of project affected persons (PAPs) and their entitlements

31. There are two general categories of PAPs for the purposes of defining entitlements under this LARPF:

- PAPs with rights to the land affected by the project
- PAPs without rights to the land affected by the project

12.2.1. PAPs with rights to the land affected by the project

32. According to Indonesian regulations, persons with rights to the land affected by projects in the public interest are entitled to compensation for loss of land and assets related to the land. Persons in this category include “lawful owners of the land affected, or anyone who has rights over such land, and the Nazhir or recipient of donated wakaf properties\textsuperscript{93}.”

\textsuperscript{92} Ibid, Article 67.

\textsuperscript{93} Perpres 36/2005, Article 16 (1) ; BPN Implementation Guideline, Article 43 (1). Wakaf is the dedication of properties by a Muslim through a will or otherwise for purposes recognized by Islamic law as pious, religious or charitable.
33. Land titles in Indonesia are regulated by Law No. 5/1960 and issued by the National Land Agency or Badan Pertanahan Nasional (BPN). Land titles, also called land certificates, include:

- *hak milik* or right to own title, which confers full ownership rights over land and is roughly equivalent to Freehold title of English common law jurisdictions;
- *hak guna bangunan* or right to build title, which confers the right to construct and own buildings on state-owned land;
- *hak pakai* or right to use title, which confers the right to use land for any purpose; and
- *hak guna usaha* – right to cultivate title, which confers the right to use state-owned land for agricultural purposes.

34. However, the vast majority of land in Indonesia is not registered at the BPN. Land rights are based on traditional title (*hak adat*) or documents issued by local officials that demonstrate land ownership, such as property tax receipts and contracts of sale of the land in question.

35. In proposed projects, the following persons and communities will be considered “holders of land rights”, i.e., persons or communities with rights to the land affected by a project:

- PAPs holding land rights titles or certificates issued by the local office of the National Land Agency or Badan Pertanahan Nasional (BPN), including full ownership titles (*hak milik*), right to build titles (*hak guna bangunan*), right to use titles (*hak pakai*), or right to cultivate titles (*hak guna usaha*).
- PAPs holding documents issued by local officials that demonstrate ownership (normally a property tax receipt, accompanied by other documents such as the contract of sale of the land in question and receipts of payment of public services, such as water and electricity);
- communities with traditional land rights (*hak ulayat*);
- PAPs (individuals) with traditional rights (*hak adat*); and

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94 UU 5/1960, also known as UUPA (Undang-undang Pokok Agraria) or Basic Agrarian Law Act. Despite the word “Agrarian” in the title, UU 5/1960 does not only regulate rural land, but all land, including urban land, forests, rice lands, plantations, mines and coastal waters, including fisheries.

95 A right to build title is typically granted to Indonesian citizens or legal entities for a maximum period of 30 years, and has to be renewed every 20 years. It can be converted into full a full ownership title (Hak Milik).

96 A right to use title (Hak Pakai – HP) is normally granted for a period of 25 years and can be renewed every 20 years.

97 The Land Cultivation Title (Hak Guna Usaha – HGU) is granted to Indonesian citizens or legal entities for periods of 25 to 35 years, and can be renewed every 25 years if the land is deemed to be managed and utilized properly.

98 Sub-district head (camat) or the village head (lurah or kepala desa).

99 The property tax receipt (Pajak Bumi dan Bangunan – PBB).
36. According to Perpres 36/2005, all holders of land rights affected by a Project are entitled to compensation for loss of land and other assets on the land. In a proposed projects, holders of land rights are also entitled to relocation assistance (if they must relocate as a result of land acquisition for the project) and rehabilitation support (if they suffer losses of income and/or livelihoods).

37. In proposed projects, PAPs who do not fall under any of the categories in paragraph 27 above at the time the census begins, but have a claim to such land or assets (derived, for example, from adverse possession or from continued possession of public lands without government action for eviction), will be treated as holders of land rights, as long as such claim is recognized under Indonesian legislation or through a process specified in the Resettlement Action Plan.

12.2.2. PAPs without rights to the land affected by the project

38. PAPs without rights to the land affected by the project - PAPs occupying the land required by the project, but do not have any recognizable legal right or claim to the land they occupy, fall under two categories:

- renters or tenants, including agricultural tenants and sharecroppers

- informal occupants of the land without any land certificate or claims to land (based on tax receipts or other evidence of ownership, adat rights, or other evidence of rights to land), including:

  - informal occupants of privately owned land (in residential, agricultural, commercial or industrial zones) without rights to land derived from rental/lease agreements or adverse possession; and

  - informal occupants of public land without a legally valid claim to such lands derived from its continued possession without government action for eviction, including occupants of sites such as roads, parks, or other public facilities in the Project area.

39. Renters or tenants - According to Law 20/1961 on the Revocation of Land Rights, people who lose their residence or their source of income as a result of the revocation of land rights should be provided with shelter (replacement housing) or replacement land.

40. In proposed projects, displaced renters who are in the project area at the time of the census will be assisted in finding a rental-house, or a housing site of similar size to the one lost, which can be rented or rent-purchased through affordable instalments.

41. Informal occupant - Occupants without land rights are not entitled to compensation, relocation assistance or rehabilitation support under Indonesian legislation, except for persons with cultivation

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100 According to Government Regulation 24/1997 (PP 24/1997), persons who occupy a parcel of land for twenty consecutive years are eligible to obtain a land title or certificate over such land.

and other use rights, who are entitled to compensation for the loss of assets related to the land\(^{102}\). Informal dwellers and commercial establishments without rights to the land are not mentioned in Perpres No. 36/2005 (as amended by Perpres 65/2006) or in the BPN Regulation No. 3/2007; however, it is common practice among municipalities and other government agencies to offer them small cash payments to encourage them to leave the project area. This practice forces informal occupants to relocate to public or hazardous areas without access to basic infrastructure or services.

42. In proposed projects, informal occupants without land rights, as defined in the Section PAPs without rights to the land affected by the project (paragraph 17 above), are entitled to compensation for the loss of assets other than land, plus relocation assistance (if they must relocate as a result of land acquisition for the project) and rehabilitation support (if they suffer losses of income and/or livelihoods). Displaced persons without land rights include occupants of hazardous areas, such as rights-of-way of roads, and other public areas over which land rights cannot be acquired.

12.3. **Review, approval, disclosure and implementation of Resettlement Action Plans and frameworks**

43. In the case of Type 1 and 2 projects\(^{103}\) in which the resettlement impacts are certain, because the zone of impact or precise sitting alignments can be determined by appraisal, Resettlement Plans must be approved by IIF’s Risk Management/S&E Unit and made available to the affected communities prior to Board consideration. The contents of a full Resettlement Action Plan and an Abbreviated Resettlement Action Plan are described in sections 12.5 and 12.6.

44. In the case of Type 1 and 2 projects in which the zone of impact and precise sitting alignments of the project or specific subprojects cannot be determined during project appraisal, the IIF client will prepare a Resettlement Framework, which must be approved by IIF’s Risk Management/S&E Unit prior to Board consideration, as specified in the OM. The contents of a Resettlement Framework are described in section 12.7.

45. In the case of Type 2 and 3 projects\(^{104}\) in which resettlement has already occurred, IIF’s Risk Management/S&E Unit will carry out a due diligence to see whether past resettlement was carried out according to the requirements of the OM. Should there be inconsistency between the handling of IP communities and IIF requirements, IIF will request the client or developer to prepare an Action Plan in accordance with IIF requirements.

46. The client or developer will implement all Resettlement Action Plans prior to commencement of construction. The IIF will ensure that the Resettlement Action Plan has been satisfactorily implemented.

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102 Law 20/1961, Explanation of Article 2 and BPN Implementation Guideline, Article 43 (2).

103 Project types are defined according to the level of preparedness. Type 1 projects are those in the early stages of preparation (with sites that have not been selected and design options that are still open). Type 2 projects are those that have been fully prepared (where construction bids have been invited). See Chapter 1.2 of the SEMS.

104 Type 2 projects are those that have been fully prepared (where construction bids have been invited). Type 3 projects are those under construction or with facilities that have already been constructed. See Chapter 1.2 of the SEMS.
12.4. Implementation of Resettlement Action Plans

47. During the implementation of the RAP or Abbreviated RAP and/or Action Plan (as applicable), the client or developer will provide regular progress reports to the IIF (the S&E Unit). Construction can commence after the PAPs have accepted the compensation offered.105

12.5. Contents of a Resettlement Action Plan

48. Below is a description of the contents of a Resettlement Action Plan, which should be prepared for all projects that cause physical displacement (relocation of people) or significant economic displacement. If the project does not cause physical displacement, or if the economic impact of land acquisition is minor,106 an Abbreviated Resettlement Action Plan can be prepared (the contents of an Abbreviated Resettlement Action Plan are described in section 12.6).

Executive Summary

An executive summary is a succinct report on the key aspects of the Resettlement Action Plan. It should cover the salient points in the Resettlement Action Plan.

Project Description

i. General description of the project, discussion of project components that result in land acquisition or involuntary resettlement or both, and identification of the project area.

ii. Description of alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision and why remaining effects are unavoidable.

iii. Mechanisms established to minimize resettlement, to the extent possible, during project implementation.

iv. State the main objectives of the RAP.

v. For clarity, please also indicate whether the project is based on a feasibility study and state the arrangements for updating the RAP after detailed technical/engineering design and detailed measurement survey and submission for review and approval.

105 Perpres 36/2005, Article 3, paragraph 1; BPN Implementation Guideline, Article 67, paragraph 1.

106 The economic impacts of land acquisition are considered “minor” if the affected people are not physically displaced and less than 10 percent of their productive assets are lost.
**Scope of Land Acquisition and Resettlement**

i. Discuss the potential impacts of the project. Include maps of the areas or zone of impact of such components or activities.

ii. Describe scope of land acquisition (use maps), and why it is necessary for the main investment project.

iii. Summarize the key effects in terms of assets acquired and affected persons, including a table.

iv. Provide details of any common property resources.

v. Describe the consultation process with agencies responsible for land acquisition and resettlement.

vi. Briefly discuss the national legal framework for land acquisition including an overview of the laws, regulations and guidelines that apply to land acquisition and resettlement. Include procedural requirements, and timelines.

**Socioeconomic Information/Profile**

The socioeconomic survey, while providing data, should be accompanied by a careful analysis/impact assessment disaggregated by gender, vulnerability, and other social groups.

i. Define, identify and enumerate the people to be affected.

ii. Describe the likely impact of land and asset acquisition on the people affected, taking into account social, cultural and economic parameters; prepare disaggregated tables.

iii. Discuss project impacts on the poor, indigenous/ethnic minorities, and other vulnerable groups.

iv. Identify gender and resettlement impacts. Identify the socio-economic situation, impacts, needs, and priorities of women.

v. Core tables to be prepared for this section:

   a. Socioeconomic profile of the affected persons disaggregated by gender

   b. Vulnerability and risk analysis

**Information Dissemination, Consultation, Participatory Approaches, and Disclosure Requirements**

i. Identify project stakeholders, specifically primary stakeholders.

ii. Describe the mechanisms for consultation to be conducted during the different stages of the project cycle.

iii. Describe the activities undertaken to disseminate information.
iv. Summarize the results of consultations with affected persons (including host communities) and discuss how concerns raised and recommendations made were addressed in the RAP.

v. Confirm disclosure of draft Resettlement Action Plan to affected people and include arrangements to disclose any subsequent plans.

**Grievance Redress Mechanisms**

i. Mechanisms for resolution of conflicts and appeals procedures.

ii. Describe the grievance redress framework (informal and formal channels) that will be put in place by the project proponent setting out the time frame and mechanisms for resolution of complaints about resettlement.

**Policy and Legal Framework**

i. Describe the national and local laws and policies that apply to the project and prepare a gap analysis indicating how the gaps will be addressed.

ii. Describe the principles, legal and policy commitments from the project sponsor for different categories of project impacts. Describe the principles and methodologies used for determining valuation and compensation rates at replacement costs for assets, incomes and livelihoods. Describe compensation and assistance eligibility criteria, and how and when compensation will be paid.

iii. Describe the land acquisition process and prepare a schedule for meeting key procedural requirements.

**Entitlements**

i. Define entitlement and eligibility of affected persons, including relevant cut-off dates. Ensure all resettlement assistance, including transaction costs, are included.

ii. Assistance to vulnerable groups and other special groups should be included.

**Relocation of Housing and Settlements**

i. Summary of the numbers of persons, households, structures, public buildings (public hall, schools, mosques, churches, etc.), businesses, croplands, etc., to be affected.

ii. Description of all categories of affected persons and options for relocation of housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection. Ensure gender concerns and support to vulnerable groups are identified and integrated when preparing replacement housing programs (preferably summarized in tabular form).

iii. Description of the alternative relocation sites considered, community consultations conducted, and justification for selected sites, including details on location, environmental assessment of site, and development needs.
iv. Timetables for site preparation and transfer. Measures to assist with transfer and establishment at new sites.

v. Legal arrangements to regularize tenure and transferring titles to resettlers, including provision of joint titles as well as plot allocation to adult children as relevant.

vi. Transition housing should be avoided.

vii. Ensure location-specific considerations to protect livelihood access to public services, etc.

viii. Plans to provide civic infrastructure including water supply, feeder roads, and social services (e.g., schools, health services).

ix. Integration with host populations.

Income Restoration and Rehabilitation

i. Identify livelihood risks, prepare disaggregated tables based on demographic data and sources of livelihood.

ii. Description of income restoration programs; include multiple options to restore all types of livelihoods. A few examples include:

a. Project benefit-sharing

b. Revenue sharing arrangements

c. Joint-stock for equity contributions such as land

iii. Discuss sustainability and safety nets.

iv. Social safety net through social insurance / project special funds.

v. Special measures to support vulnerable groups.

vi. Gender considerations.

vii. Training programs should be supported by skills analysis and needs assessment.

Resettlement Budget and Financing Plan

i. Itemized budget for all resettlement activities, including budget for resettlement unit, staff training, monitoring and evaluation, and preparation of RAPs during investment implementation.

ii. Describe the flow of funds. The annual resettlement budget should show the budget-scheduled expenditure for key items.

iii. Include a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement value.
iv. Include information about the source of funding for the RAP budget.

Implementation Schedule

Include a detailed, time-bound, implementation schedule for all key resettlement and rehabilitation activities. (The schedule should be synchronized with the project’s schedule of civil works construction).

Institutional Framework for Resettlement

i. Main tasks and responsibilities of the groups responsible for resettlement preparation, implementation and monitoring should be described, including skills and number of staff.

ii. Assessment of the institutional capacity of such agencies. Arrangements to build, including technical assistance, if required. Availability of logistics, finance, staff, and other necessary hardware.

iii. Role of NGOs, if involved, and organizations of affected persons in resettlement planning and management. Involvement of women's groups in resettlement planning, management and operations, job creation and income generation. Arrangements to hire female staff by the resettlement agency to work with and assist women in all aspects of resettlement activities, including planning and implementation of income restoration programs.

Monitoring and Evaluation

i. Internal monitoring and evaluation: Arrangements to monitor resettlement implementation. Describe institutional arrangements, logistics, staff, skills, timelines, and budget allocated.

ii. External monitoring and evaluation: Arrangements to hire an external monitor. Ensure participation of affected people in internal and external monitoring and evaluation. Describe competencies, reporting arrangements, and timelines.

12.6. Contents of an Abbreviated Resettlement Action Plan

An Abbreviated Resettlement Action Plan can be prepared if the project does not cause physical displacement (relocation of people) and the economic impact of land acquisition is minor. These impacts are considered "minor" if the affected people lose less than 10 percent of their productive assets.

i. a census survey of displaced persons and valuation of assets;

ii. description of compensation and other resettlement assistance to be provided;
   a. consultations with displaced people about acceptable alternatives;
   b. institutional responsibility for implementation and procedures for grievance redress;
iii. arrangements for monitoring and implementation; and

iv. a timetable and budget.

### 12.7. Contents of a Resettlement Framework

50. The purpose of a Resettlement Framework is to clarify resettlement principles and organizational arrangements to be applied to Type 1 and 2 projects in which the zone of impact and precise sitting alignments of the project or specific subprojects cannot be determined during project appraisal. In such cases, Resettlement Action Plans will be prepared during project implementation, with the contents specified in this section, as relevant, and submitted to IIF for approval after specific planning information becomes available.

51. The Resettlement Framework covers the following aspects:

(a) a brief description of the project and components for which land acquisition and resettlement are required;

(b) principles and objectives governing resettlement preparation and implementation, which should be consistent with Principle 5;

(c) a description of the process for preparing and approving Resettlement Action Plans;

(d) estimated population displacement and likely categories of displaced persons, to the extent feasible;

(e) eligibility criteria for defining various categories of displaced persons;

(f) legal framework, including a description of the measures required to bridge the gaps between Indonesian legislation and Principle 5, and taking into account the guidance provided in sections 12.1 and 12.2 of this Annex.

(g) methods of valuing affected assets;

(h) organizational procedures for delivery of entitlements, including, the responsibilities of the government and the private developer;

(i) a description of the implementation process, linking resettlement implementation to civil works;

(j) a description of grievance redress mechanisms;

(k) a description of the arrangements for funding resettlement, including the preparation and review of cost estimates, the flow of funds, and contingency arrangements;

(l) a description of mechanisms for consultations with, and participation of, displaced persons in planning, implementation, and monitoring; and

(m) arrangements for monitoring by the implementing agency and, if required, by independent monitors.
13 ANNEX K: ADDITIONAL GUIDANCE TO IMPLEMENT PRINCIPLE 7 AND SUGGESTED OUTLINE OF AN INDIGENOUS PEOPLES DEVELOPMENT PLAN (IPDP)

1. This Section provides guidance on the application of Principle 7 (Indigenous Peoples), as described in Section 3.7, Annex C, to Type 1, 2, and 3 project categories.

13.1. Review, approval and implementation of the IPDP

2. During the appraisal of projects that affect Indigenous Peoples, the client or developer will prepare an IPDP, which will be reviewed by the IIF (i.e., the Risk Management/S&E Unit) for approval.

3. In the case for Type 2 or Type 3 projects (according to the level of preparedness, refer to Chapter 1.2 of the SEMS) that have had adverse impacts on Indigenous Peoples prior to appraisal, this Unit will carry out a due diligence to see whether these impacts have been addressed in a manner consistent with the objectives of Principle 7. Should there be inconsistency between the handling of IP communities and the objectives of Principle 7, IIF will request the client or developer to prepare an Action Plan to address such inconsistencies.

13.2. Disclosure

4. The Risk Management/S&E Unit of IIF will ensure that the client or developer makes the IPDP available to the affected IP communities in an appropriate form, manner, and language prior to Board Consideration as specified in the OM.

13.3. Contents of an IPDP

Background and Context

i. The project and project components

ii. Brief description of indigenous peoples/ethnic minorities (IP/EM) in the relevant project country

iii. Relevant legal framework

iv. Summary of the findings of the Social Assessment (part of S&E Assessment), including among others:
   a. Baseline data of IP/EM with clear profiles
   b. Maps of the area of project influence and the areas inhabited by IP/EM
   c. Analysis of the IP/EM social structure and income sources (including their circumstances and livelihoods)
d. Inventories of the resources used by IP/EM (including natural resources with description and quantification upon which the IP depend), and technical data on their production systems

e. Information on cultural practices and patterns

f. Relationships of IP/EM to other local/national groups

v. Key positive project impacts on IP/EM

vi. Key negative project impacts on IP/EM

**Objectives of the IPDP**

Explain the purpose of the IPDP

**Development and/or Mitigation Activities**

i. Describe detail of development activities

ii. Describe detail of mitigation activities (including enhance positive impacts, conserve and manage their natural resource base on a sustainable basis, and achieve sustainable community development)

iii. Describe means to ensure continuation of livelihood activities key to the survival of these communities and their traditional and cultural practices. This will clearly sets out how the natural resources upon which the IP/EM depend, and the geographically distinct areas and habitats in which they are located, will be conserved, managed and utilized on a sustainable basis

**Strategy for IP/EM Participation**

i. Describe mechanism for participation by IP/EM in planning, implementation, and evaluation (the process of information disclosure, consultation and informed participation and where relevant the Free, Prior, and Informed Consent (FPIC) process including Good Faith Negotiation (GFN) and documented agreements, with the Affected Communities of IP/EM, and how issues raised have been addressed)

ii. Describe procedures for redress of grievances by IP/EM

**Institutional Arrangements**

i. Identify main tasks and responsibilities in planning, managing, and monitoring development, and/or mitigation activities

ii. Identify role of NGOs or IP/EM organizations in implementing the development and/or mitigation activities.

**Budget and Financing**
i. Identify development and/or mitigation activity costs, timing of expenditure and funding resources

**Supervision, Monitoring, and Evaluation**

i. Specify arrangements for supervision, monitoring, evaluation, and reporting mechanisms (including responsibilities, frequencies, feedback and corrective action processes)

ii. Implementation strategy and schedule

iii. Prepare a plan for internal monitoring of the targets of the major development and/or mitigation activities
**ANNEX L: CHECKLIST TO DETERMINE THE APPLICABILITY OF PRINCIPLES**

<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
</table>
| Environment (PS 3)                    | Ambient Environment                 | i. Will the project generate fugitive dust during transportation, unloading, storage of fuel and/or raw materials for processing, and polluted runoff from storage of these fuel and/or materials?  
ii. Will the project cause air pollution resulting from emissions of project operation processes or increase in GHGs?  
iii. Will the project create noise disturbances during operation due to the proximity of settlements or receptors?  
iv. Will the project cause pollution to surface and groundwater bodies from the project’s construction or operations, sanitary sewage, sludge, residues and miscellaneous discharges?  
v. Does the project lead to the generation and transport of solid, hazardous and toxic wastes?  
vi. Will there be public health and safety hazards from operation (discharge of wastes and due to poor air quality, noise and odour from emissions etc.)? |     |    | If Yes, prepare EIA                                   |
<p>| International trans-boundary          | i. If necessary, the impacts to trans-boundary or global issues should be confirmed (e.g., the project includes factors that may cause problems,                                                       |    |    |                                                         |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>issues</td>
<td></td>
<td>such as international waterways pollution, trans-boundary pollutants/air pollution, trans-boundary movement of hazardous materials, trans-boundary waste treatment, acid rain, destruction of the ozone layer, GHG emissions, climate change and global warming.</td>
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</tbody>
</table>
| Social Environment (PS 4, 5, 7, 8) | Land Acquisition (PS 5) | i. Will the project require that land (public or private) be acquired (temporarily or permanent for its development? If so:  

ii. Will the project result in involuntary displacement of people or economic activities? How many persons will be impacted?  

iii. Will the land acquisition result in the temporary or permanent loss of crops, fruit trees or household infrastructure?  

iv. Is there a possibility of socio-political issue/ conflict due to acquisition?  

v. Has a due diligence environmental audit (site assessment) conducted to determine if hazardous material or contamination are present on the subject property?  

vi. Has written offer to just compensation made to the property owners? Has general notice of the property owner’s rights and entitlements on the acquisition of their property been provided and an explanation of the relocation assistance & payment entitles made? Has the notice of relocation eligibility to displaced persons provided? |     |    | If applicable, prepare Resettlement Action Plan (RAP) |
<p>| Involuntary             | i. Is involuntary resettlement caused by project implementation? If | |    |    |                                                      |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
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</thead>
<tbody>
<tr>
<td>Resettlement (PS 5)</td>
<td>involuntary resettlement is caused, are efforts made to minimize the impacts caused by the resettlement?</td>
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<td>resettlement plan (RP)</td>
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<tr>
<td>ii.</td>
<td>Is adequate explanation on relocation and compensation given to affected persons prior to resettlement?</td>
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<tr>
<td>iii.</td>
<td>Is the Resettlement Action Plan, including proper compensation, restoration of livelihoods and living standards developed based on socioeconomic studies on resettlement?</td>
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<td>iv.</td>
<td>Does the Resettlement Action Plan pay particular attention to vulnerable groups or persons, including women, children, the elderly, and people below the poverty line, ethnic minorities, and indigenous peoples?</td>
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<td>v.</td>
<td>Are agreements with the affected persons obtained prior to resettlement?</td>
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<td>vi.</td>
<td>Is the organizational framework established to properly implement resettlement? Are the capacity and budget secured to implement the plan?</td>
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<td>vii.</td>
<td>Is a plan developed to monitor the impacts of resettlement?</td>
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<td>viii.</td>
<td>If involuntary resettlement impacts are expected:</td>
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<tr>
<td>A.</td>
<td>Are local laws and regulations compatible with investor’s resettlement policy?</td>
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<tr>
<td>B.</td>
<td>Will the coordination between the private sector sponsor and govt.</td>
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<td>Category</td>
<td>Environmental Item</td>
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<td>agencies be required to deal with land acquisition?</td>
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<td></td>
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<td>C. Does the borrower have sufficient skilled staff to undertake resettlement planning and implementation?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>D. Are training and capacity building interventions required prior to resettlement planning and implementation?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living and livelihood (PS-4)</td>
<td>i. Is there a possibility that the project will adversely affect the living conditions of inhabitants? Are adequate measures considered to reduce the impacts, if necessary?</td>
<td></td>
<td></td>
<td>If Yes, prepare SIA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii. Is sufficient infrastructure (e.g., hospitals, schools, roads) available for the project implementation? If existing infrastructure is insufficient, is a plan developed to construct new infrastructure or improve existing infrastructure?</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>iii. Is there a possibility that large vehicle traffic associated with the project will affect road traffic in the surrounding areas? Are adequate measures considered to reduce the impacts on traffic, if necessary?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iv. Is there a possibility that diseases (including communicable diseases, such as HIV) will be introduced due to immigration of workers associated with the project? Are adequate considerations given to public health, if necessary?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous</td>
<td>i. Is there any indigenous group living within the boundary of, or nearby, the</td>
<td></td>
<td></td>
<td>If yes, prepare</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>People(IP)/Ethnic minorities (EM)</td>
<td>Project?</td>
<td>i. Are there any members of these indigenous groups in the area who could benefit from the project?</td>
<td></td>
<td></td>
<td>IPDP (Developmental Plans)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ii. Has there an Indigenous peoples plan made? (if yes to above)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>iii. Does IPs/EM maintain distinctive customs or economic activities that may make them vulnerable to hardship?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>iv. Will the project restrict their economic and social activity and make them particularly vulnerable in the context of project?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>v. Will the project change their socio-economic and cultural integrity?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>vi. Will the project disrupt their community life?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>vii. Will the project positively / negatively affect their health, education, livelihood or social security status?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heritage &amp; culture</td>
<td>Is there a possibility that the project will damage the local archaeological, historical, cultural, and religious heritage sites? Are adequate measures considered to protect these sites in accordance with the country’s laws?</td>
<td>i. Is there a possibility that the project will damage the local archaeological, historical, cultural, and religious heritage sites? Are adequate measures considered to protect these sites in accordance with the country’s laws?</td>
<td></td>
<td></td>
<td>If yes prepare EIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ii. Is there a possibility of culture loss due to split of community?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural</td>
<td>Is there a possibility that the project will adversely affect the local</td>
<td>i. Is there a possibility that the project will adversely affect the local</td>
<td></td>
<td></td>
<td>If yes prepare</td>
</tr>
<tr>
<td>Category</td>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------------</td>
<td>----------------------------------------------------------------------------------</td>
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<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Environment (PS 6)</td>
<td>Land use</td>
<td>landscape? Are necessary measures taken?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>ii. Is the use land that is currently occupied or regularly used for productive purposes (e.g. gardening, farming, pasture, and fishing locations, forests) will be lost? Has there been a plan to compensate for the changed land use pattern?</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>iii. Will the project cause aesthetic degradation and property value loss due to establishment of plant and ancillary facilities?</td>
<td></td>
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</tr>
<tr>
<td>Protected areas/ Ecosystem</td>
<td>i.</td>
<td>Is the project site located in protected areas designated by the country’s laws or international treaties and conventions? Is there a possibility that the project will affect the protected areas?</td>
<td></td>
<td></td>
<td>EIA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ii. Does the project site encompass primeval forests, tropical rain forests, ecologically valuable habitats (e.g., coral reefs, mangroves, or tidal flats)?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>iii. Does the project site encompass the protected habitats of endangered species designated by the country’s laws or international treaties and conventions?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>iv. If significant ecological impacts are anticipated, are adequate environmental protection measures taken to reduce the impacts on ecosystem?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>v. Is there a possibility that the amount of water (e.g., surface water, groundwater) used by the project will adversely affect aquatic environments, such as rivers? Are adequate measures taken to reduce</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Environmental Item</td>
<td>Main Check Items</td>
<td>Yes</td>
<td>No</td>
<td>Environmental considerations / Significance of Impact</td>
</tr>
<tr>
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<td>------------------</td>
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<td>-----------------------------------------------------</td>
</tr>
</tbody>
</table>
| Health, Safety and working conditions (PS 2) | Protection of workers | i. Are vulnerable categories of workers such as children, migrant workers (and members of their families), workers engaged by third parties, and workers in the client’s supply chain considered?  
ii. Is protection of workers including fair treatment, non-discrimination, equal opportunity, worker-management relationship, safe and healthy working conditions, and the health of workers considered?  
iii. Any forced labour?  
v. Grievance Mechanism? | | | If yes prepare SIA |
| Construction Activities | | v. Are adequate measures considered to reduce impacts during construction for better working condition and health and safety of the workers (e.g., noise, vibrations, turbid water, dust, exhaust gases, and wastes)?  
vi. If construction activities adversely affect the social environment, are adequate measures considered to reduce impacts?  
vii. If necessary, is health and safety education (e.g., traffic safety, public health) provided for project personnel, including workers? | | | If yes prepare SIA |
<table>
<thead>
<tr>
<th>Category</th>
<th>Environmental Item</th>
<th>Main Check Items</th>
<th>Yes</th>
<th>No</th>
<th>Environmental considerations / Significance of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>viii.</td>
<td>Environmental</td>
<td>Will the project cause social conflicts between construction workers from other areas and community workers?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Item</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Accident prevention i.</td>
<td>Are adequate accident prevention plans and mitigation measures developed to cover both the soft and hard aspects of the project, such as establishment of safety rules, installation of prevention facilities, and equipment, and safety education for workers? Are adequate measures for emergency response to accidental events considered?</td>
<td></td>
<td></td>
<td>If yes prepare SIA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are adequate accident prevention measures taken for storage and transportation of hazardous materials?</td>
<td></td>
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</tr>
</tbody>
</table>
## ANNEX M: SOCIAL AND ENVIRONMENTAL REVIEW FORMAT (MEMO TO THE RMC)

<table>
<thead>
<tr>
<th>Head</th>
<th>Details</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Details</td>
<td>• Name of the project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reference Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Promoter Company Name</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Group Name (if any)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Date of Approval</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Last date of review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Location of project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. Scale/size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. Date of construction/operation commencement</td>
<td></td>
</tr>
<tr>
<td>Categorisation</td>
<td>• Categorisation of the project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reasons for the categorisation</td>
<td></td>
</tr>
<tr>
<td>Authorisation and Approvals</td>
<td>• Environmental Permission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Relevant authority for granting the permission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Conditionality attached to the permission</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Steps taken by the management to fulfil such conditions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Broad principles of Environment Management followed by the company and the organisation structure to ensure compliance</td>
<td></td>
</tr>
<tr>
<td>Anti-Pollutions Measures / Corrective</td>
<td>• Anti-pollution measures planned (depending on the industry this will vary)</td>
<td></td>
</tr>
<tr>
<td>Actions</td>
<td>• Separate clearances (if any) to be obtained</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Primary, secondary and tertiary treatment commitment of water commitment</td>
<td></td>
</tr>
</tbody>
</table>
| Monitoring mechanism | Chimney heights and disposal of waste / ash for power projects  
|----------------------|-----------------------------------------------------------------  
|                      | Organisation structure for monitoring environmental compliance  
|                      | Frequency of monitoring                                            
|                      | Non-compliance escalation mechanism and remedial processes       |
# ANNEX N: SITE VISIT CHECKLIST & RECORD

<table>
<thead>
<tr>
<th>Item</th>
<th>Action</th>
<th>Findings</th>
<th>Follow-up needed with timelines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrective Action Plans</td>
<td>Review EMP, RAP/IDPD etc.: Assess the actual scenario by survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data collection</td>
<td>Field testing/ Investigations and Sample collection of the environmental items like water, soil, air, noise etc. Validate the information given by developer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visits</td>
<td>Site visits to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Main plant site</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Where labour resides</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Disposal sites (water/ waste)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To the people affected/relocated</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• To the relevant authorities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Meetings</td>
<td>• Meeting with the local people, NGOs and other affected people</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Address complaints and grievances</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Record them</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Field Report</td>
<td>Prepare Field Visit Report</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
17 ANNEX O: SOCIAL AND ENVIRONMENTAL DUE DILIGENCE REPORT

This report should cover in detail the steps taken by the management on the following aspects and should be supported by documentary evidence to the extent possible:

<table>
<thead>
<tr>
<th>Head</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Details</td>
<td>- Name of the project</td>
</tr>
<tr>
<td></td>
<td>- Promoter Company Name</td>
</tr>
<tr>
<td></td>
<td>- Group Name (if any)</td>
</tr>
<tr>
<td></td>
<td>- Date of Approval</td>
</tr>
<tr>
<td></td>
<td>- Last date of review</td>
</tr>
<tr>
<td></td>
<td>- Location of project</td>
</tr>
<tr>
<td></td>
<td>a. Scale/size</td>
</tr>
<tr>
<td></td>
<td>b. Date of construction/operation commencement</td>
</tr>
<tr>
<td>Land Acquisition Details</td>
<td>- Extent of land acquisition</td>
</tr>
<tr>
<td></td>
<td>- Compliance LARPF</td>
</tr>
<tr>
<td></td>
<td>- Issues and concerns, if any, on account of land acquisition</td>
</tr>
<tr>
<td></td>
<td>- Compliance with local laws and other regulatory requirements</td>
</tr>
<tr>
<td></td>
<td>- Exclusion list</td>
</tr>
<tr>
<td>Pollution and waste</td>
<td>- Environmental issues such as compliance, clearances and conditions</td>
</tr>
<tr>
<td>management</td>
<td>- Water disposal conditions and plans</td>
</tr>
<tr>
<td></td>
<td>- Noise, air and hazardous waste related conditions – both basic facilities as well as preventive steps</td>
</tr>
<tr>
<td></td>
<td>- Basic health and safety mechanisms in place</td>
</tr>
<tr>
<td></td>
<td>- Emergency management procedures and facilities</td>
</tr>
<tr>
<td></td>
<td>- Chemical hazards (if any) – identification, management and treatment processes</td>
</tr>
<tr>
<td>Resource management</td>
<td>- Need for resources such as water, power and construction material</td>
</tr>
<tr>
<td></td>
<td>- Sourcing strategies in place and certainty of the same</td>
</tr>
<tr>
<td></td>
<td>- Care of managing the health and wastage problems in transit</td>
</tr>
</tbody>
</table>
| Labour Issues                      | • Compliance with labour laws  
|                                  | • Compensation and views towards long term labour sustainability  
|                                  | • Child labour and forced labour prevention mechanism and process for verification including its supply chain  
|                                  | • Identification and terms & condition of migrant workers including their family  
|                                  | • Third parties, contractors or other intermediaries engaging workers, satisfy all legal requirements  
|                                  | • Address Human Rights issue  
|                                  | • Rights of nomadic peoples—whether legal or customary—to pass through client-controlled land periodically or seasonally, for subsistence and traditional activities.  
| Land Acquisition                | • Resettlement (physical and/or economic)  
|                                  | • Loss of livelihood  
|                                  | • Creation of alternate opportunities through the project  
|                                  | • Prospect of redeployment and re-skilling of workers  
|                                  | • Impact on indigenous people and ethnic minority  
|                                  | • Plans for protection of local rights especially of indigenous people and ethnic minority  
|                                  | • Sensitivity towards sites of cultural / religious / historic importance  
|                                  | • Extent of consultation and communication with the local community  
| Biodiversity and Living          | • Biodiversity protection and conservation  
| Natural Resources                | • Ecosystem services  
|                                  | • Living natural resources sustainable management  
|                                  | • Critical Habitat or Natural habitats or modified habitat with significant biodiversity value  
|                                  | • Invasive Alien Species  
|                                  | • Biodiversity offsets  
|                                  | • Legally Protected and Internationally Recognized Areas  
|                                  | • Supply Chain  
| Other Issues                     | • Cultural Heritage  
|                                  | • Compliance with IIF policies such as LARPF / S&E Covenants  
|                                  | • Where not in compliance, corrective action plan  
|                                  | • Summary and Recommendations  

# Annex P: Monitoring & Supervision

Table 18.1: Monitoring indicators

<table>
<thead>
<tr>
<th>Monitoring Indicator</th>
<th>Proposed Actions</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrective Action Plan’s performance</td>
<td>Site visits and data collection to verify performance of</td>
<td>Quarterly</td>
<td>SEU</td>
</tr>
<tr>
<td></td>
<td>• EMP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• RAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• IPDP, Etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance with ambient Standards</td>
<td>Analysis of data collected from periodic reports submitted by developer</td>
<td>According to phases of project (To be decided by SEU)</td>
<td>Developer collects the data and SEU analyses it.</td>
</tr>
<tr>
<td></td>
<td>• Air Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Water Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Noise</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Odor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Waste</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effects on natural &amp; Socio-economic Environment</td>
<td>Surveys done to judge the effects on -</td>
<td>Annual</td>
<td>SEU</td>
</tr>
<tr>
<td></td>
<td>• Ecosystem</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Landscape</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Per capita Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Public Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Working Conditions, Supply Chain, Etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Implications</td>
<td>Assess the impact on cost of corrective measures and cost of over runs if any</td>
<td>Half Yearly</td>
<td>SEU</td>
</tr>
<tr>
<td>Periodic Reporting</td>
<td>Submission of:</td>
<td>Quarterly</td>
<td>Developer</td>
</tr>
<tr>
<td></td>
<td>• Progress Report on</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• RAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• IPDP</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 18.2: Monitoring Format for Corrective Action Plan

<table>
<thead>
<tr>
<th>Monitoring Item</th>
<th>‘Measures’ as prescribed in the agreed Plans</th>
<th>Remarks on its performance/compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMP</td>
<td></td>
<td></td>
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<tr>
<td>Resettlement Action Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous People Development Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others....</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 18.3: Monitoring Format for Financial appraisal

<table>
<thead>
<tr>
<th>Activities</th>
<th>Estimated Cost</th>
<th>Actual cost</th>
<th>Cost overruns</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Works</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
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<tr>
<td>Cost of resettlement</td>
<td></td>
<td></td>
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<tr>
<td>Additional Cost of revised plans</td>
<td></td>
<td></td>
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<tr>
<td>Others....</td>
<td></td>
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</tbody>
</table>
### Table 18.4: Monitoring Format for Ambient Standards

<table>
<thead>
<tr>
<th>Monitoring Item</th>
<th>Parameters</th>
<th>Measured value</th>
<th>Standards as per local regulatory authority</th>
<th>Remarks (Sampling Point, Frequency, Method etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Quality</td>
<td>SO₂</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>NOx</td>
<td></td>
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<td>CO</td>
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<tr>
<td></td>
<td>O₂</td>
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<tr>
<td></td>
<td>Soot &amp; Dust</td>
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<tr>
<td></td>
<td>SPM</td>
<td></td>
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<tr>
<td>Water Quality</td>
<td>pH</td>
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<td></td>
<td>Suspended Solids</td>
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<td></td>
<td>BOD</td>
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<td></td>
<td>COD</td>
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<td>DO</td>
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<td></td>
<td>Total Nitrogen</td>
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<td></td>
<td>Total Phosphorus</td>
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<tr>
<td></td>
<td>Heavy Metals</td>
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<tr>
<td></td>
<td>Hydrocarbons</td>
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<td></td>
<td>Phenols</td>
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<tr>
<td></td>
<td>Cyanide</td>
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<tr>
<td></td>
<td>Faecal Coliforms</td>
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<tr>
<td></td>
<td>Temperature</td>
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<tr>
<td>Noise</td>
<td>Noise level</td>
<td></td>
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<tr>
<td></td>
<td>Vibration level</td>
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</tbody>
</table>
Table 18.5: Monitoring Format for Natural & Socio-economic environment

<table>
<thead>
<tr>
<th>Monitoring Item</th>
<th>Monitoring result during Report Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste</td>
<td></td>
</tr>
<tr>
<td>Odour</td>
<td></td>
</tr>
<tr>
<td>Valuable species</td>
<td></td>
</tr>
<tr>
<td>Public Health</td>
<td></td>
</tr>
<tr>
<td>Per capita Income</td>
<td></td>
</tr>
<tr>
<td>Others.....</td>
<td></td>
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</tbody>
</table>
## ANNEX Q: DEVELOPER'S ANNUAL ENVIRONMENTAL MONITORING REPORT TO IIF

<table>
<thead>
<tr>
<th>Head</th>
<th>Details</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Details</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Name of the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Promoter Company Name</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Group Name (if any)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Date of Approval</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Last date of review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Location of project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i. Scale/size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Date of construction/operation commencement</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Details</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Total Project Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cost financed by IIF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Terms of the financing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Other lenders to the project and proportion if any</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Environmental clearance particulars</strong></td>
<td></td>
<td><strong>This is both a tabulation as well as an evaluation of the project risk factors both from an operational and financial standpoint</strong></td>
</tr>
<tr>
<td>• Details of the relevant government agency authorised to issue the clearance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Date of clearance and validity time period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Terms of issue in terms of steps to be taken for environmental protection of the project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Renewal details and terms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Any change in renewal terms expected and if so, what are the cost implications</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compliance Track Record</strong></td>
<td></td>
<td><strong>The compliance track record should be viewed as a twin reflection of management</strong></td>
</tr>
<tr>
<td>• List down conditions as stipulated in the clearance and the extent of compliance against the same</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Extent of non-compliance and reasons for the same</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head</td>
<td>Details</td>
<td>Remarks</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>• Safety fallout on account of the non-compliance</td>
<td>adherence to agreed norms and conditions as well as the future operational risks for the project</td>
</tr>
<tr>
<td></td>
<td>• No. of incidents of violation and recorded dates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adverse public reaction and records of the same</td>
<td></td>
</tr>
<tr>
<td>Environmental Accident Log</td>
<td>• Incident recorded dates,</td>
<td>The more frequent such accidents, it is to be viewed negatively as this may lead to:</td>
</tr>
<tr>
<td></td>
<td>• Scale of damage and injury (if any)</td>
<td>➢ Penalties and fines</td>
</tr>
<tr>
<td></td>
<td>• Reason for the accident and whether the cause has been rectified</td>
<td>➢ Bad publicity and fall out</td>
</tr>
<tr>
<td></td>
<td>• Authorities in charge of investigation/recording</td>
<td>➢ Costs on account of damages / compensation</td>
</tr>
<tr>
<td></td>
<td>• Media or community reactions (if any)</td>
<td></td>
</tr>
<tr>
<td>Environmental Capacity</td>
<td>• Degree of awareness and sensitivity towards</td>
<td>The assessment of this section should be done with a clear view to assess the people who can implement the policies</td>
</tr>
<tr>
<td></td>
<td>• Environmental management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health and safety</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Environmental laws and regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Staff capacities in environmental management (as relevant)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Training programs and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Periodic needs assessment and steps taken to address gaps</td>
<td></td>
</tr>
<tr>
<td>Stakeholder Consultation</td>
<td>• Details of consultation with the concerned agencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Environmental consultants and advisors that the company employs to advise on key policies and practise</td>
<td></td>
</tr>
<tr>
<td>Compliance Issues</td>
<td>Compliance with Environmental Qualities and Standards (national and international, as relevant)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Air</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Water (surface and ground water)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Waste generation and management</td>
<td></td>
</tr>
<tr>
<td>Head</td>
<td>Details</td>
<td>Remarks</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
<tr>
<td></td>
<td>• Noise and vibration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Other</td>
<td></td>
</tr>
</tbody>
</table>
## ANNEX R: DEVELOPER'S ANNUAL SOCIAL SAFEGUARDS MONITORING REPORT TO IIF

<table>
<thead>
<tr>
<th>Head</th>
<th>Details</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Details</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Name of the project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Promoter Company Name</td>
<td></td>
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<td></td>
<td>Group Name (if any)</td>
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<tr>
<td></td>
<td>Date of Approval</td>
<td></td>
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<tr>
<td></td>
<td>Last date of review</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Details</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Total Project Cost</td>
<td></td>
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<td></td>
<td>Cost financed by IIF</td>
<td></td>
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<tr>
<td></td>
<td>Terms of the financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other lenders to the project and proportion if any</td>
<td></td>
</tr>
<tr>
<td><strong>Physical Progress</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Land Acquisition status</td>
<td>Whether in line LAPRF (input to be provided by the SEMU)</td>
</tr>
<tr>
<td></td>
<td>Acquisition of machinery</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Status of construction</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Progress</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount of actual investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Break up of investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Break-up of the funding of the investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost escalation if any</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amount spent on land acquisition and resettlement</td>
<td></td>
</tr>
<tr>
<td><strong>Indigenous People / Ethnic Minority Issues</strong></td>
<td>Project components with resettlement and ethnic minority issues</td>
<td>Across each of these parameters please compare it with the original plan as envisaged and clearly</td>
</tr>
<tr>
<td></td>
<td>Actual implementation of resettlement and</td>
<td></td>
</tr>
<tr>
<td><strong>ethnic minority</strong></td>
<td><strong>specify variances, reasons and plans to correct negative variances along with timelines</strong></td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>• Actual Impact assessment on ethnic minority and indigenous people – Quantitative and qualitative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• No. Of people affected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Extent rehabilitated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Economic cost of livelihood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Provision of alternates</td>
<td></td>
<td></td>
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<tr>
<td>• Compensation on account of the provision of alternates</td>
<td></td>
<td></td>
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<tr>
<td>• Comparison of actual vs. What was envisaged during project conceptualisation stage (Please correlate with Indigenous People Development Plan (IPDP) / Ethnic Minority Development Plan (EMDP))</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Analyze variances between the plans and the actual and provide reasons for the same</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Plan of action for tackling any adverse variance and measurement criteria</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Institutional Arrangements</strong></th>
<th><strong>If there is any perceived gap in the delivery, there should be immediate steps taken to strengthen the agency involved or change the service delivery mechanism</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ownership of the IPDP/EMDP implementation – developer / government / government body</td>
<td></td>
</tr>
<tr>
<td>• Extent of actual co-ordination and service delivery amongst the organisations and effectiveness of the same</td>
<td></td>
</tr>
<tr>
<td>• Responsibilities of the various agencies involved</td>
<td></td>
</tr>
<tr>
<td>• Specific implementation arrangements for EMs</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Land acquisition and Resettlement compensation details</strong></th>
<th><strong>Across each of these parameters please compare it with the original plan as envisaged and clearly specify variances, reasons and plans to correct negative variances along with timelines</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Land compensation – rate per unit, no. Of units acquired, no. Of units planned, status of non-acquired land</td>
<td></td>
</tr>
<tr>
<td>• Rate of compensation for standing corps, trees and other value creating assets</td>
<td></td>
</tr>
<tr>
<td>• Compensation for building and other structures</td>
<td></td>
</tr>
<tr>
<td>• Resettlement budget – segregated into number of families / units, compensation for land and additional compensation for other land centric</td>
<td></td>
</tr>
</tbody>
</table>
| **assets** | • Actual utilisation of funds and details of beneficiaries in terms of number of project affected people (PAPs)  
• Payment delivery mechanism in terms of authority, flow of funds and extent of utilisation and protection against leakage  
• Difference between the resettlement funds utilised – both process and amount - compared to the plan and reasons for the same |
|---|---|
| **Status Update on the Land Acquisition, Resettlement and Reconstruction process** | • Extent of agricultural land  
• Extent of commercial land  
• Provision for replacement of the above  
• If any public infrastructure was affected, status of restoration and costs of the same  
• Status of housing relocation and reconstruction  
• Support for income earning activities and agencies employed in the same and their success  
• Support to vulnerable groups  
Across each of these parameters please compare it with the original plan as envisaged and clearly specify variances, reasons and plans to correct negative variances along with timelines |
| **Consultation, Communication and Grievance Procedures** | • Specific consultative steps / processes followed with IPs/EMs on the project and its impact and the assistance provided  
• Consultations on the financial aspects such as compensation, fees, relocation options  
• Grievance process followed and number of cases solved after receiving a complaint  
Across each of these parameters please compare it with the original plan as envisaged and clearly specify variances, reasons and plans to correct negative variances along with timelines |
ANNEX S: IIF ANNUAL SOCIAL AND ENVIRONMENTAL PERFORMANCE REPORT TO STRATEGIC INVESTORS

ANNUAL SOCIAL AND ENVIRONMENTAL PERFORMANCE REPORT

FOR

INDONESIA INFRASTRUCTURE FINANCE

Reporting Period: (month/year) through (month/year)

Report Completion Date: (month/day/year)
21.1. Introduction

1. Fund’s investment profile and description of sub-project(s)/activity(ies) financed.

2. The purpose of the Social and environmental Performance Report (ESPR) is to report on implementation of the agreed Social and Environmental Management System (SEMS) and applicable environmental management practices for sub-project(s)/activity(ies). The annual ESPR encompasses implementation by (name of fund) of all phases of the sub-project(s)/activity(ies). It includes:

   (i) Contact information for responsible individuals;

   (ii) Compliance by (fund) with applicable environmental requirements for the sub-project(s)/activity(ies);

   (iii) Social and environmental aspects of sub-project(s)/activity(ies) under implementation;

   (iv) Occupational health and safety performance and significant incidents; and

   (v) Sustainable development initiatives and community relations.

21.2. Social and Environmental Management

21.2.1. ESPR Preparer

Report prepared by: (name and title)

Telephone: E-mail:

Signature: Signature:

21.2.2. Social and Environmental Responsibility

3. The individual(s) below hold responsibility for social and environmental performance in the sub-project(s)/activity(ies) financed by the Fund:

   (Senior) Manager(s) with responsibility for environment and social matters (name and title)

21.2.3. Organisation structure of the department

4. Roles and responsibilities of the officials / functionaries of the department.

5. Capability / skill adequacy of the operating people to perform the task.
21.2.4. **Hierarchy within the unit**

6. Band width available and the adequacy of capacity to manage on-going projects as well as supervise projects with current exposure by IIF.

7. Process clarity and channels of authority and communication within the unit.

21.3. **Compliance by IIF with the Social and Environmental Requirements (as specified in the shareholders’ agreement)**

21.3.1. **Compliance with Country Requirements**

8. Level / complexity and number of on-going projects

9. Compliance with local and international health and safety laws and regulations

10. Compliance with occupational health regulations

11. Extent of oversight of the on-going projects;

12. Level of personnel and the documentation and feedback mechanism for the same;

13. Frequency of inspection of projects;

14. Instances where IIF has noticed non-compliance and significant adverse regulatory impact on account of fines and penalties / extreme cases of operation closure or other restrictive action

15. Changes in regulation at the national or international level

16. Impact of such changes on the projects financed by the IIF and the extent of such impact

17. Preparedness of IIF clients to face / comply with such regulatory changes, the costs and the social impact of such actions

21.3.2. **Compliance with IIF’s Safeguards Requirements**

18. Ability of the project to fit in with the minimum requirement as prescribed by the SEMS of IIF

19. Specific projects in sensitive sectors and the level of exposure of IIF to such projects

20. Public issues that may have been raised due to non-compliance on certain projects and corrective steps taken to mitigate the risks

21.3.3. **Progress of On-going Projects/Activities**

21. Investment Pipeline
22. List of on-going projects that are being evaluated for investment and wherein the approval has been given but disbursement has not taken place

23. Out of this projects that may have an

   • Environment impact;
   • Involuntary Resettlement issues;
   • Indigenous people / ethnic minority impact

24. Extent of Social and Environment Issues addressed in terms of:

   • Resettlement plans
   • Environment impact mitigation measures

25. Where projects came to IIF after land acquisition and resettlement phase, compliance with IIF standards and open issues if any;

26. If non-compliant with IIF policies, extent of gaps and steps being taken to reduce the gaps

27. Interim risks (both operational and reputational) to IIF.

28. Active Investments

Environmental Progress

29. Provide a summary of the progress of implementation of the project including description, status, and completion timetable for environment-related items. Describe the status of permits and approvals. Summary information should include:

   (i) Overview of the sub-project(s)/ activity (ies), including progress against schedule;
   (ii) Design changes to the sub-project(s)/ activity (ies) adopted during the reporting period and reasons for those changes;
   (iii) Environmental issues and complaints arising during the reporting period;
   (iv) Information on any unanticipated environmental impacts, and remedial actions that have been taken;
   (v) Any unresolved environmental issues or grievances; and
   (vi) Status of compliance with environmental requirements (national, local, IIF or instances of non-compliance.]

Social Progress
30. Provide a summary of the progress of implementation of the sub-project(s)/activity(ies), including description, status, and completion timetable for social-related items. Summary information should include:

(i) Overview of the sub-project(s)/activity(ies) including progress against schedule;

(ii) Alternative designs considered to avoid or minimize involuntary resettlement impacts and impacts to indigenous peoples/ethnic minorities;

(iii) Social issues and complaints arising during the reporting period;

(iv) Information on any unanticipated impacts, and remedial actions that have been taken;

(v) Any unresolved social issues or grievances; and

(vi) Status of compliance with social requirements (national, local, Strategic Investors’) or instances of non-compliance.

21.4. Summary of Safety Performance and Any Corrective Actions

31. Provide a summary for the overall sub-project(s)/activity(ies) of the following:

(i) Worker health and occupational safety: describe status of worker health and safety programs and training, any work-related accidents at the sub-project(s)/activity(ies) sites, actions taken to reduce accidents, etc.

(ii) Accidents, fires, and other emergencies: provide a summary of any significant accidents, fires, or explosions, or major accidental releases to the environment. Include response measures taken and any improvements made to equipment or procedures as a result.

21.5. Sustainable Development Initiatives and Community Relations

32. Describe any initiatives undertaken by the Fund Manager to improve environmental performance in its activities or at the corporate level. Describe progress in formulating and implementing sustainable development initiatives in its operations. Describe any outreach or cooperative programs with the community, NGOs, etc. in the sub-project(s)/activity(ies) areas.

21.6. Annotated Outline of a Full Resettlement Action Plan (RAP) for Investee Projects

21.6.1. Executive Summary

21.6.2. Project Description

i. General description of the project, discussion of project components that result in land acquisition or involuntary resettlement or both, and identification of the project area.

ii. Description of alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision and why remaining effects are unavoidable.

iii. State the main objectives of the RAP.

iv. For clarity, please also indicate whether the project is based on a feasibility study and state the arrangements for updating the RAP after detailed technical/engineering design and detailed measurement survey and submission to IIF for review and approval.

21.6.3. Scope of Land Acquisition and Resettlement

i. Discuss the potential impacts of the project. Include maps of the areas or zone of impact of such components or activities.

ii. Describe scope of land acquisition (use maps), and why it is necessary for the main investment project.

iii. Summarize the key effects in terms of assets acquired and affected persons, including a table.

iv. Provide details of any common property resources.

v. Describe the consultation process with agencies responsible for land acquisition and resettlement.

vi. Briefly discuss the national legal framework for land acquisition including an overview of the laws, regulations and guidelines that apply to land acquisition and resettlement. Include procedural requirements, and timelines.

vii. Core tables to be prepared for this section:

   a. Summary of land acquisition requirements and involuntary resettlement impacts of all project components

   b. Summary of affected persons by category and severity of impacts:

      1. Affected persons: total number of households and total population

      2. Type of impacts: loss of land, structure, businesses, crops and trees, community property resources, and other categories of losses
3. Severity of impacts: permanent or temporary; full or partial loss of structures/land, including number of people requiring relocation; summary of affected lands by tenure status and land use type (agricultural, commercial, residential, communal forest, etc.)

c. Summary of affected structures: land tenure status, and structure type / materials / size

21.6.4. **Socioeconomic Information/Profile**

34. The socioeconomic survey, while providing data, should be accompanied by a careful analysis/impact assessment disaggregated by gender, vulnerability, and other social groups.

   i. Define, identify and enumerate the people to be affected.

   ii. Describe the likely impact of land and asset acquisition on the people affected, taking into account social, cultural and economic parameters; prepare disaggregated tables.

   iii. Discuss project impacts on the poor, indigenous/ethnic minorities, and other vulnerable groups.

   iv. Identify gender and resettlement impacts. Identify the socio-economic situation, impacts, needs, and priorities of women.

   v. Core tables to be prepared for this section:

      a) Socioeconomic profile of the affected persons disaggregated by gender

      b) Vulnerability and risk analysis

21.6.5. **Information Dissemination, Consultation, Participatory Approaches, and Disclosure Requirements**

   i. Identify project stakeholders, specifically primary stakeholders.

   ii. Describe the mechanisms for consultation to be conducted during the different stages of the project cycle.

   iii. Describe the activities undertaken to disseminate information.

   iv. Summarize the results of consultations with affected persons (including host communities) and discuss how concerns raised and recommendations made were addressed in the RAP.

   v. Confirm disclosure of draft Resettlement Action Plan to affected people and include arrangements to disclose any subsequent plans.

   vi. Core tables to be prepared for this section

      a) Public consultation and disclosure plan
b) Summary of concerns raised and recommendations made during consultations disaggregated by stakeholder groups

21.6.6. Grievance Redress Mechanisms

i. Mechanisms for resolution of conflicts and appeals procedures for affected communities and workers.

ii. Describe the grievance redress framework (informal and formal channels) that will be put in place by the project proponent setting out the time frame and mechanisms for resolution of complaints, which should follow the principle of effective Grievance Mechanism.

21.6.7. Policy and Legal Framework

i. Describe the national and local laws and policies that apply to the project and prepare a gap analysis indicating how the gaps will be addressed.

ii. Describe the principles, legal and policy commitments from the project sponsor for different categories of project impacts. Describe the principles and methodologies used for determining valuation and compensation rates at replacement costs for assets, incomes and livelihoods. Describe compensation and assistance eligibility criteria, and how and when compensation will be paid.

iii. Describe the land acquisition process and prepare a schedule for meeting key procedural requirements.

iv. Core tables/Flow charts to be prepared for this section
   a) Legislative gap analysis: comparison of ADB’s Involuntary Resettlement Policy and country legal frameworks and proposed measures to bridge the gap
   b) Flowchart of the Land Acquisition Process with outputs and timelines

21.6.8. Entitlements

i. Define entitlement and eligibility of affected persons. Ensure all resettlement assistance, including transaction costs, are included.

ii. Assistance to vulnerable groups and other special groups should be included.

iii. Core Table to be prepared for this section – entitlement matrix

21.7. Relocation of Housing and Settlements

i. Description of options for relocation of housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection. Ensure gender concerns and
support to vulnerable groups are identified and integrated when preparing replacement housing programs.

ii. Description of the alternative relocation sites considered, community consultations conducted, and justification for selected sites, including details on location, environmental assessment of site, and development needs.

iii. Timetables for site preparation and transfer. Measures to assist with transfer and establishment at new sites.

iv. Legal arrangements to regularize tenure and transferring titles to resettlers, including provision of joint titles as well as plot allocation to adult children as relevant.

v. Transition housing should be avoided.

vi. Ensure location-specific considerations to protect livelihood access to public services, etc.

vii. Plans to provide civic infrastructure.

viii. Integration with host populations.

21.8. Income Restoration and Rehabilitation

i. Identify livelihood risks, prepare disaggregated tables based on demographic data and sources of livelihood.

ii. Description of income restoration programs; include multiple options to restore all types of livelihoods. A few examples include:

   a. Project benefit-sharing
   
   b. Revenue sharing arrangements
   
   c. Joint-stock for equity contributions such as land

iii. Discuss sustainability and safety nets.

iv. Social safety net through social insurance / project special funds.

v. Special measures to support vulnerable groups.

vi. Gender considerations.

vii. Training programs should be supported by skills analysis and needs assessment.

viii. Core tables to be prepared for this section:

   a. Livelihood restoration plans with itemized budgets and multiple options
b. List of training programs and affected persons’ preferences

c. Employment opportunities

21.9. **Resettlement Budget and Financing Plan**

i. Itemized budget for all resettlement activities, including budget for resettlement unit, staff training, monitoring and evaluation, and preparation of RAPs during investment implementation.

ii. Describe the flow of funds. The annual resettlement budget should show the budget-scheduled expenditure for key items.

iii. Include a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement value.

iv. Include information about the source of funding for the RAP budget.

v. Core tables to be prepared for this section:

   a. Detailed cost estimate and budget for all resettlement activities

   b. Flowchart: flow of funds showing source of financing and timing, particularly in the context of legal requirements

21.10. **Implementation Schedule**

i. Include a detailed, time-bound, implementation schedule for all key resettlement and rehabilitation activities. (The schedule should be synchronized with the project’s schedule of civil works construction).

ii. Core tables to be prepared for this section:

   a. Implementation schedule covering all aspects of resettlement activities synchronized with civil works awards construction

   b. Land acquisition process and timeline: Gantt chart

21.11. **Institutional Framework for Resettlement**

i. Main tasks and responsibilities of the groups responsible for resettlement preparation, implementation and monitoring should be described, including skills and number of staff.

ii. Assessment of the institutional capacity of such agencies. Arrangements to build, including technical assistance, if required. Availability of logistics, finance, staff, and other necessary hardware.
iii. Role of NGOs, if involved, and organizations of affected persons in resettlement planning and management. Involvement of women’s groups in resettlement planning, management and operations, job creation and income generation. Arrangements to hire female staff by the resettlement agency to work with and assist women in all aspects of resettlement activities, including planning and implementation of income restoration programs.

iv. Core table to be prepared for this section:

   a. matrix of roles and responsibilities of government agencies and other organizations involved in resettlement planning and implementation

21.12. Monitoring and Evaluation

i. Internal monitoring and evaluation: Arrangements to monitor resettlement implementation. Describe institutional arrangements, logistics, staff, skills, timelines, and budget allocated.

ii. External monitoring and evaluation: Arrangements to hire an external monitor. Ensure participation of affected people in internal and external monitoring and evaluation. Describe competencies, reporting arrangements, and timelines.
22 ANNEX T: PROJECT IMPLEMENTATION/COMPLETION REPORT

A. Basic Project Data
   - Project Number/Code
   - Project Name
   - Sector
   - Approval date
   - Signing date
   - Project start date
   - Project completion date
   - Total Project Cost
   - Project Officers
   - Validators

B. Project Description (summarized from the RRP)
   - Rationale for the project
   - Impact of the project
   - Objective of the project
   - Revised objective if any

C. Evaluation of Development Design and implementation
   - Project Outputs
     - Project Costs, Disbursements, borrower contributions and conformance to schedule (as relevant to project performance)
     - Implementation arrangements, conditions and covenants, related technical assistance and procurement and consultant’s performance

D. Evaluation of performance
• Effectiveness in achieving outcomes
• Efficiency in achieving outcomes and outputs
• Other Impacts (intended and unintended)
• Performance of the Borrower

E. Lessons Learned

• Positive
• Negative

F. Rating

• **Effectiveness in achieving outcomes:** Satisfactory/Partly satisfactory/Not satisfactory
• **Efficiency in achieving outcomes and outputs:** Satisfactory/Partly satisfactory/Not satisfactory
• **Borrower Performance:** Satisfactory/Partly satisfactory/Not satisfactory
• **Other Impacts:** Satisfactory/Partly satisfactory/Not satisfactory
• **Overall Assessment:** Satisfactory/Partly satisfactory/Not satisfactory
• **Quality of PCR:** Satisfactory/Partly satisfactory/Not satisfactory

G. Recommendations and Follow up action

H. Data Sources for validation
23 ANNEX U1: SAMPLE TERMS OF REFERENCE EIA (INFRASTRUCTURE PROJECTS)

23.1. Introduction

1. The purpose of this ToR is to identify the works that the consultant has to fulfil and give comprehensive information required by IIF for an Environmental Impact Assessment (EIA) report. Consultant will prepare and submit an EIA report that examines the environmental and socio-economic effects of the proposed [Infrastructure Project].

23.2. Scope of Environmental Impact Assessment Report

2. Consultant will prepare the EIA report in accordance with these Terms of Reference. The EIA report will:

   a) Assist IIF in understanding the environmental and socio-economic consequences of the Project’s development and operation plans, and will assist IIF in its decision-making process;

   b) Address:

      i. Project impacts (direct and indirect);

      ii. Mitigation options; and

      iii. Residual effects relevant to the assessment of the Project. As appropriate for the various types of impacts, predictions should be presented in terms of magnitude, frequency, duration, seasonal timing, reversibility and geographic extent.

   c) Include a discussion on the possible measures, including established measures and possible improvements based on research and development to:

      i. prevent or mitigate social and environmental impacts and, if required, design social mitigation measures (these may include Resettlement Action Plan, Indigenous Peoples Development Plan and other social action plans);

      ii. assist in the monitoring of social and environmental safeguards; and

      iii. identify residual social and environmental impacts and their significance including cumulative and regional development considerations.

3. The EIA report will form part of borrower’s application to IIF. A summary of the EIA report and social mitigation measures will be included as part of the application.

   d) Include a public consultation program to assist with project scoping and issue identification. The results of these consultations will be documented as part of the EIA report. To meet the public
consultation requirements consultant/ borrower must, at a minimum, communicate the project impacts and proposed mitigation measures with the affected people (means people who may be beneficially or adversely affected by the project) and provide them with the opportunity to participate in the social and environmental assessment process.

4. The final submission will be based upon these Terms of Reference and issues raised during the public consultation process.

23.3. Regulatory and Planning Framework

5. Identify the relevant legislation, policies, and approvals applicable to the review of the Project as well as Principles of IIF. Discuss the primary focus of each regulatory requirement, such as resource allocation, environmental safeguards, resettlement and land acquisition, land use development including use of land and resources owned by indigenous peoples, and the elements of the Project that are subject to each regulatory requirement.

6. Address other regulatory approvals including customary laws that exist or will be required for the Project under provincial, municipal and applicable Indonesian government requirements.

23.4. Project Description

7. Provide detailed description of the Project, the key environmental, social, resource management and economic issues that are important for a public-interest decision and the results of the Environmental Assessment. Describe who will be responsible for the development, management and operation of the Project.

8. Describe the project components including infrastructure and activities at the anticipated development stages (e.g., construction and operations), project schedule and timing of the key construction and operational activities. Discuss the site alternatives considered, the potential effects that activities and infrastructures may have on the environment, the people and the natural resources to be used for the Project.

9. Review of engineering aspects of project component, both construction method and operation.

23.4.1. Project Need and Alternatives

10. Discuss the need for the Project, the technical and operating systems considered for the project and the rationale for those ultimately selected for the application. Include a discussion of the implications of not proceeding with the Project or delaying the Project.

11. Address the following:

- An analysis of the alternatives considered for carrying out the Project, including the social and environmental effects of utilizing these alternative, with the criteria and rationale for selecting the proposed option;
• The analysis shall cover comparisons in relation to siting, design, technology selection, construction techniques and phasing, and operating and maintenance procedures;

• Identify whether additional development phases will be considered at this site in the future and how the proposed plans for the Project take this into consideration.

23.4.2. Project Components and Site Selection

12. Describe the development of the site, and the nature, size, location and duration of the components of the Project including, but not limited to the following:

• The project area;

• The design capacities of the Project;

• The process components of the development focusing on material inputs and outputs. As appropriate, provide material balances (energy and water), flow diagrams and descriptions of the processes to be used. Indicate any shared facilities with existing developments at the site;

• Buildings and infrastructure, transportation, utilities and access routes;

• Major operational components of the Project and a project layout showing the linkages among these components;

• A project development schedule;

• The rationale for selecting the proposed site and how technical, geotechnical and environmental criteria and stakeholder input were considered in decision-making.

• Need for land acquisition, changes in land use and restricted access to land, assets and natural resources and the extent of involuntary resettlement impacts (i.e. full or partial, permanent or temporary loss of housing, land, access to land, assets and resources, wages/income from any affected businesses, impacts on non-titled users, women, indigenous/ethnic minority households/communities and vulnerable people).

• Presence of indigenous peoples who may be affected by the project (livelihoods, cultural, economic, ecological and social patterns).

13. Provide maps of appropriate scale showing:

• All existing seismic lines, access roads and other linear corridors (e.g., pipelines, utility corridors, etc.);

• The location of the development relative to all terrestrial components (e.g., soils, topography, watercourses, vegetation, wildlife habitat, watersheds, wetlands, etc.).
23.5. **Baseline Information**

14. Provide a comprehensive understanding of existing physical, biological and socio-cultural environment and land use of the project area. The information should be collected from secondary sources that are relevant to understanding the baseline conditions and mitigation of impacts due to projects as well as enhancement measures.

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

23.5.1. **Baseline surveys:**

16. The Consultants will:

   a) Collect data through field surveys/samplings to cover full annual cycle to measure and report the existing environmental conditions at and near the site (including ambient air quality, noise, water quality);

   b) Conduct census and socio-economic survey of affected communities

   c) Collect information from secondary sources that are relevant to understanding the baseline, as well as design and mitigation of enhancement measures, as pertaining to physical, biological and socio-cultural environments,

   d) Carry out site visits and investigations of all environmentally sensitive locations and document them on base maps to identify conflict point with preliminary designs (including verification of these from authentic sources of information, such as from already existing records), and

   e) Prepare detailed specific maps showing details of sites for environmental enhancements

23.5.2. **Additional baseline surveys:**

17. The Consultants shall collect information on the existing environmental scenario from secondary sources, and identify gaps to be filled, relevant to the environmental screening needs from primary surveys. The Consultants shall survey the environmentally sensitive locations on and along the project, as well as within the project’s influence area. All regionally and nationally recognized environmental resources and features within the project’s influence area shall be clearly identified and studied in relation to the activities proposed. Typically, these will include environmental and common property resources such as forests, large water bodies, and major physical cultural properties. All these may be depicted using a line diagram or a strip map.
18. All surveys will be carried out in compliance with Indonesian standards / guidelines / norms as well as IIF Principles. Wherever such guidelines / norms are unavailable, the techniques, tools and samples employed for the surveys shall conform to international practices. Whenever directly relevant secondary data is available, these should be used, while indirectly relevant data should be verified through primary survey. Where feasible, use of satellite data and geo-reference maps should be made to provide a record of environmental information for future reference.

19. Environmental quality (air, water and noise) monitoring shall include an adequate number of samples, as established on a sampling network, so as to provide a representative sample of the entire project. Additional sample data for sensitive environmental/ecological receptors, if any, shall be collected such as to analyze and predict the possible impacts to a large degree and precision of acceptable professional standards. Further, additional specialized surveys, such as biodiversity assessment survey, and/or hydrological surveys shall be conducted, if and when recommended by environmental scoping. It is recommended that environmental surveys be aligned with social and engineering surveys as far as practical.

23.6. Impact Identification and Prediction

20. The Consultants shall determine the potential impacts due to the project through identification, analysis and evaluation on sensitive areas (natural habitats, wetlands, protected areas, sites of historic, cultural and conservation importance), urban settlements and villages / agricultural areas. The impacts due to project activities on ambient environment (Air, water, soil, wastes, noise etc.), natural environment (biodiversity, protected areas, landscape, historic sites etc.) and socio-economic environment (resettlement, indigenous people, livelihood, working conditions, public health etc.) needs to be predicted and evaluated using various methodologies or models. These should be classified as significant positive and negative impacts, immediate and long-term impacts, and unavoidable and reversible impacts. The impacts should be quantified in terms of its magnitude and significance, wherever possible.

21. For each impact predicted, feasible and cost-effective mitigation measures shall be identified to reduce potentially significant adverse environmental impacts to acceptable levels. The capital and recurring costs of the measures, and the institutional training and monitoring requirements to effectively implement these measures shall be determined. The Consultants shall explore and recommend environmental enhancements for positive impacts. At this stage, it would be important to identify issues that cannot be dealt with during the project preparation stage, but should be undertaken during the implementation stage.

22. Note: Where models are used, document any assumptions used in the EIA report to obtain predictions. Clearly identify the data used in the modelling including sources of error and relative accuracy, and identify the limitations of the models and steps taken to improve the accuracy. Describe the applicability and reasons for using a particular model.

23.7. Environmental Assessment and Cumulative Effects Assessment

23. Define assessment scenarios including:
• Baseline Case, which includes existing environmental conditions, existing and approved Projects or activities (no project scenario);

• An Application Case, which includes the Baseline Case plus the Project; and

• A Cumulative Effects Assessment (CEA), which includes past studies, existing and anticipated future environmental conditions, existing and approved projects or activities, plus planned and proposed projects or activities.

Note: For the purposes of defining assessment scenarios, “approved” means approved by any federal, provincial or municipal regulatory authority. “Planned” is considered any project or activity that has been publicly disclosed prior to the issuance of the Terms of Reference or up to six months prior to the submission of the Project Application and EIA report, whichever is submitted sooner.

23.7.1. Basic Information Requirements for the Environmental Assessment

24. The EIA report will include the following basic environmental information:

• Quantitative and qualitative information about the environment and ecological processes in the Study Area(s), including relevant information presented in previous environmental assessments;

• Management plans to prevent, minimize or mitigate adverse effects and to monitor and respond to expected or unanticipated conditions; and

• A discussion of residual effects.

25. Define and provide the rationale for the spatial and temporal boundaries for the Study Area(s) used for the assessment. Discuss the selection criteria used to determine the Study Area(s), including information sources and assessment methods. The spatial boundaries shall include all areas where measurable changes in the environment may be caused by the Project regardless of any political boundaries.

23.7.2. Cumulative Environmental Effects Assessment

a. Assess and discuss the cumulative environmental effects* that are likely to result from the Project in combination with other existing, approved and planned projects in the region that could reasonably be considered to have a combined effect. Include industrial projects, as well as activities associated with land use and infrastructure.

b. Explain the approach and methods used to identify and assess cumulative effects, including cooperative opportunities and initiatives undertaken to further the collective understanding of cumulative effects.

c. Provide a record of relevant assumptions. Discuss the confidence in the assessment and the basis for this confidence level. Describe deficiencies or limitations in the existing database on environmental components.
26. *Discuss environmental effects on - Air quality, Greenhouse gas emissions, Climate change, Noise, Terrestrial and aquatic ecosystems (geology, soils, terrain, vegetation, wildlife, biodiversity, groundwater, surface water, fisheries and aquatic resources).

23.8. **Environment Management Plans**

27. Based on the predicted environmental impacts, EMP shall be prepared which consists of Environmental mitigation and enhancement measures.

28. The EMP shall describe feasible and cost-effective measures to prevent or reduce significant negative impacts to acceptable levels. Apart from mitigation of potential adverse impacts on environmental components, the EMP shall identify opportunities that exist for enhancement of environmental quality because of the Project. Residual impacts from environmental measures shall also be clearly identified. Responsibilities for execution and supervision of each of these mitigation and enhancement measures shall be specified in the EMP. A plan for continued consultation to be conducted during the implementation stage of the project shall also be prepared.

23.9. **Environmental Monitoring**

29. The EMP shall specify the environmental supervision, monitoring and auditing requirements. The monitoring program shall specify parameters, reference standards, monitoring methods, frequency, duration, location, reporting responsibilities, and any other necessary inputs (e.g. training). In addition, the program will specify what actions shall be taken and by whom in the event that the proposed mitigation measures fail, either partially or totally, to achieve the level of environmental protection expected. Customized formats for reporting on the progress of EMP activities to different stakeholders shall be prepared and included in the EMP.

30. Each EMP shall list all mandatory government clearance conditions and the status of procuring the clearances. Additionally, the EMPs shall include as separate attachments, if applicable, Resettlement Action Plan, Indigenous Peoples Development Plan, etc. to satisfy the requirements of IIF’s S&E safeguard policy.

31. Each EMP shall provide a summary description of where and how the recommendations of EA and EMP are made part of the project’s design, construction schedule, and all contract documents.

23.10. **Public Consultation Requirements**

32. The Consultants shall undertake community consultation sessions at the State, District, Village and Community levels. The objective of these sessions shall be to improve the project’s interventions with regard to environmental management. At least two rounds of consultations shall be carried out – the first to seek views from the stakeholders on environmental issues and ways that these could be resolved, and the second to provide feedback to stakeholders that their views have been taken into account for the project (when the EMPs are nearly complete). Following this the final feedback received shall be analysed, and the Consultants shall determine how these shall be addressed in the Final EMP and project designs.
33. Describe the following:

a. the public consultation process implemented for the Project including the involvement of local residents, and other key stakeholders

b. the methods by which information was provided to the public, the type of information provided, and the nature of responses received including:

   i. where and when public meetings were held and, to the extent possible, list attendees;

   ii. how concerns and ideas were brought to the attention of consultant and the actions taken to address the concerns;

   iii. how issues and resolution of concerns were incorporated into the project development, impact mitigation and monitoring;

23.11. Institutional strengthening to manage environmental impacts effectively:

34. The Consultants shall identify institutional and organizational needs to implement the recommendations of the Project’s EA, and to propose steps to strengthen / expand them if needed. This may extend to new agency functions, inter-sectoral arrangements, management procedures and training, staffing, operation and maintenance, training and budgeting.

35. Training of staff: The Consultants shall develop and implement a plan for training the client’s staff. This plan must specify types of training, participants for each type, number of sessions, duration of each session and when they should be conducted. At the end of the training, when the draft EMPs are ready, brief reports shall be prepared on the training conducted and observations relevant for future training, if any.

36. Capacity Building: The Consultant shall describe the implementation arrangement for the project, especially the capacity building proposals including the staffing of the environmental unit (as and when recommended) to implement the environmental mitigation and enhancement measures. For each staff position recommended to be created, detailed job responsibilities will be defined. Equipment and resources required for the environmental unit shall be specified, and bill of quantities be prepared.
24 ANNEX U2: TERMS OF REFERENCE FOR PREPARING A RESETTLEMENT ACTION PLAN

24.1. Objectives

37. The study objective is to prepare a Resettlement Action Plan (RAP) which sets out strategies to mitigate adverse effects and to maintain living standards of those affected by land acquisition and any other resettlement effects. It will set the parameters for the entitlements package for those affected, the institutional framework, mechanisms for consultation and grievance resolution, the timeframe and cost estimates.

38. The agreed entitlements package will include both compensation and measures to restore the economic and social base for those affected. It will address the relevant policy and Principles of IIF and of the Indonesian government regulations covering for land acquisition and resettlement.

24.2. Time Frame

39. A total of three person-months is allocated for the preparation of the RAP.

24.3. Personnel

The study requires a resettlement specialist together with three local assistants for survey work. The consultants will work in close cooperation with the Developer's Project Team.

24.4. Tasks

1. Document any steps taken to reduce land acquisition and resettlement impacts through changes in the alignment or scope of project components. Prepare options for discussion with other team members to minimize resettlement effects through modifying the preliminary and final technical designs.

2. Conduct participatory rapid appraisal (PRA) in the area. Identify key stakeholders and consult closely with them on their views about the project and resettlement effects, including the people likely to experience resettlement effects. Identify any vulnerable groups (for example the very poor, those without formal title, pastoralists, households headed by women, indigenous peoples, isolated groups, the disabled) who might require special assistance and consult with them. Decide whether a process of social preparation is required for some or all of the people affected in order to build their capacity to address resettlement issues. If so, design a social preparation phase as part of the RAP preparation. If not, choose methods to foster the participation of all key stakeholders in the process of resettlement planning and implementation.

3. Conduct a census of all of the people potentially affected, to determine the scope and magnitude of likely resettlement effects, and to list likely losses. Suggest a cut-off date for entitlements.
4. Conduct a socioeconomic survey of a sample of 20 percent of the people affected. Establish a baseline of incomes and expenditures, occupational and livelihood patterns, use of resources, arrangements for use of common property, social organization, leadership patterns, community organizations, and cultural parameters.

5. If Government involvement is required, consult with the agencies responsible for land acquisition and resettlement on the relevant IIF policy and Principles. Review the laws, regulations and directives of the government that apply to land acquisition and resettlement to determine whether they would allow full restoration of living standards and livelihoods, including for those without formal title. In this review, consider the scope of the power of eminent domain, the method for valuing assets, the timing and method for paying compensation, the legal and administrative procedures applicable, land titling and registration procedures, and the framework for environmental protection.

6. Prepare an entitlements matrix listing all likely effects, both of permanent and of temporary land acquisition. Establish criteria for the resettlement eligibility of affected households. Prepare standards for compensation and restoration of the social and economic base of the people affected to replace all types of loss. Prepare a formula for setting replacement values for assets lost, including land. Establish options for culturally acceptable replacements for lost services, cultural sites, common property or access to resources for subsistence, income or cultural activities.

7. Prepare options for relocation and for income restoration which build upon the existing social, economic and cultural parameters both of the people affected and of any host populations. Make special provision for any vulnerable groups, including those without legal title to assets. Provide for relocation costs, lost income and income support during transition. Where appropriate, prepare relocation plans including selection and preparation of relocation sites. Make provisions for landownership, tenure and transfer, and access to resources. Where incomes must be restored, provide for needs assessment, employment generation and credit disbursement. Where affected people are to change their occupation, provide for training and vocational support mechanisms. Review the likely environmental impact of the resettlement process, and build in plans to mitigate any adverse environmental effects.

8. Prepare a framework for participation of people affected in the finalization of project component designs, entitlements and the implementation of land acquisition and resettlement. Prepare special measures for consultation with any vulnerable groups. Specify mechanisms for the resolution of grievances and an appeals procedure.

9. Prepare an institutional framework that designates responsibilities to prepare the detailed assets inventories, provide compensation, undertake relocation work, take responsibility for income restoration, supervise, manage and monitor the implementation of land acquisition and resettlement. This includes the environmental management and monitoring for the resettlement process. Recommend an institutional strengthening strategy and or formation and training of the Developer's resettlement unit, if required.
10. Prepare a monitoring and evaluation plan, identifying the responsibilities, time frame and some key indicators. This will include ongoing monitoring by key agencies supplemented by an independent evaluation. Specify the time frame for monitoring and reporting.

11. Prepare a time frame and implementation schedule for land acquisition and resettlement in conjunction with the agreed implementation schedule for project components, showing how affected people will be provided for before demolition begins.

25 ANNEX V. OUTLINE OF CHANCE FINDING PROCEDURES

25.1. PCR Definition

40. This section should define the types of PCR covered by the procedures. In some cases the Chance-Finds procedure is confined to archaeological finds; more commonly it covers all types of PCR. In the absence of any other definition from the local cultural authorities, the following definition could be used: “movable or immovable objects, sites, structures or groups of structures having archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance”.

25.2. Ownership

41. This paragraph should state the identity of the owner of the artifacts found. Depending on the circumstances, the owner could typically be, for example, the state, the government, a religious institution, the land owner, or could be left for later determination by the concerned authorities.

25.3. Recognition

42. This is the most difficult aspect to cover. As noted above, in PCR-sensitive areas, the procedure may require the contractor to be accompanied by a specialist. In other cases, the procedures may not specify how the contractor will recognize a PCR, and a clause may be requested by the contractor disclaiming liability.

25.4. Procedure upon Discovery

25.4.1. Suspension of Work

43. This paragraph may state that if a PCR comes to light during the execution of the works, the contractor shall stop the works. However, it should specify whether all works should be stopped, or only the works immediately involved in the discovery, or, in some cases where large buried structures may be expected, all works may be stopped within a specified distance (for example, 50 metres) of the discovery. This issue should be informed by a qualified archaeologist.

44. After stopping work, the contractor must immediately report the discovery to the Resident Engineer.

45. The contractor may not be entitled to claim compensation for work suspension during this period.

46. The Resident Engineer may be entitled to suspend work and to request from the contractor some excavations at the contractor’s expense if he thinks that a discovery was made and not reported.
25.4.2. Demarcation of the Discovery Site

47. With the approval of the Resident Engineer, the contractor is then required to temporarily demarcate, and limit access to, the site.

25.4.3. Non-Suspension of Work

48. The procedure may empower the Resident Engineer to decide whether the PCR can be removed and for the work to continue, for example in cases where the find is one coin.

25.4.4. Chance Find Report

49. The contractor should then, at the request of the Resident Engineer, and within a specified time period, make a Chance Find Report, recording:

- Date and time of discovery;
- Location of the discovery;
- Description of the PCR;
- Estimated weight and dimensions of the PCR;
- Temporary protection implemented.

50. The Chance Find Report should be submitted to the Resident Engineer, and other concerned parties as agreed with the cultural authority, and in accordance with national legislation.

51. The Resident Engineer, or other party as agreed, is required to inform the cultural authority accordingly.

25.4.5. Arrival and Actions of Cultural Authority

52. The cultural authority undertakes to ensure that a representative will arrive at the discovery site within an agreed time such as 24 hours, and determine the action to be taken. Such actions may include, but not be limited to:

- Removal of PCR deemed to be of significance;
- Execution of further excavation within a specified distance of the discovery point;
- Extension or reduction of the area demarcated by the contractor.

53. These actions should be taken within a specified period, for example, 7 days.

54. The contractor may or may not be entitled to claim compensation for work suspension during this period.

55. If the cultural authority fails to arrive within the stipulated period (for example, 24 hours), the Resident Engineer may have the authority to extend the period by a further stipulated time.
56. If the cultural authority fails to arrive after the extension period, the Resident Engineer may have the authority to instruct the contractor to remove the PCR or undertake other mitigating measures and resume work. Such additional works can be charged to the contract. However, the contractor may not be entitled to claim compensation for work suspension during this period.

25.4.6. Further Suspension of Work

57. During this 7-day period, the Cultural authority may be entitled to request the temporary suspension of the work at or in the vicinity of the discovery site for an additional period of up to, for example, 30 days. The contractor may, or may not be, entitled to claim compensation for work suspension during this period. However, the contractor will be entitled to establish an agreement with the cultural authority for additional services or resources during this further period under a separate contract with the cultural authority.

58. Some example of flow charts for chance findings follows.

Figure 25.1: Procedures for chance finding
## 26 ANNEX W: S & E ASSESSMENT AND TYPES OF FINANCING

<table>
<thead>
<tr>
<th>Type of financing</th>
<th>Definition</th>
<th>IIF’s Exposure</th>
<th>Example</th>
<th>Approach to S&amp;E risk management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fund based</strong></td>
<td>All fund based financing involves actual disbursement of money to the project or company.</td>
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<td><strong>Project debt/equity</strong></td>
<td>Project level debt/loans are usually non-recourse loans and are secured by the project assets and paid entirely from project cash flow rather than from the balance sheet of promoters.</td>
<td>To the cash flows of the project.</td>
<td>IIF provides a loan to a Special Purpose Vehicle for constructing and operating a power plant.</td>
<td>S&amp;E risk assessment to be done at the project level as per the applicable requirements.</td>
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<td><strong>Corporate debt/equity</strong></td>
<td>Corporate debt is usually referred to as ‘Corporate Lending’. It can be secured as well as unsecured.</td>
<td>To the balance sheet of the client.</td>
<td>IIF provides a loan/equity to an infrastructure development company</td>
<td>S&amp;E risk assessment by IIF to focus on: S&amp;E management systems at the corporate /FI/Fund level to undertake and implement projects as per the applicable S&amp;E requirements; Project level audit against the applicable S&amp;E requirements in case of existing operational assets/sub-projects; and Assessment of S&amp;E risk in the expected portfolio of assets/sub-projects.</td>
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<tr>
<td>Type of financing</td>
<td>Definition</td>
<td>IIF’s Exposure</td>
<td>Example</td>
<td>Approach to S&amp;E risk management</td>
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<td>Bridge Finance</td>
<td>Bridge financing is usually short term (normally 6 -12 months) and is extended to a company using existing assets as collateral in order to acquire new assets.</td>
<td>To the collateral.</td>
<td>IIF pre-finances purchase of equipment</td>
<td>Screen against the exclusion list and review of collateral to ensure no environmental liabilities</td>
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<td>Refinancing</td>
<td>Refinancing refers to the replacement of an existing debt obligation with a debt obligation bearing different terms.</td>
<td>Exposure will depend on whether it is a project or a corporate loan that is being replaced.</td>
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<td>While taking over assets under a refinancing arrangement, IIF shall ensure that the assets will stand the test of S&amp;E requirements of IIF. Hence the process will be similar to that of corporate loan or an equity</td>
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<td>Securitization</td>
<td>Securitization is a financial transaction in which assets are pooled and securities representing interests in the pool are issued.</td>
<td>Exposure to the pool of assets</td>
<td>A Financial Institution (FI) that has a significant number of infrastructure loans, pools them together and IIF buys the same pool of assets.</td>
<td>A due diligence undertaken by IIF of the pool of assets to ensure compliance with S&amp;E requirements. The due diligence is based on information provided by the FI: S&amp;E management systems and capacities at the FI-level with regard to due diligence and supervision of projects as per the applicable S&amp;E requirements; If required (due to</td>
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<td>Non-fund based</td>
<td>There is contingent disbursement of funds.</td>
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<td>Guarantees</td>
<td>Primary liability for the debt is incurred by the principal debtor. The guarantor incurs secondary liability, that is, the guarantor becomes liable only if the principal debtor fails to pay.</td>
<td>Exposure to relevant asset or loan being guaranteed.</td>
<td>An infrastructure project/company takes a loan from a bank, IIF stands as guarantor to that loan. IIF will become liable if the company defaults to the bank.</td>
<td>Due diligence to focus on the company and its underlying assets for compliance with S&amp;E requirements.</td>
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<td>Stand-by facility</td>
<td>Cost escalation during the construction phase of infrastructure projects is a key risk, often covered via stand-by loan facilities. If drawn down, these loans will be in the form of bridge finance until the Developers have either found longer term debt or provided additional equity to finance the cost escalation.</td>
<td>To the assets of the project where the stand-by facility was provided</td>
<td>A bank is providing loans for upgrading hospitals and IIF stands guarantor to certain percentage of over run.</td>
<td>S&amp;E risk assessment to focus on: S&amp;E management systems at the bank or FI to due diligence and supervision of projects as per the applicable S&amp;E requirements; Project level audit against the applicable S&amp;E requirements in case of existing operational assets/sub-projects; and Assessment of S&amp;E risk in the expected portfolio of assets/sub-projects.</td>
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