Assessment and Management of Environmental, Social and Gender Framework for Adaptation Fund (AF) projects

Final Report

ADAPTATION FUND नाबार्ड

Acknowledgement

At the outset, we are grateful to Adaptation Fund (AF) for supporting NABARD with the readiness grant for '**Assessment and Management of Environmental, Social and Gender Framework for Adaptation Fund (AF) projects**'.

We are thankful for the unflinching support and immensely valuable technical inputs provided by NABARD Consultancy Services (NABCONS) and Bankers Institute of Rural Development (BIRD) at various levels to enrich the report, training of officials from Executing Entities (EEs) and bring it to proper shape. In the course of conducting the study, the team amassed rich experience, knowledge and practical insights, and the study benefited from the erudite counsel of various stakeholders.

We sincerely acknowledge the support provided by 17 Executing Entities (EEs) under AFB projects in India and specially RBS foundation in Madhya Pradesh & DRCSC in West Bengal for facilitating the activities related to the study.

We also express our gratitude to all the stakeholders in the selected study areas for sharing their views and information, without their valuable participation, it would not have been possible to fulfil the objectives of the study.

We would also like put on record our thanks to the government officials in the concerned departments of the two states.

NABARD FSPD team

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List of Abbreviations

Abbreviation	Full form
AF	Adaptation Fund
EE	Executing Entity
ESP	Environment & Social Policy
ESG	Environment Social Gender
ESMS	Environment Social Management System
CDM	Clean Development Mechanism
PIAs	Project Implementing Agencies
NIE	National Implementing Entity
NABARD	National Bank for Agricultural and Rural Development
NDA	National Designated Authority
KPC	Kanha Pench Corridor
SML	Satpuda Maikal Landscape
FES	Foundation for Ecological Security
WOTR	Watershed Organization Trust
DRCSC	Development Research Communication and Services Centre
VDC	Village Development Committee
MPFD	Madhya Pradesh Forest Department
PNP	Participatory Net Planning
ToR	Terms of Reference
PIA	Project Implementing Agency
PRA	Participatory Rural Appraisal
GRM	Grievances Redressal Mechanism
DPR	Detailed Project Report
GP	Gram Panchayat
UDHR	Universal Declaration of Human Rights
ILO	International Labour Organization

Executive Summary

Aim The assignment aims to strengthen the operationalization of Environmental and Social framework and its monitoring, evaluation at Project (PIA/NGO (EE)) level and reporting at NABARD level (NIE) for Adaptation Fund (AF) projects.

Interviews were held with Project entity staff members and extensive research conducted on AF ESG-related policies and procedures as well as international and national laws and regulations. The primary objective was to integrate Environment Social & Gender Policy into project design and implementation in the National Implementing Entity's (NIE) Environmental and Social Management System (ESMS).

Key Deliverables

- Review of Existing ESP & Gender Policy for AF/Similar projects
- Developing project level framework for ESP & Gender Policy implementation & assessment at the executing entity level
- Screening matrix (including tools) for the ESP & Gender Policy for new AF projects
- Final Report including the formats & checklists for existing AF projects and Screening Matrix for New AF projects

Samples Selected

The following two projects were selected in consultation with FSPD[1], NABARD for stakeholder consultations at executing entity level. In addition, all the 6 AF projects were reviewed for their ESP and Gender policy.

Selected Projects for consultations at PIA Level:

- Building Adaptive Capacities in Communities, Livelihoods and Ecological Security in the *Kanha Pench* Corridor in Madhya Pradesh (Category B)
- Enhancing Adaptive Capacity and Increasing Resilience of Small and Marginal Farmers in Purulia and Bankura Districts of West Bengal (Category C)

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[1] Inception Meeting- 02.04.2018

Approach & Methodology

Review of ESP & Gender Polices of AF & NABARD

Inception Meeting with FSPD, NABARD

Feedback from the PIAs

Approach & Methodology

Review of national /international ESG policies & implementation at project level

Review of ongoing AF projects in India (selected 2-B category in MP & C Category in West Bengal)

Conceptualisation of Environment Social & Gender (ESG) Matrix

Consultations at PIA Level in the two Project Sites

Finalising the ESG for Ongoing & Screening Matrix for New Projects

Review by NIE & Inputs on the Draft Report

Components were grouped in to four categories

Component 1: Integrated Socio-Economic Village level Planning & Institution Building
Component 2: Climate resilient Technology Transfer
Component 3: Integrated approaches for Climate resilience and sustainable livelihoods as a means for adaptation
Component 4: Learning & Knowledge Management

Corresponding Activities selected for the Matrix

Activity 1: PRA, Baseline Assessment, Village Level Planning and Institution Formation, Training & Capacity Building
Activity 2: Building Adaptive Capacities & Reducing Climate Risks
Activity 3: *Shown below*
Activity 4: Monitoring, Evolution, Reporting & Grievances Redressal

Activities considered for Component 3:
3.1 Interventions in Arid/Semi-arid Ecosystems
3a: Community based Soil & Water Conservation Structures
3b: Community based On-Farm Initiatives
3c: Community based Forest Conservation Activities
3d: Community based Off-farm initiatives
3e: Individual On-Farm Initiatives
3f: Individual On-Farm Allied Activities
3g: Individual Off-Farm Initiatives
3.2:Interventions in Mountain Ecosystems
3.3: Interventions in Coastal Ecosystems

Process Followed

Review of Adaptation Fund Environment, Social & Gender Policy

The adaptation fund adopted the environment, social and gender policy to ensure that the projects supported do not cause adverse environment or social impacts. This policy aimed to bring the AF's practices in line with the practices of other leading institutions active in environment and development financing. It emphasized that all projects/programmes supported by the fund have to meet a set of environmental and social principles. As part of the policy, Environmental Social Management System (ESMP) and Environment Social Principles (ESPs) of the fund are defined for the implementing entities. The 15 principles identified in the AF ESP policy form the basis for identifying and managing environmental and social risks.

These principles are typically broad and general. However, during project implementation, a correct interpretation of the principles is important to identify effectively the policy for which further assessment and/or management is required. It thus becomes imperative to have a framework in place to assess the compliance with the ESMS

Conceptualizing the Assessment & Management of ESG

In order to develop an assessment method for Environment, Social & Gender (ESG) policy of AF, it is important to connect the seemingly different Environmental Social Management System (ESMP) and Environment Social Principles of the fund. A robust ESMS will comprise Screening, Impact Assessment & Monitoring, taking into account the ESPs, compliance with national and international laws. It should also have a sound monitoring system at the ground level for the Project Implementing Agencies (PIAs).

The developed framework will help in:

- Supporting PIAs in achieving good international practice relating to environmental and social sustainability;
- Assist in fulfilling their national and international environmental and social obligations;
- Enhance non-discrimination, transparency, participation, accountability and governance; and
- Enhance the sustainable development outcomes of projects through ongoing stakeholder engagement.

Stakeholder Consultations

Consultation is a fundamental part of a policy assessment and its implementation. This includes strengthening its relevance and credibility, and contributing toward ownership of the results. In this study, consultations were held with PIAs at various levels and they were provided the opportunity for comment and feedback during the main phases of the study. As part of the ongoing project for assessment of ESP & Gender Policy for AF projects, visits were made to the two selected projects- 'Category C project in West Bengal and Category B project in Madhya Pradesh.

During the consultations, detailed discussions were held with the PIAs for the two projects and implementation of ESP & Gender Policy at the project level. Post initial discussions, observations were recorded of the PIA through an open ended questionnaire on the implementation of ESP & Gender Policy. These perceptions and consultations were taken for designing the framework for assessment at the project level.

Outcomes

The following are the three Frameworks/Formats developed as part of the assignment for Assessment & Management of Environment, Social and Gender Policy for Adaption Fund projects:

I. ***Environment, Social and Gender (ESG) Risk Assessment*** for ongoing AF Projects
II. ***Risk Screening Framework*** for new AF Projects
III. ***Format/Checklist*** for ESG Assessment by the NIE

I. *Environment, Social and Gender (ESG) Risk Assessment for ongoing AF Projects*

The ESMS and ESP have been well defined in the AF and NABARAD policy. However, the biggest challenge is the assessment of the principles and their implementation at the project level. Thus, there was a need for an agreeable and simplified framework covering aspects of ESP & Gender and their applicability to the project components and activities, taking into consideration the compliances and adherence to laws by the PIAs. The purpose of this matrix is developing an Environment, Social & Gender Policy framework which will help the NIE, organization, structuring, and analysis of information, to increase the use of information and the consistency of its handling, to minimize mishandling, and to help avoid gaps in analysis and assessments. *Risk Assessment deals*

with three basic questions: "What can go wrong?", "What is the range & magnitude of adverse impacts?" and "How likely are the adverse consequences?"

The three questions are answered through the ESG framework developed based on the equation Risk= Probability x Impact. Indicators were developed corresponding to the applicable AF principle for assessment and management at the project level. With each indicator, there are response choices corresponding to the applicable ESP principle. The response choices are based on the applicable national laws, regulations and standards in the AF ESP & Gender Policy. The indicators and response choices will help in accessing the level of ESP & Gender awareness and its implementation at the project level. For each response choice, there is an impact score assigned for assessment ranging from Severe =5, Significant = 4, Moderate = 3, Low = 2, Insignificant =1. For each of the applicable principles, there is a probability of occurrence that needs to be determined (ranging from High=3, Moderate=2, Low=1). Based on the above equation, an overall score is generated for risk assessment of ESMP categorized into High (Risk Score >=8), Moderate (Risk Score >=4, <=7) and Low Risk (Risk Score <=3).

II. Risk Screening Framework for new AF Projects

The purpose of the screening is to enhance the sustainability of a proposed project by identifying and managing environmental and social risks that could be associated with the proposed project. The screening constitutes "environment and social safeguards" which is a key component of the overall ESMS. The screening process aims to quickly identify those projects where no major environmental and social risks exist, based on the scores. Hence only those projects, with potential environmental and social implications will undergo a more detailed screening process.

Objectives of the Screening Matrix:

- Integrate the ESG Principles in order to strengthen social and environmental sustainability
- Identify potential social and environmental risks and their significance
- Determine the Project's risk category (Low, Moderate, High and Very High)
- Determine the level of social and environmental assessment and management required to address potential risks and impacts.

Project Categorization based on the Risk Score

Parameters	Category A	Category B	Category C	Category D
How to decide Category?	The Risk Score is greater than or equal to Eight (> = 8)	The Risk Score is greater than or equal to Four (> = 4) and less than or equal to Seven (<=7)	The Risk Score is greater than two (> 2) and less than four (<4)	The Risk Score is greater than or equal to 1 (> =1) and less than or equal to 2 (<=2)
What does it imply?	The project/ programme will pose significant adverse environmental and social risk	The project/ programme may pose potential environmental and social risk, however less than Category A	The project/ programme will not pose potential environmental and social risk	The project/ programme will have insignificant environmental and social risk
Risk Assessment & Monitoring	A Detailed Impact Assessment and ESMF plan is needed, which needs to be monitored through the ESG Framework (during start, mid-review and end review)	Risks need to be identified at screening stage and subsequently monitored through the ESG Framework (during start, mid-review and end review)	These risks can be identified at screening stage and monitoring done through ESG framework (during start, mid-review and end review)	ESG Framework may be filled for assessing the contribution towards improvement in environment & social risks

III. *Format/Checklist for ESG Assessment*

As part of the assessment of the Environment Social & Gender Policy, a field visit format is prepared that needs to be filled in by the PIA to ensure the compliance. The field visit format has been created taking into account the Screening, Impact Assessment and Monitoring as per the ESMS system. The applicable ESPs and project components have been taken for designing the format. The format needs to be filled by the NIE during monitoring and evaluation in consultation with the PIAs for assessment. This will give the overview of the processes and records maintained for implementation of the AF ESP & Gender Policy by the PIA and understanding of the staff.

I: Introduction

1.1 Adaptation Fund

The Adaptation Fund (AF), established under the Kyoto Protocol has unique features and has played an important role in scaling up available finance for adaptation in developing countries. It finances specific country-driven adaptation projects and programmes for improving the climate resilience of the recipient countries. It offers a new approach to fund management under the UN Climate Convention. The fund is financed from a two per cent share of the proceeds generated by Clean Development Mechanism projects. Additionally, the Fund also receives voluntary pledges of donor governments.

A concrete project/programme supported by AF has set of activities aimed at addressing the adverse impacts of and risks posed by climate change. The activities are aimed at reducing vulnerabilities and increasing the adaptive capacities of human and natural systems. AF projects are usually designed to be broader than the scope of an individual project. The fund has committed US$ 477 million in 76 countries since 2010 to climate adaptation and resilience activities[2].

In India, there are six ongoing AF projects in climate vulnerable and ecologically sensitive areas and one technical assistance grant for Environment Social Policy (ESP) & Gender Policy. The current assignment is for the assessment & management of ESP & gender policy for the AF projects in India.

Figure 1: AF Projects in India

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[2] https://www.adaptation-fund.org/

1.2 Environment, Social & Gender Policy

The adaptation fund adopted the environment, social and gender policy to ensure that the project supported do not cause adverse environment or social impacts. This policy aimed to bring the AF's practices in line with the practices of other leading financing institutions active in environment and development financing. It emphasized that all projects/programmes supported by the fund have to meet a set of environmental and social principles. The social principles include, among others, access and equity, non-discrimination of marginalized and vulnerable groups, human rights, gender equity, and core labour rights and avoidance of involuntary resettlement. Some of the environmental principles relate to protection of natural habitats, conservation of biodiversity, mitigation of climate change, pollution prevention as well as soils conservation.

The implementing entities are responsible for setting up an Environment & Social Management System (ESMS) to identify and mitigate the potential scope and severity of environmental and social risks inherent in the project/programme design. They are also responsible for screening projects. According to the Environmental and Social Policy (ESP), implementing entities must, during and at the end of implementation, monitor and report on the status of the measures adopted to avoid or mitigate environmental and social risks.

1.3 Environment & Social Management System (ESMS)

The ESMS should conduct risk assessment at the earliest possible design stage, adopt measures to avoid or minimize risks during implementation, monitor and report on status of those measures during and at end of implementation. The project/programme ESMS will specify any other related procedures, roles, and responsibilities. The ESMS provides adequate opportunities for the informed participation of stakeholders and comprises of:

- *Screening:* The first function is to screen project/programme proposals to identify potential adverse impacts and risks early in the project cycle. This process begins with assessing a project/programme according to the ES Principles identified in the AF policy.

- *Impact assessment:* After the screening process, the NIE will assess the Principles that may be applicable, in order to better understand the magnitude of the risks and potential adverse impacts and how to mitigate and manage them. The findings of the screening will determine the scope of the impact assessment. The extent and the scale of the assessment will commensurate with the risks.

- *Monitoring:* Monitoring will be done to ensure that actions are taken in a timely manner and to determine if actions are appropriately mitigating the risk/impact or if they need to be modified in order to achieve the intended outcome.

1.4 The Environment & Social Principles

The 15 principles identified in the AF ESP policy form the basis for identifying and managing environmental and social risks. The 15 principles of AF ESP policy are listed below (for details of the principles, refer to AF Policy[3]).
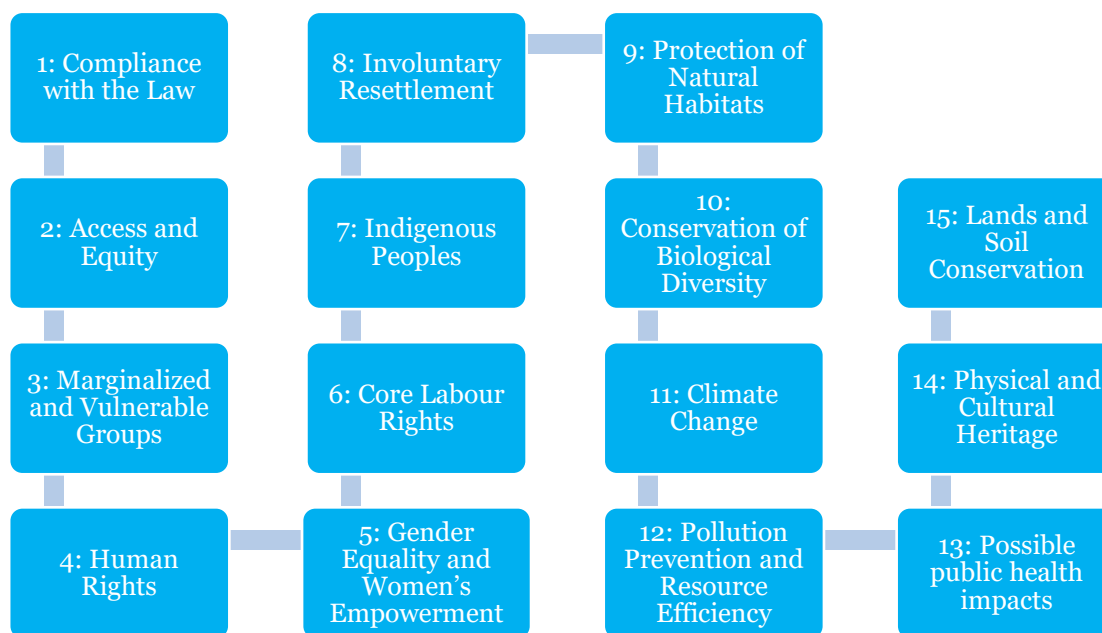
Figure 2: Environment Social Principles (ESP)

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[3] https://www.adaptation-fund.org/wp-content/uploads/2013/11/Amended-March-2016_-OPG-ANNEX-3-Environmental-social-policy-March-2016.pdf

These principles are typically broad and general. However, during project implementation, a correct interpretation of the principles is important to identify effectively the policy for which further assessment and/or management is required. It thus becomes imperative to have a framework in place to assess the compliance with the ESMS. However, it is first important to understand the relation between AF Principles, Standards and Policy level delivery and accountability as shown in the figure below.
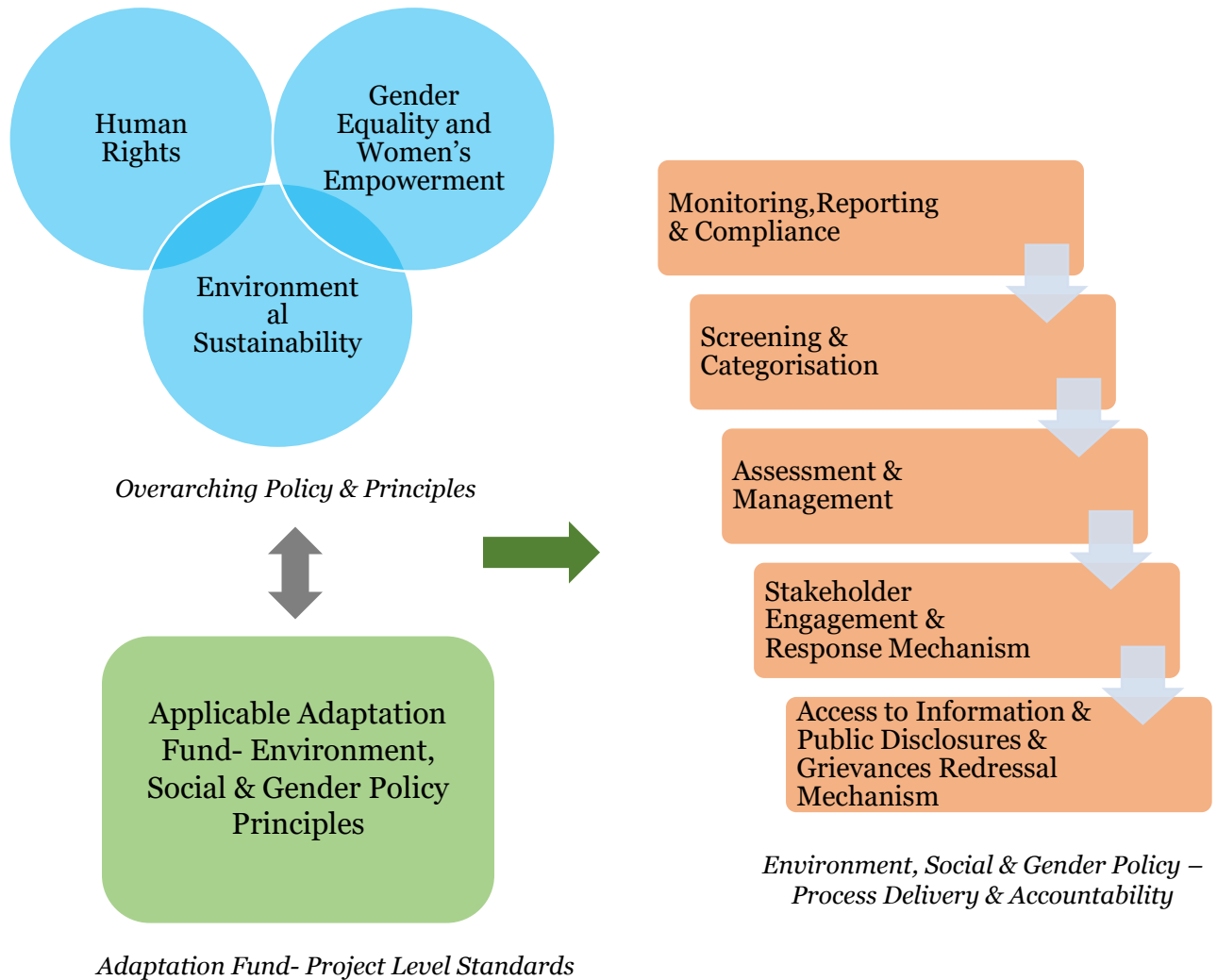

Overarching Policy & Principles

Adaptation Fund- Project Level Standards

Environment, Social & Gender Policy – Process Delivery & Accountability

Figure 3: ESG Policy and its Process Delivery

II: Approach & Methodology

2.1 Conceptualization

In order to develop an assessment method for Environment, Social & Gender (ESG) policy of AF, it is important to connect the seemingly different ESMS and ESP of the fund. A robust ESMS will comprise Screening, Impact Assessment & Monitoring, taking into account the ESPs, compliance with national and international laws. It should also have a sound monitoring system at the ground level for the Project Implementing Agencies (PIAs). The biggest challenge is building a process of understanding and compliance at the project level. An attempt has been made in the current study to integrate these components and prepare a screening, assessment and monitoring of the ESP for the PIAs.

Compliance to laws, National & Sub-national Policies & Development Strategies

Screening

Environmental Social Principles (AF)

Environmental and Social Performance Standards (PSs-NABARD)

Impact Assessment

Monitoring: Compliance in project/program

Implementation, Monitoring & Reporting Structure as per the AF ESP
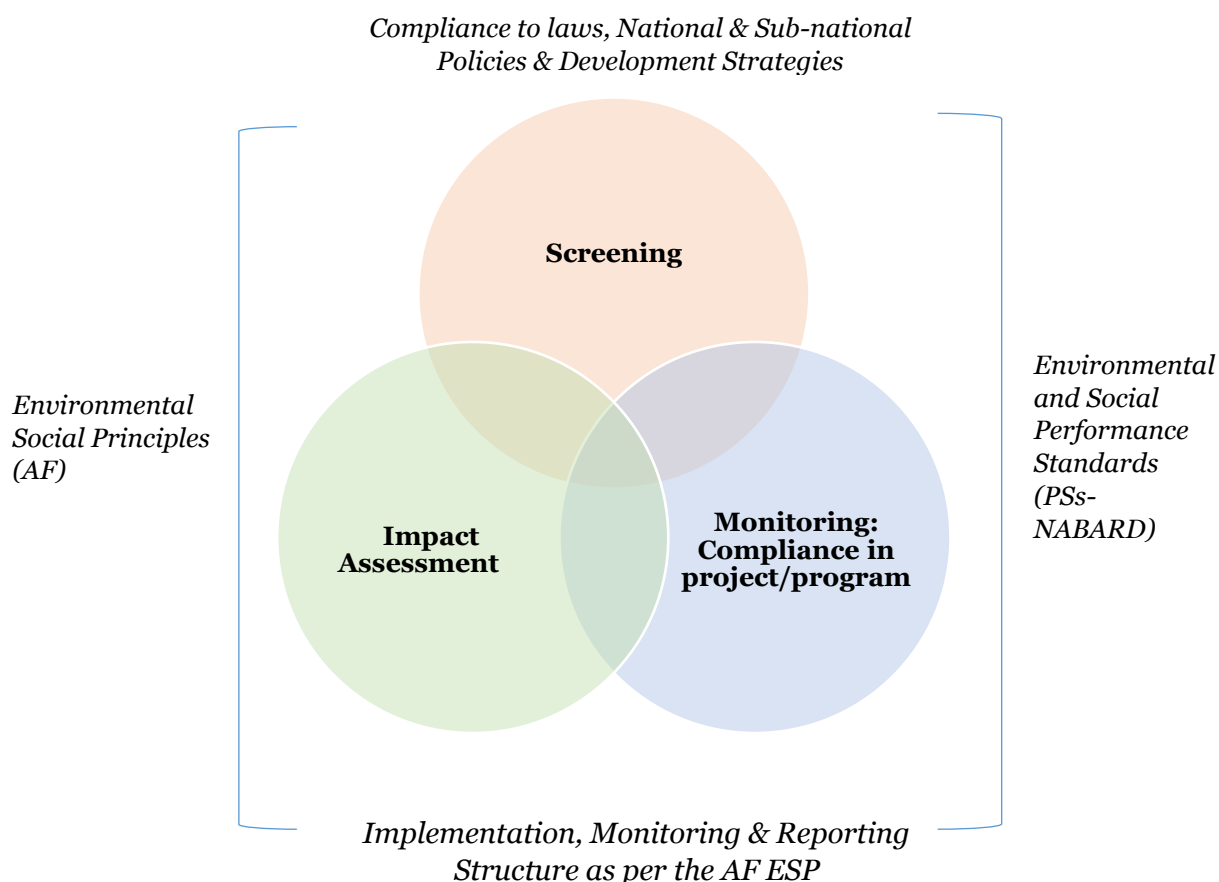
Figure 4: Integrating ESMS & ESP

2.2 Approach

The purpose of the assignment was to strengthen capacity to implement the Adaption Fund's ESG policies at the project level. Interviews were held with Project entity staff members and extensive research conducted on AF ESG-related policies and procedures as well as international and national laws and regulations.
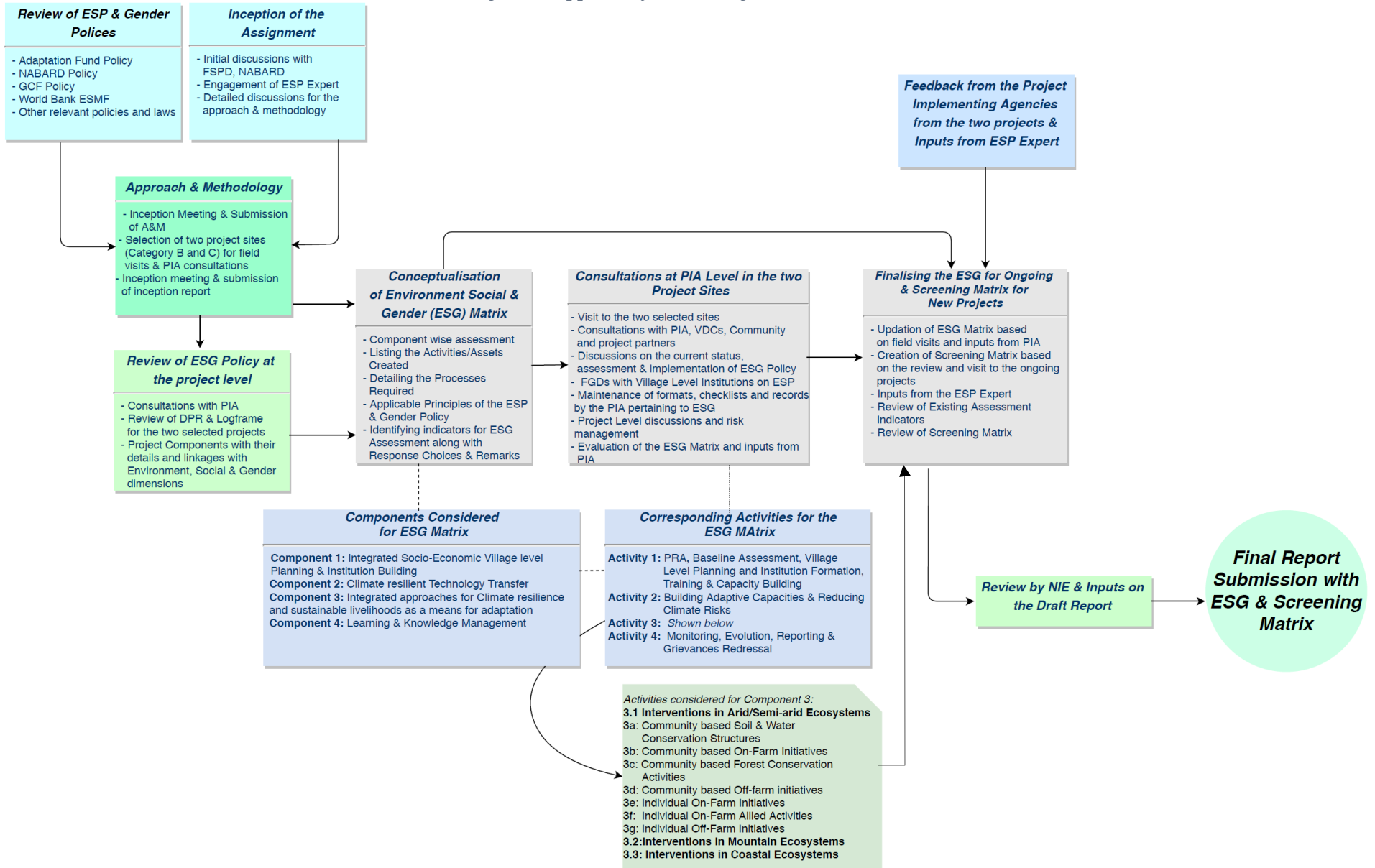
The results of these efforts are included in this report. The primary context for integrating ESG into project design and implementation is the National Implementing Entity's (NIE) Environmental and Social Management System (ESMS). The AF-ESG policy has identified principles for ESMS implementation. The project focused on application of these principles by identification and management of environmental and social risks.

The output of the project will support PIAs for project implementation and in their overall goal to reduce poverty and increase prosperity in a sustainable manner for the benefit of the environment for the targeted beneficiaries. The developed framework will help in:

- Supporting PIAs in achieving good international practice relating to environmental and social sustainability
- Assist in fulfilling their national and international environmental and social obligations
- Enhance non-discrimination, transparency, participation, accountability and governance
- Enhance the sustainable development outcomes of projects through ongoing stakeholder engagement.

The process followed for the assignment along with the approach and methodology is detailed below. The processes have been dealt in detail in the ensuing chapters. The process includes review of the ESG policy and other relevant ESMPs, Review of ESMS defined by the PIAs, stakeholder consultations with PIAs, preparation of ESG Matrix for assessment of ongoing projects and screening matrix for the new AF projects.

Figure 5: Approach for the Assignment

Review of ESP & Gender Polices

- Adaptation Fund Policy
- NABARD Policy
- GCF Policy
- World Bank ESMF
- Other relevant policies and laws

Inception of the Assignment

- Initial discussions with FSPD, NABARD
- Engagement of ESP Expert
- Detailed discussions for the approach & methodology

Feedback from the Project Implementing Agencies from the two projects & Inputs from ESP Expert

Approach & Methodology

- Inception Meeting & Submission of A&M
- Selection of two project sites (Category B and C) for field visits & PIA consultations
- Inception meeting & submission of inception report

Review of ESG Policy at the project level

- Consultations with PIA
- Review of DPR & Logframe for the two selected projects
- Project Components with their details and linkages with Environment, Social & Gender dimensions

Conceptualisation of Environment Social & Gender (ESG) Matrix

- Component wise assessment
- Listing the Activities/Assets Created
- Detailing the Processes Required
- Applicable Principles of the ESP & Gender Policy
- Identifying indicators for ESG Assessment along with Response Choices & Remarks

Consultations at PIA Level in the two Project Sites

- Visit to the two selected sites
- Consultations with PIA, VDCs, Community and project partners
- Discussions on the current status, assessment & implementation of ESG Policy
- FGDs with Village Level Institutions on ESP
- Maintenance of formats, checklists and records by the PIA pertaining to ESG
- Project Level discussions and risk management
- Evaluation of the ESG Matrix and inputs from PIA

Finalising the ESG for Ongoing & Screening Matrix for New Projects

- Updation of ESG Matrix based on field visits and inputs from PIA
- Creation of Screening Matrix based on the review and visit to the ongoing projects
- Inputs from the ESP Expert
- Review of Existing Assessment Indicators
- Review of Screening Matrix

Components Considered for ESG Matrix

Component 1: Integrated Socio-Economic Village level Planning & Institution Building
Component 2: Climate resilient Technology Transfer
Component 3: Integrated approaches for Climate resilience and sustainable livelihoods as a means for adaptation
Component 4: Learning & Knowledge Management

Corresponding Activities for the ESG MAtrix

Activity 1: PRA, Baseline Assessment, Village Level Planning and Institution Formation, Training & Capacity Building
Activity 2: Building Adaptive Capacities & Reducing Climate Risks
Activity 3: *Shown below*
Activity 4: Monitoring, Evolution, Reporting & Grievances Redressal

Review by NIE & Inputs on the Draft Report

Final Report Submission with ESG & Screening Matrix

Activities considered for Component 3:
3.1 Interventions in Arid/Semi-arid Ecosystems
3a: Community based Soil & Water Conservation Structures
3b: Community based On-Farm Initiatives
3c: Community based Forest Conservation Activities
3d: Community based Off-farm initiatives
3e: Individual On-Farm Initiatives
3f: Individual On-Farm Allied Activities
3g: Individual Off-Farm Initiatives
3.2:Interventions in Mountain Ecosystems
3.3: Interventions in Coastal Ecosystems

III: Stakeholder Consultations

3.1 Consultations

Consultation is a fundamental part of a policy assessment and its implementation. This includes strengthening its relevance and credibility, and contributing toward ownership of the results. In this study, consultations were held with PIAs at various levels and they were provided the opportunity for comment and feedback during the main phases of the study. As part of the ongoing project for assessment of ESP & Gender Policy for AF projects, visits were made to the two selected projects- 'Category B & C' project.

3.1.1 Visit to KPC Project (Category B)

The aim of the project is to *build adaptive capacities of Communities, Livelihoods and Ecological Security in the Kanha-Pench Corridor (KPC) of Madhya Pradesh*. The project is being implemented in 56 villages having around 7,609 households and lying in and around the Kanha-Pench Corridor (KPC) – which is a forested corridor that lies in the Central Indian state of Madhya Pradesh (MP). The KPC falls in three administrative districts of MP viz Mandla, Balaghat and Seoni and naturally connects two tiger reserves viz. Kanha Tiger Reserve and Pench Tiger Reserve. The KPC is part of a larger landscape called the Satpuda Maikal Landscape (SML).

The project is being implemented by RBS Foundation India with support of its two partners: Foundation of Ecological Security (FES) and Watershed Organization Trust (WOTR). The visit was made to two project villages each in Balaghat and Seoni districts and FGDs with the beneficiaries regarding the project implementation and its

components. The visit also included consultations with the PIA and its project partners

(See Fig 6). KPC supports a substantial human population that is extremely vulnerable socio-economically. The major indigenous tribal groups in the landscape are *Baigas*, a classified particularly vulnerable tribal group by the Government of India and *Gonds*, who are primarily agrarian.

As per a management plan prepared by the Madhya Pradesh Forest Department (MPFD), there are 442 villages settled in and around the KPC. These communities are dependent on forest produce for meeting most of their cash income needs and as a coping mechanism for failed agriculture and other livelihoods.

The objective of the project is to build the adaptive capacity of the KPC community and the landscape in the backdrop of declining functionality of the ecosystem due to the degradation. It proposes to adopt a community centric three pronged approach.
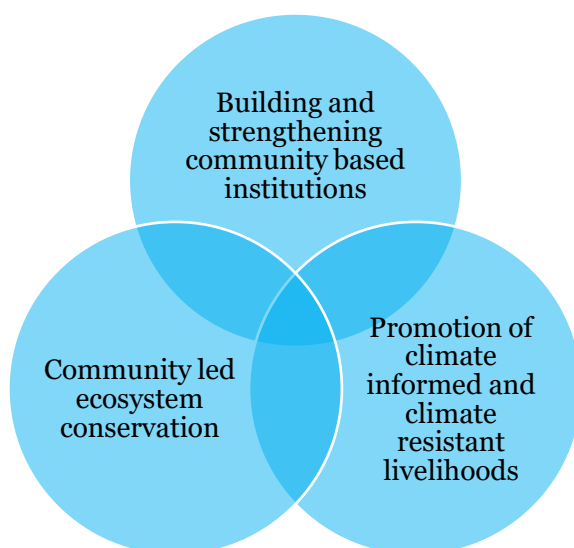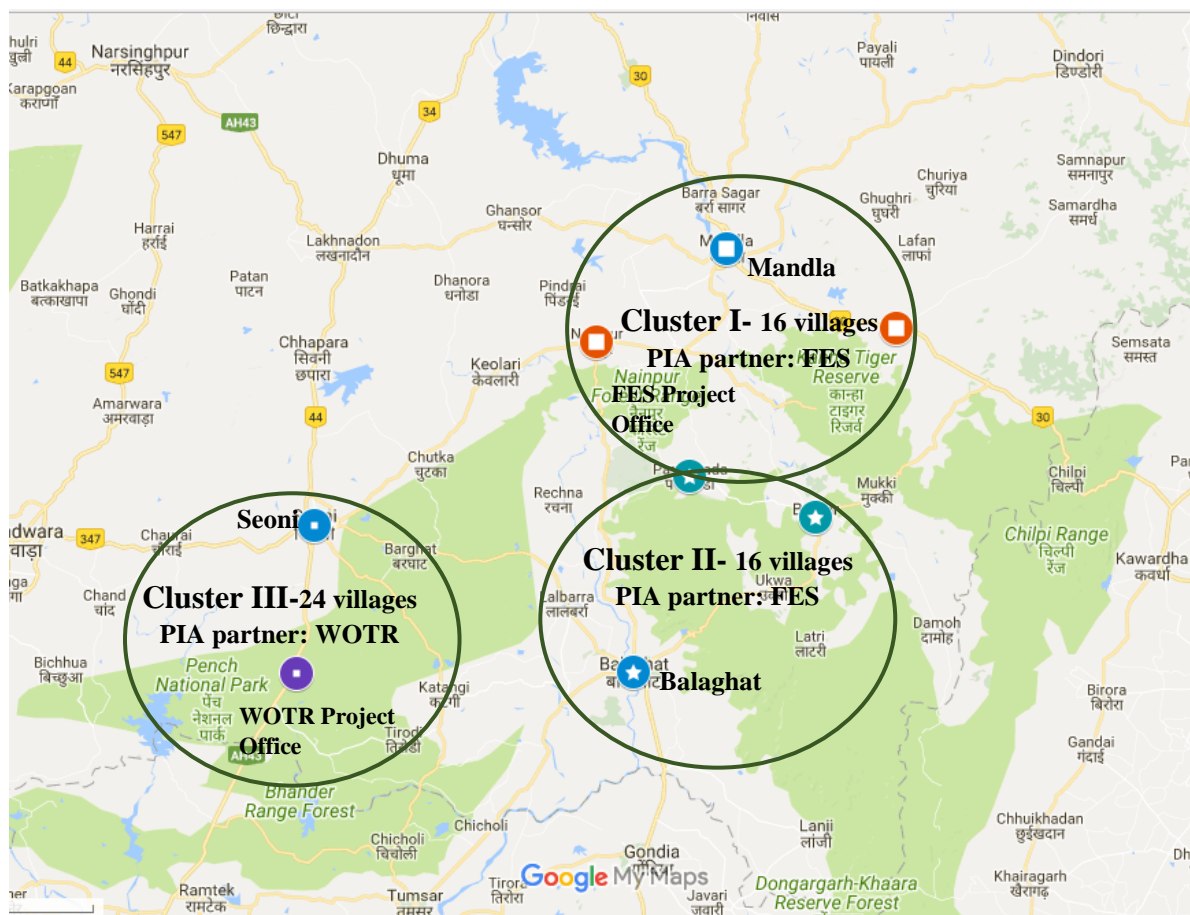
S N o	Districts	Blocks	Cluster	PIA partner	No of Villages
1	Mandla	Bichiya	I		16
2		Nainpur			
3	Balaghat	Baihar	II	FES	16
4		Paraswada			
5	Seoni	Kurai	III	WOTR	24
Total Villages **Total HHs**					**56** **7609**
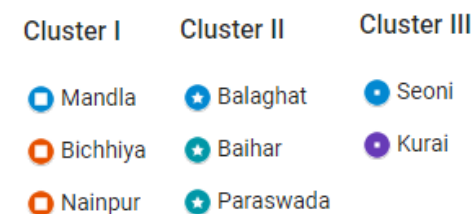
Figure 6: Visit to Category B Project

Visit made to Cluster II and III, one each for FES and WOTR. FGDs were held in two villages in each cluster (total 4 villages). Consultations were held with PIA and its implementing partners in all the three clusters.

3.1.2 Visit to West Bengal Project (Category C)

The proposed project aims at developing climate adaptive and resilient livelihood system through diversification, technology adoption and natural resource management for rural small and marginal farmers associated with agriculture and allied sector in Lateritic Zone of West Bengal, India. Specifically, it would seek to enhance adaptive capacity of vulnerable farm families in semi-arid regions of *Purulia* and *Bankura* districts of West Bengal by introducing measures to tide over the adverse impacts of climate change on their food and livelihood security.
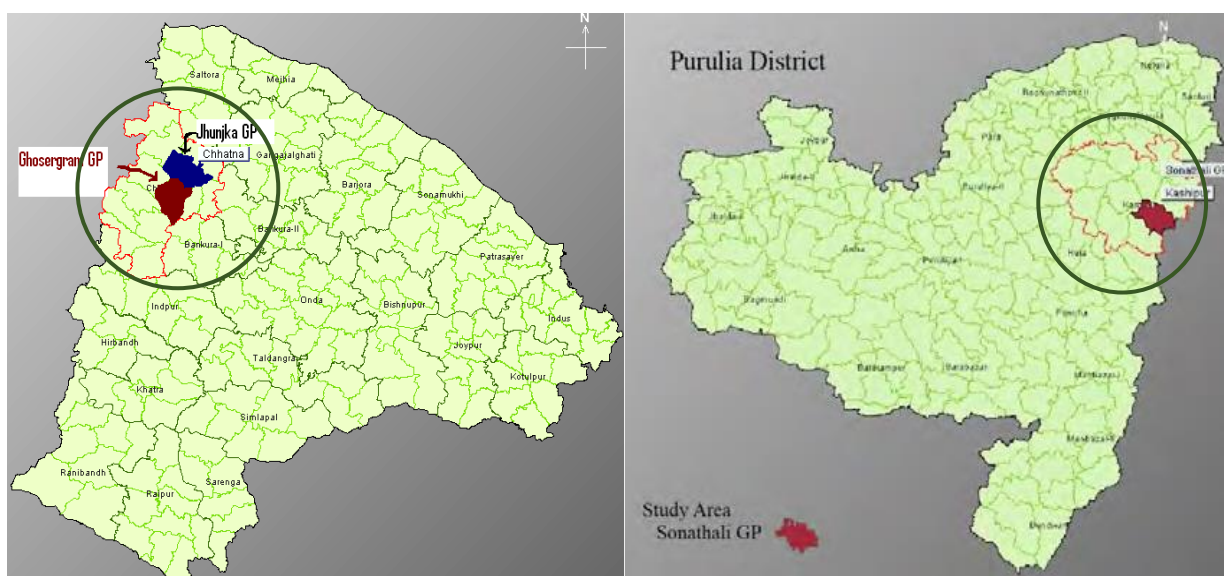
The project focuses on 5,000 households covering about 22,596 beneficiaries who belong to vulnerable small and marginal farming communities and communities dependent on natural resources as livelihood option.

The project is being executed by Development Research Communication and Services Centre (DRCSC), which has been operating in the semi-arid region of West Bengal for the last 15 years. Detailed discussions were held with the PIA staff in their

office. Visits were made two the project villages and detailed discussions were held with the community.

Figure 7: Visit to Category C project

3.2 PIAs Perception & Understanding

During the consultations, detailed discussions were held with the PIAs for the two projects and implementation of ESP & Gender Policy at the project level. Post initial discussions, observations were recorded of the PIAs through an open ended questionnaire on the implementation of ESP & Gender Policy. The perception and understanding on the 15 ESPs of AF is detailed below in the table. The inputs from these perceptions and consultations were taken for designing the framework for assessment at the project level.

Table 1: PIA perception of ESG

S No	ESP Principles	Understanding of PIA	Checklist / Documentation maintained by PIA
1	Compliance with the law	How does the project fulfill the requirements and formalities	• Minutes of Village Development Committee (VDC) meetings • ToR signed between the VDC, PIA and Gram Panchayat (GP) • NOC for activities received from GP
2	Access and Equity	Fair and equitable access to the beneficiaries	• Wealth Ranking (Categorized into "Poorest of Poor", "Poor", "Middle Income Group" and "Better off") • Activities according to the wealth ranking proposed by the VDC. • Priority given to Tribal Groups and Poorest of Poor HHs • Livelihood Planning based on wealth ranking
3	Marginalized and Vulnerable Groups	Ensuring participation of women and SC/ST in decision making process	• Wealth Ranking • PRA • Ensuring representation of women and marginalized groups in VDC • Social Map
4	Human Rights	Empowering the beneficiaries to exercise their human rights	• Trainings and Capacity Building of VDCs • Sensitization of community during meetings • Wall Paintings
5	Gender Equity & Women empowerment	Capacity building of women and participation in decision making processes	• Training and Capacity Building • FGDs • Strengthening/Revival of Existing SHGs • Sensitization during meetings • Knowledge dissemination on scientific techniques • Making them leasers for organic farming

			• *Shramdan* in villages saw higher participation of women than men
6	Core Labor Rights	Adherence to minimum wage rates, no. of hours, ensuring no child labor, timely wage payments.	• Job Cards maintained • Master Roll maintained • Activities and works discussed during meetings • Wage rates discussed and finalized with the community • Register maintained for payments with the VDC
7	Conservation of Biological Diversity/ Protection of Natural Habitats	The program by design takes care of the biodiversity and its conservation. Most of the activities proposed are for the same.	• Some interventions include: lantana (invasive species) eradication, stump dressing interventions, plantations, use of organic fertilizers and seeds • Discussions and sensitization of community for biodiversity conservation
8	Lands and Soil Conservation	The program by design takes care of the principle and its conservation. Most of the activities proposed are for the soil and water conservation.	• Some of the activities include: *bori bandhan*, planning for upland treatment in selected villages • Proposal for the activities forwarded by VDCs • Participatory Net Planning (PNP)- undertaken by WOTR: PNP[4] is a method to carry out surveys and plan area treatments and minor drainage line treatments in each and every gat/survey number of the watershed in collaboration with the VDCs.

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[4] WOTR's Net Planning software prepares and maintains micro to macro level databases of land resources, existing and proposed treatments, and costs involved. It proposes various possible post-treatment options for land use. This software generates the land resource classes as per the soil slope, depth, and texture and erosion status. More than one treatment can be entered for one gat/survey number. The software can also generates a proposal. It is useful at the Project level for project formulation purposes.

9	Indigenous People	The program by design takes into account the rights of indigenous people and their empowerment (*Baigas and Gonds* tribe) in the project villages	• Wealth Ranking includes the *Baigas & Gonds* into "Poorest of Poor". • Participation of the tribes a challenge in the meetings • Activities for the tribes discussed in the meetings and forwarded by the VDC to Gram Panchayat
10	Grievances Redressal Mechanism (GRM)	The PIAs have signed ToR with the VDCs with information for grievances and its reporting.	• ToR signed with VDCs • Wall Paintings/Complaint box not put up • GRM needs to be strengthened at the village level.

3.3 Key Insights

The summary of the consultations on aspects related to ESP & Gender Policy and their implementation at the project level is given below. These discussions were held with the PIAs, their partners and Village level institutions formed. The inputs from these discussions were taken as inputs for creating the ESG and Screening matrix for Adaptation Fund Project, which is described in details in the ensuing chapters.

1. *Participation of all beneficiary families:* It was observed that the participation of tribal (*Baiga, Gonds*, etc.) families was not there in the meetings. This was mainly because the groups don't have a trust in the program and seldom participate in the meetings/PRA. Most of these are classified as "very poor" households in wealth ranking. The interventions planned for these families mostly include off-farm allied activities like Poultry, Goat farming, etc.

2. *Village Development Committees (Paryavaran Samiti or VDC):* Every village will have one VDC as part of the project. There are around 11-12 members in the committee. However, the representation from *Baigas* and *Gonds* was not there in the VDCs.

3. *Level of Participation of the beneficiaries*: An important point raised by the PIA (FES) was that not all beneficiaries will speak during the meetings. This doesn't

mean that there participation is not there. This will depend on the indicators for participation as a continuum. This also depends on the nature of questions and their relevance for the villagers. FGDs with such groups will lead to detailed insights. The participation is a fluidic process

4. *Outcome oriented deliverables*: There are certain outcomes of the projects that cannot be captured as part of the log frame matrix. Thus, the matrix will help capture some of these and this will enrich the project. (For instance, reducing drudgery of women by providing Cart wheel in one of the project villages was not an outcome envisaged in Log frame. Only during one of the meetings, the women realized their head load has reduced due to this, along with no. of trips for fetching fuel wood. Similarly, smoke efficient *chulhas* have reduced the use of firewood and reduced drudgery. There are many spiraling benefits of the interventions, which are sometimes not captured through project outcomes).

5. *Capacity Building of the PIAs for ESP & Gender Policy Implementation*: Making the project implementing staff aware of the policies is important. This can be done in relevance to the activities through indicators. Since the PIA staff is face of the entire program for the villagers, their role in adhering to these principles is important. However, they need to be made aware of the policy. Preferably, a copy of the policy in local language may be made available to them.

6. *Knowledge Sharing:* Sharing of information to the villagers is crucial during the course of the project. This helps them realize the project impact and also their contribution and involvement. Citizen science is an important aspect that can be taken as part of the knowledge sharing. Cross linkages for the project are essential.

7. *Wall Paintings for awareness*: Only one PIA partner had done wall paintings for making the community aware. One of the partner (FES) had a common place for indicating the expenditure related to various activities as part of the project. However, none of the partner had painted the village map drawn as part of the PRA.

8. *Grievances Redressal Mechanism*: None of the partners had made provision for the Grievances Redressal mechanism, either as a painting on the wall with project coordinator contact or a box for written complaints. This was indicated to the PIA.

9. *Wealth Ranking indicators*: Some of the indicators like land availability are considered for wealth ranking. Thus a person with more than 5 acre land may come

in the middle income category. However, the land may not be productive and is lying barren or has *'lantana'* as an invasive species. Such HHs are therefore dependent on other livelihood activities and may be a part of poor/very poor income groups.

10. *Soil/Water Conservation & Agriculture activities*: it was observed that most of the activities are just in the stage of initiation and around 4-5 farmers have started. There were some demonstrations for SRI, Organic Seeds & fertilizers. However, slowly other farmers are also coming forward after looking at the results. Indigenous seeds in most of the villages are now exhausted and hence forming a seed bank can be a good option to ensure sustainability. Similarly, where Poultry, Goat farming, etc. are being proposed as part of the allied activities, the availability of Para-veterinary workers is important. Sustainability of the interventions needs to be built along with the project. VDCs are likely to play an important role in this.

11. *Sustainability of Project Activities*: During the project duration, proposed activities viz. SRI/IPM/Livestock Management are being undertaken with specific technical inputs and trainings of the VDCs. However, one of the challenges envisaged is non-availability of paraveterinary workers, specialized inputs and their access to the beneficiaries. Without planning for these during the program, sustainability is difficult to ensure.

12. *Endorsement from Gram Panchayat*: In one of the project clusters of FES, the activities proposed by VDCs are sent to Gram Panchayat (GP) for their approval and endorsement. This was found to be a good practice, thereby keeping the GP in loop and ensuring sustainability. This can be replicated to other clusters/project partners also.

13. *Institutional Audit:* One of the partner (FES) has started institutional audit at the village level. The books of accounts of the village institution are audited on an annual basis. All transactions between FES and the village institutions (VDCs) are done through demand drafts or cheques. The activities being implemented are monitored and reviewed periodically by FES staff and community representatives. The expenses incurred thereby are also audited and reconciled with the organization's accounts. Village-wise reports in the form of grant utilization certificates are uploaded on the website. This is a good practice to ensure transparency at the village level.

IV: Process Followed

4.1 Overview

In the previous chapters, ESMS and ESP have been discussed in detail. However, the biggest challenge is the assessment of the principles and their implementation at the project level. Thus, there is a need for an agreeable and simplified matrix covering aspects of ESP & Gender and their applicability to the project components and activities. This will also highlight the compliances and adherence to laws by the PIAs.

The purpose of this matrix is developing an Environment, Social & Gender Policy framework which will help the NIE organization, structuring, and analysis of information, to increase the use of information and the consistency of its handling, to minimize mishandling, and to help avoid gaps in analysis and assessments. Thus, if there are agreements on frameworks, information generated based on them has a greater chance of acceptance, improving the effectiveness of associated indicators and assessments. Work in this area contributes to the framing of complex environmental problems and helps policymakers frame sound and effective policy measures.

4.2 Need for Indicators

For successful implementation of the ESG matrix and its implementation at the project level, indicators are required for each of the proposed activities of the project/programme. Indicators are generally measures or variables chosen for their ability to describe specific characteristics in the state of a system (Mayer 2008). During literature scanning and review (see Annexure-I), it was found that there are no specific indicators for assessment at the project level for implementation of environment, social and gender policy. Hence, there was a need for developing a matrix for these indicators at the project level. The importance of indicators for a matrix is highlighted below.
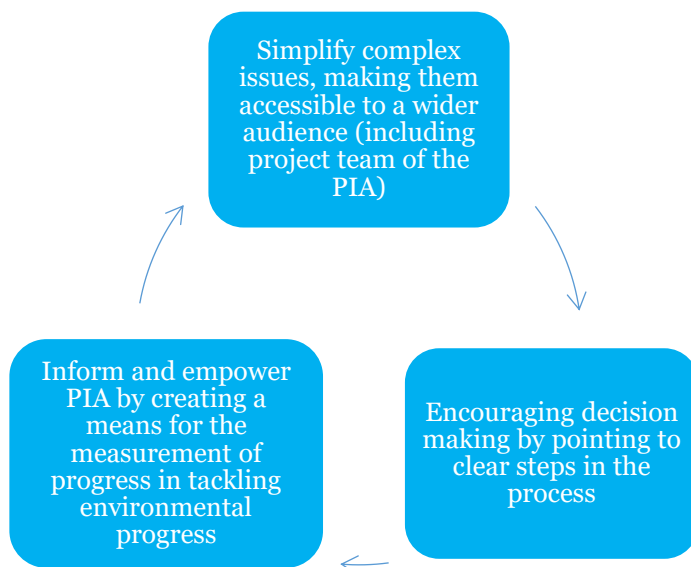
Figure 8: Need for Indicators

4.3 Selection of Indicators

Developing an indicator framework is important in terms of suggesting certain ways to think, organize, measure and act. It provides the users focus, purpose, direction, clarity and attention as well as limitations to what indicators can say and do. There are three basic questions involved in building an indicator framework: (1) Why is the information needed?—referring to the intention and application; (2) What information is needed?—referring to the specific issues or impacts measured, and (3) How is the information to be delivered?—referring to the framework operation. The table below lists the criteria for indicator development of the ESG matrix.

Table 2: Indicators Criteria & Selection

No	Criteria	Reason
1	*Valid and Meaningful*	Should reflect the phenomenon it is intended to measure and is appropriate to the needs of the user.
2	*Sensitive and specific to the underlying phenomenon*	Should respond relatively quickly and noticeably to changes.
3	*Statistically sound*	Indicator measurement needs to be methodologically sound and fit for the purpose, to which it is being applied.

4	*Intelligible*	Should be sufficiently simple to be interpreted in practice.
5	*Allow international comparison*	It needs to reflect local policy goals/objectives, but also needs to be consistent with other international indicator programs to allow comparisons across countries.
6	*consistent over time*	The usefulness of indicators is related directly to the ability to track trends over time.
7	*Timely*	Data needs to be collected and reported regularly and frequently, relative to the phenomena being monitored.
8	*Linked with policy or emerging issues*	It should be selected to reflect the important and emerging issues as closely as possible.

The process of finalizing the indicators is shown in the figure below:
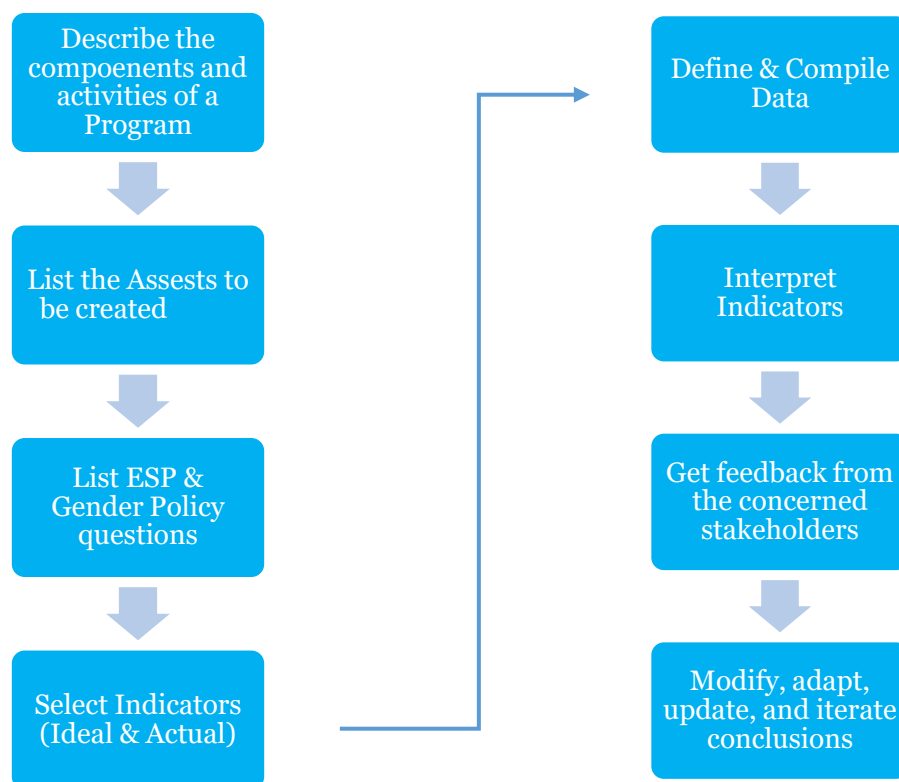
Figure 9: Indicator Selection

4.4 Key Parameters

These parameters have been taken from the project components and DPR of the ongoing AF projects for creating a matrix relatable at the project level to the PIAs. These parameters and the indicators developed above have been used for creation of the robust ESG framework.
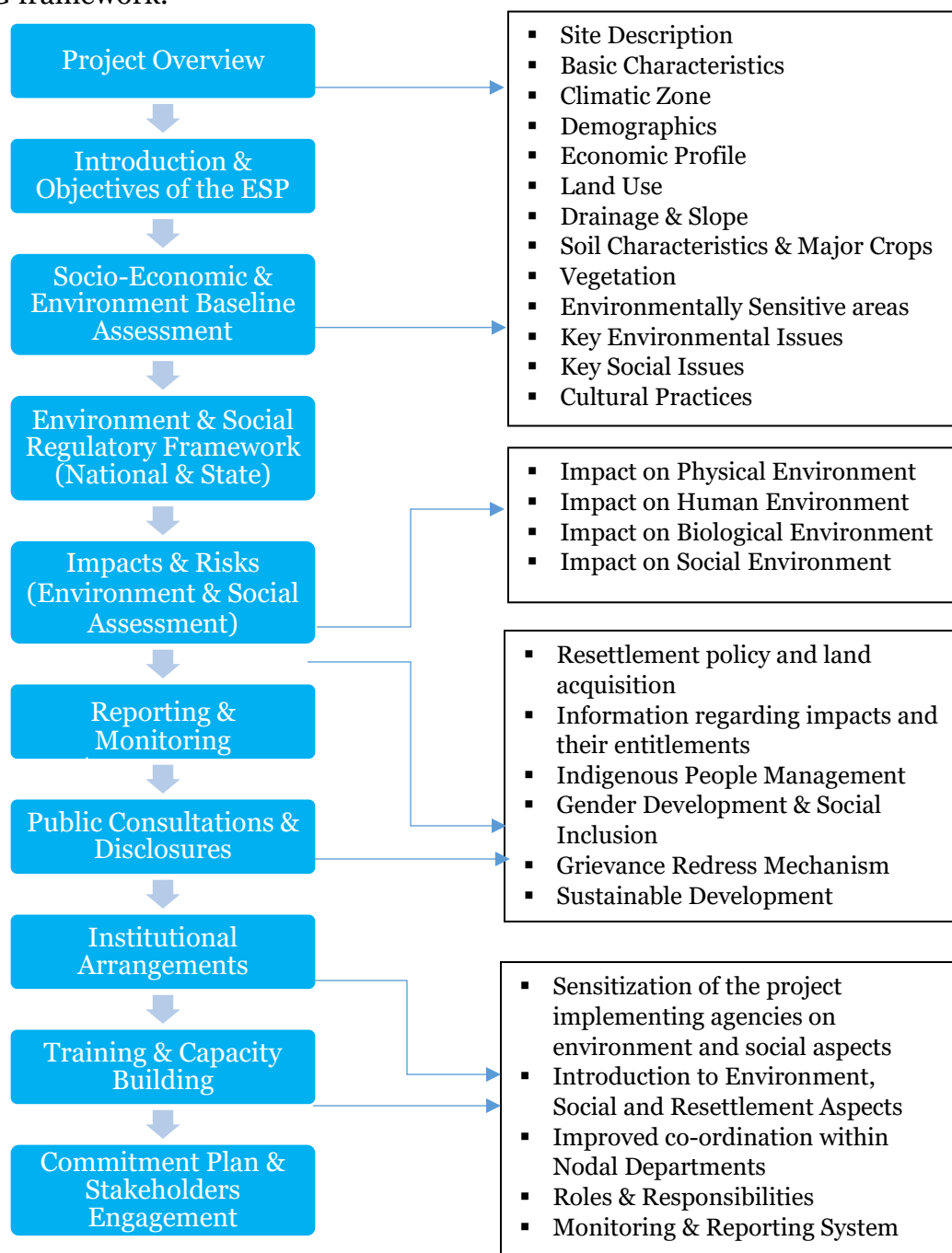
Project Overview

Introduction & Objectives of the ESP

Socio-Economic & Environment Baseline Assessment

Environment & Social Regulatory Framework (National & State)

Impacts & Risks (Environment & Social Assessment)

Reporting & Monitoring

Public Consultations & Disclosures

Institutional Arrangements

Training & Capacity Building

Commitment Plan & Stakeholders Engagement

- Site Description
- Basic Characteristics
- Climatic Zone
- Demographics
- Economic Profile
- Land Use
- Drainage & Slope
- Soil Characteristics & Major Crops
- Vegetation
- Environmentally Sensitive areas
- Key Environmental Issues
- Key Social Issues
- Cultural Practices

- Impact on Physical Environment
- Impact on Human Environment
- Impact on Biological Environment
- Impact on Social Environment

- Resettlement policy and land acquisition
- Information regarding impacts and their entitlements
- Indigenous People Management
- Gender Development & Social Inclusion
- Grievance Redress Mechanism
- Sustainable Development

- Sensitization of the project implementing agencies on environment and social aspects
- Introduction to Environment, Social and Resettlement Aspects
- Improved co-ordination within Nodal Departments
- Roles & Responsibilities
- Monitoring & Reporting System

Figure 10: Key Parameters

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4.5 Process mapping

The process included review of the ESP & Gender policies along with the review of the AF projects components and activities. The components and activities were categorized in four parts as shown in figure 11 below. These components and activities are broad and can be applicable for various AF projects. Component 3 has the maximum weightage and hence is further divided into 8 activities, differentiating the community based and individual components.
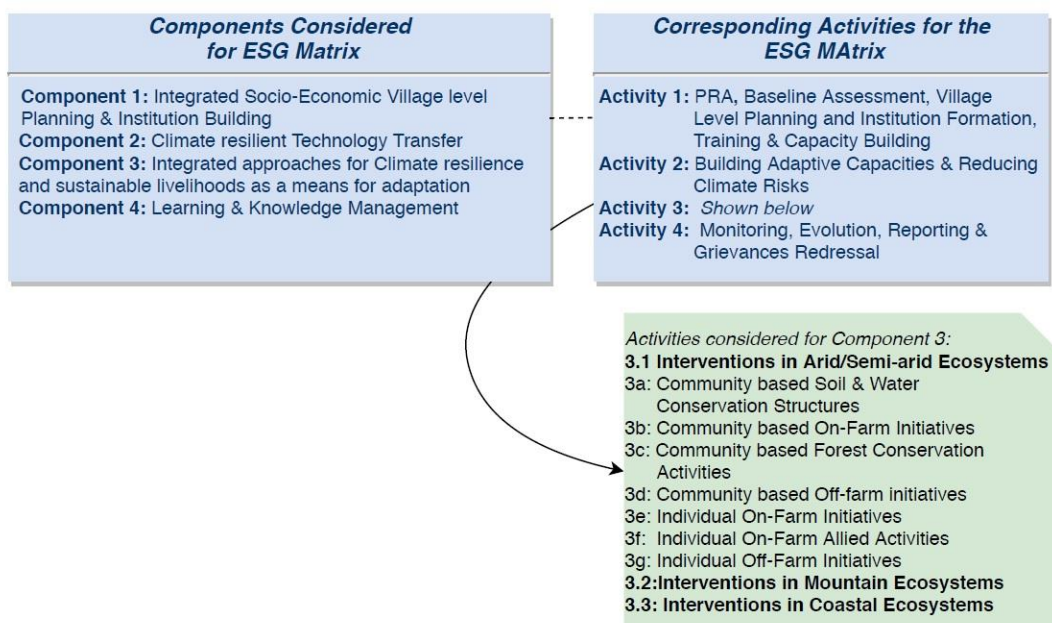

Figure 11: Components & Activities

Process mapping is defined as an exercise to identify all the steps and decisions in a process in diagrammatic form, with a view to continually improving that process. In this case, the process mapping involves evaluating the ESP & Gender Policy at the project level. The ESG matrix as a process can be defined as a series of individual tasks or steps. The objective of the mapping is making it visual and easy to understand with a logical flow. The example below shows the ESG matrix component 1 along with applicable Environment, Social & Gender Policy principles. The process shows the activities being

connected through a process with arrows, where one steps leads to another. Since, the aim of this assessment is to ascertain the applicability of ESPs for the proposed components and activities, Indicators/ Parameters with likely response choices are defined for the evaluation, as shown in the figure 12 below. There are also certain qualitative parameters defined for the evaluation. This chart simply sets out the sequence of activities and decision points. These are useful for capturing the initial detail of the process and how the applicability of the ESPs for the ongoing activities can be established.

The entire matrix has been created with the logical flow in mind and the relevant indicators/parameters that need to be evaluated for all the applicable ESPs. The process may seem tedious and cumbersome at the beginning, however, details are important to establish the adherence to the ESPs. In view of the above, the frequency of the matric has been kept at beginning, during mid-review and at the end of the project completion.

The entire ESG matrix has been divided into components, activities, corresponding processes, indicators and response choices for assessment of ESG principles applicability. The process has been described in detail above and ESG matrix has been annexed as part of the report. The matrix has to be filled by the PIA in close consultation of the NIE for the ongoing projects and assessment of ESG policy.

While Components 1, 2 and 4 are common throughout the projects, Component 3 has been differentiated on the basis of ecosystems. These can be classified as Arid/Semi-Arid (3.1), Mountain Ecosystems (3.2) and Coastal Ecosystems (3.3). The primary objective of differentiation is on the basis of specificities, which have been differentiated in the applicable indicators and the response choices.

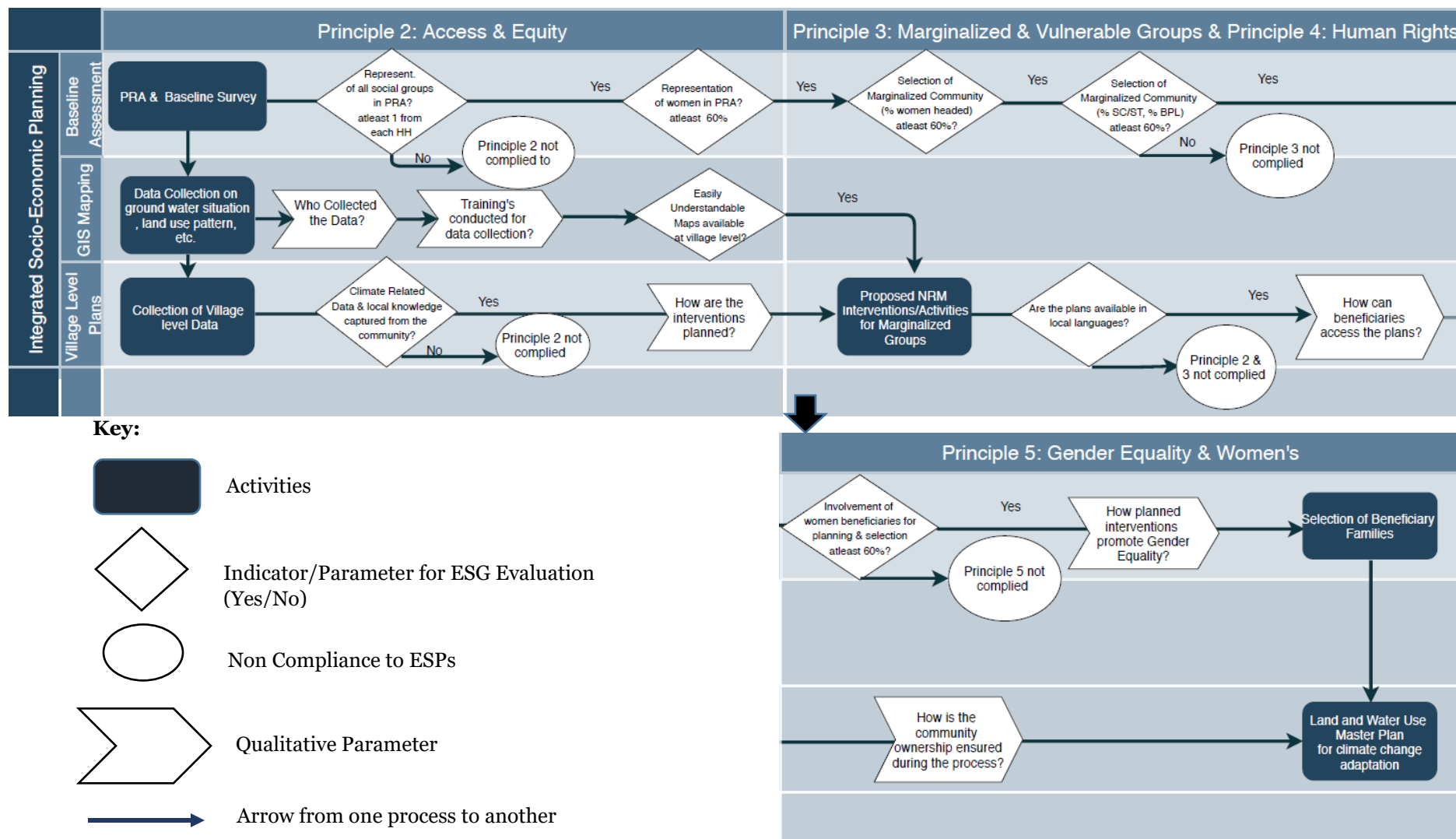*Component 1: Integrated Socio-Economic-Ecological Village Level Planning & Assessment*

Figure 12: Process Flow Mapping

4.6 Relevance and Applicability

Based on the above processes, the ESG matrix was created using the listed parameters, indicators and the applicable ES & gender principles. The matrix is given in Annexure-II and as a separate excel sheet as part of the report. It would be useful for assessment of the two policies: Environment, Social & Gender and their management at the Project Entity level. Post the creation, the matrix was further revised through inputs revived from the PIAs. Table below shows the process, relevance and applicability of ESG matrix, along with observations of its applicability for one of the selected projects, KPC in Madhya Pradesh.

Table 3: Applicability of ESG

S No	ESG Principle	Process followed for developing the ESG Matrix	Observations from the Field Visits
1	*Compliance with Law*	• Current status • Steps taken so far • Plan to achieve compliance • Whether permits have been taken (Planning permission, environmental permits, construction permits, permits for water extraction, emissions, use or production or storage of harmful substances)	In KPC project, many villages fall under the buffer zone of KPC, hence prior permissions are required from the Forest Department. Forest department (MPFD) is one of the main partners for project implementation.
2	*Access and Equity*	• Providing fair, impartial, and equitable access to benefits, particularly to vulnerable groups • Should not have negative consequences to basic services and working conditions, i.e. health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. • Reference to PRA and baseline survey for identify the potential beneficiary's marginalized or vulnerable people and their % participation in meetings.	The project design in KPC project ensures the representation of women and vulnerable communities which in turn provides them the opportunity to participate in the decision making process. Collective decision making builds on the ability of the women and vulnerable community to address their concerns in a judicious and equitable manner, thereby, improving their social standing.
3	*Marginalized and Vulnerable Groups*	• Projects should not have adverse effects on such groups as: children, women, the elderly, indigenous/tribal groups, refugees, people with disabilities	The project design in KPC project ensures the representation of women and vulnerable communities which in turn provides them the opportunity to participate

		• Whether groups possibly affected by the project are identified and quantified (through a vulnerability assessment) • Describing characteristics of the group • Monitoring needed during implementation for possible adverse impacts	in the decision making process. Collective decision making builds on the ability of the women and vulnerable community to address their concerns in a judicious and equitable manner, thereby, improving their social standing.
4	*Human Rights*	• Projects must create awareness with all involved in a project from design, execution, monitoring, and evaluation of the Universal Declaration of Human Rights (UDHR).	• Trainings and Capacity Building of VDCs • Sensitization of community during meetings • Wall Paintings
5	*Gender Equality and Women's Empowerment*	• Whether an analysis of the legal and regulatory context with respect to gender equality and women's empowerment (i.e., cultural, traditional, religious, or other grounds that might result in different allocation of benefits; or adverse impacts) has been included? • Ensuring how the project will pursue equal participation. • How the project's pro-active measures promote gender equality, organizing working groups or conducting stakeholder consultations at convenient times and locations.	• Training and Capacity Building • FGDs • Strengthening/Revival of Existing SHGs • Sensitization during meetings • Knowledge dissemination on scientific techniques • Making them leasers for organic farming • *Shramdan* in villages saw higher participation of women than men
6	*Core Labour Rights*	Ensuring how the core labour standards identified by the International Labour Organization (ILO) listed in the 1998 ILO Declaration of Fundamental Principles and Rights at Work are met.	• Job Cards maintained • Master Roll maintained • Activities and works discussed during meetings • Wage rates discussed and finalized with the community • Register maintained for payments with the VDC
7	*Indigenous People*	• Presence of indigenous people (tribal groups) in the project villages. • Involvement of indigenous peoples in the design and implementation of the project activities.	The program by design takes into account the rights of indigenous people and their empowerment (*Baigas* and *Gonds* tribe) in the project villages. Some specific activities carried out are: • Wealth Ranking includes the *Baigas & Gonds* into "Poorest of Poor". • Participation of the tribes a challenge in the meetings • Activities for the tribes discussed in the meetings

			and forwarded by the VDC to Gram Panchayat
8	*Involuntary Resettlement*	• Making sure that projects must avoid or minimize the need for involuntary resettlement. • When unavoidable, due process should be observed so that displaced persons are informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation.	NA
9	*Protection of Natural Habitats*	• Ensuring that the project doesn't involve unjustified conversion or degradation of critical natural habitats • These include those that are (a) legally protected (b) officially proposed for protection (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities (as per Convention on Biological Diversity (CBD)) • Mapping all the critical natural habitats in the project area; for each a description of its particular vulnerabilities; findings of risk identification.	
10	*Conservation of Biological Diversity*	• Ensuring that the projects avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species. • Defined as not only living organisms of all taxa, but also ecosystem processes, habitats, hydrological cycles, processes of erosion and sedimentation, landscapes, etc.	• Some of the interventions are focused on preventing the spread of invasive species (like *lanatana*). • Biodiversity interventions include: lantana (invasive species) eradication, stump dressing interventions, plantations, use of organic fertilizers and seeds Discussions and sensitization of community for biodiversity conservation
11	*Climate Change*	• Ensuring that the projects should not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.	
12	*Pollution Prevention and Resource Efficiency*	• Ensuring that the projects are designed and implemented to meet applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants. • Ensuring projects must both be reasonable in cost and minimize the production of waste and the release of pollutants. • The guiding principles of the waste and pollution prevention and management plan should be preventions, a precautionary approach, evidence-	

		based monitoring, and participation and consultation.	
13	*Public Health*	• Ensuring projects avoid potentially significant negative impacts on public health as outlined in WHO Determinants of Health such as the social and economic environment, the physical environment, and the person's individual characteristics and behaviors. • If the project doesn't have significant negative impacts on public health, then the screening can be used to demonstrate compliance. • Compliance must be with WHO recommended practices.	NA
14	*Physical & Cultural Heritage*	• Ensuring projects are designed and implemented to avoid the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such as the community, national or international level. • Projects should not permanently interfere with existing access and use of such physical and cultural resources.	NA
15	*Lands and Soil Conservation*	• Ensuring projects should promote soil conservation and avoid degradation or conversion of productive lands or land that provides valuable ecosystem services. • Ensuring stewardship of land and measures to prevent, mitigate or control soil erosion and degradation. • Soil conservation should be incorporated in project design and implementation.	• Some of the activities include: *bori bandhan*, planning for upland treatment in selected villages • Proposal for the activities forwarded by VDCs • Participatory Net Planning (PNP)-undertaken by WOTR: PNP is a method to carry out surveys and plan area treatments and minor drainage line treatments in each and every gat/survey number of the watershed in collaboration with the VDCs

4.7 Screening Process

The purpose of the screening is to enhance the sustainability of a proposed project by identifying and managing environmental and social risks that could be associated with the proposed project. The screening constitutes "environment and social safeguards" which is a key component of the overall ESMS. The screening process aims to quickly identify those projects where no major environmental and social risks exist, based on the scores. Hence only those projects, with potential environmental and social implications will undergo a more detailed screening process.

The main objective of environmental and social screening is to identify and manage environmental and social risks that could be associated with a proposed project. Some of the specific objectives can be defined below:

- Integrate the ESG Principles in order to strengthen social and environmental sustainability
- Identify potential social and environmental risks and their significance
- Determine the Project's risk category (Low, Moderate, High and Very High)
- Determine the level of social and environmental assessment and management required to address potential risks and impacts.

The screening process is essentially based on the environmental and social principles of Adaptation Fund. A set of strategic questions have been developed. The answer to these questions help in categorizing the project under three categories.

The set of questions are placed in the screening framework (Risk Screening Sheet-New Projects), where the table essentially examines the likelihood / probability of occurrence of adverse environmental and social issues during the life cycle of the proposed project. The table examines the level of risk associated to a particular question, where level of risk is calculated based on probability of occurrence and severity of impact.

The probability of occurrence has been given three ranges i.e., High, Moderate and Low. Impact has been categorized in a scale of five. *It should be noted that probability of occurrence and level of impact is to be decided not based on actual assessment but based on the experience and expertise of the concerned expert.*

4.8 How to categorize a project?

Table 4: Project Categorization

Parameters	Category A	Category B	Category C	Category D
How to decide Category?	The Risk Score is greater than or equal to Eight (> = 8)	The Risk Score is greater than or equal to Four (> = 4) and less than or equal to Seven (<=7)	The Risk Score is greater than two (> 2) and less than four (<4)	The Risk Score is greater than or equal to 1 (> =1) and less than or equal to 2 (<=2)
What does it imply?	The project/ programme will pose significant adverse environmental and social risk	The project/ programme may pose potential environmental and social risk, however less than Category A	The project/ programme will not pose potential environmental and social risk	The project/ programme will have insignificant environmental and social risk
Risk Assessment & Monitoring	A Detailed Impact Assessment and ESMF plan is needed, which needs to be monitored through the ESG Framework (during start, mid-review and end review)	Risks need to be identified at screening stage and subsequently monitored through the ESG Framework (during start, mid-review and end review)	These risks can be identified at screening stage and monitoring done through ESG framework (during start, mid-review and end review)	ESG Framework may be filled for assessing the contribution towards improvement in environment & social risks

4.9 Format/Checklist for Assessment

As part of the assessment of the Environment Social & Gender Policy, a field visit format needs to be filled in by the NIE to ensure the compliance. The filed visit format has been created taking into account the Screening, Impact Assessment and Monitoring as per the

ESMS system. The applicable ESPs and project components have been taken for designing the format (see Annexure –III). The following are the sections of the field visit format:

1. Project Information
2. Project Management Structure:
3. Project / Programme Risk Management
4. Project Screening -Environment & Social Risk identification
   a. Indicators
   b. Impacts & Coping Strategies
5. Measures for environmental and social risk management
6. Mechanisms for Creating Awareness on ESP
7. Project Monitoring by EE
8. Reporting by PIA/EE to NIE
9. Role of Institutions for ensuring ESP
10. Community Participation
11. Grievance Redressal Mechanism
12. Compliance with Laws & Policies

The format needs to be filled by the NIE during morning and evaluation. The format will give the overview of the processes and records maintained for implementation of the AF ESP & Gender Policy.

V: ESG Toolkit

5.1 Purpose of the toolkit

The Environment Social & Management System (ESMS), Environmental Social & Gender aspects have been well defined in the Adaptation Fund policy through the 15 principles (Refer Master Risk Screening sheet & Individual Principle sheets (P1..to..P15) for description of each principle). However, the biggest challenge is the screening and assessment of the principles and their implementation at the project level. Thus, there was a need for an agreeable and simplified toolkit covering aspects of ESP & Gender and their applicability to the project components and activities, taking into consideration the compliances and adherence to laws.

As part of the ESMS, AF requires that all projects/programs be screened by the NIE to assess the environmental and social risks. The screening requires identification of risks and categorization based on the above generated score. Once funded, the projects/programmes are required to undertake mid-term and end-term assessment through the Tool kit, to assess and manage the impacts, the results of which are incorporated as part of the ESMS.

The purpose of this Tool kit is help in the organization, structuring, and analysis of information, pertaining to Environment, Social and Gender aspects, the consistency of its handling, and to help avoid gaps in analysis and assessments. *Risk Assessment deals with three basic questions: "What can go wrong?", "What is the range & magnitude of adverse impacts?" and "How likely are the adverse consequences?"*

5.2 Components of the Tool kit

The final outcome of the process is an ESG toolkit, designed along with a guidance document. The Tool kit is designed for Screening & Assessment as part of the baseline, mid-term and end-term evaluation reporting system for AF projects.

- 1 Master Risk Screening (to be filled by the concerned officer / person)
- 15 Sheets for assessment of each AF Principles (P1 to P15) (to be filled by the concerned officer / person in consultation with the stakeholders)
- 1 Master Risk Assessment Sheet (not to be filled, will be generated automatically)

The link to the toolkit can be found here: **Link to the ESG Matrix tool**

5.3 Instructions for Evaluating

Based on the Risk Assessment Summary Sheet, a separate report needs to be given by the NIE personnel on the basis of the ESG tool kit analysis. All the three reports (as per the review), will help in assessment of the policy at the project level and also indicate the mitigation measures being undertaken by the EEs for reduced risks in compliance with the Environmental, Social & Gender Policy of Adaptation Fund.

The Risk Assessment Score and the Flagged indicators for action need to be summarized in the report and the Master Risk Assessment sheet needs to be annexed as part of the report. PIAs need to address the Risk Assessment Score and flags in their review as well as their Environment, Social Management Plan (ESMP). Suitable mitigation measures/corrective actions need to be stated, wherever flags appear.

5.4 Guidelines for Selecting Response Choices

Table 5: Guidelines for the EE

S No	ESG Principle	Guidelines for filling sheets P1 to P15
1	*Compliance with Law*	1. Identification of all specific, applicable domestic and international laws that apply for the project 2. Identification of activities that may require prior permissions identifying environmental and social safeguarding requirements (mentioned in the DPR). 3. Identifying technical or industry standards that apply
2	*Access and Equity*	1. Identifying project benefits and its geographical area of effect. 2. Identify any marginalized or vulnerable groups among potential project beneficiaries 3. Quantifying their representation in the PRA/meetings, etc.

		4. Identifying the mechanism of allocating and distributing project benefits, and how this process ensures fair and impartial access to benefits.
3	*Marginalized and Vulnerable Groups*	1. In project area, identify presence of marginalized or vulnerable groups. 2. Identifying characteristics of any marginalized or vulnerable groups 3. Identifying particular vulnerabilities that would or could make them disproportionately vulnerable to negative environmental or social impacts caused by the project.
4	*Human Rights*	1. Provide an overview of the relevant human rights issues to the stakeholders. 2. Explicitly include human rights issues in stakeholder consultations during project identification and/or formulation. 3. Include the findings of the consultations on human rights issues in project document/reports.
5	*Gender Equality and Women's Empowerment*	1. Identify activities or other elements in the project that are known to exclude or hamper a gender group based on legal, regulatory, or customary grounds. 2. Conduct or consult a gender analysis of the project sector, describing current situation of the allocation of roles and responsibilities in the project area. 3. Quantifying their representation in the PRA/VLI meetings, etc. 4. Identify elements in project that maintain or exacerbate gender inequality or the consequences of gender inequality. 5. Identify particular vulnerabilities that would or could make them disproportionately vulnerable to negative environmental or social impacts caused by the project.
6	*Core Labour Rights*	1. Identifying any relevant ILO procedures (or Special Procedures by the government); and how complaints will be managed. 2. Identifying on how the ILO core labour standards will be incorporated in the design and implementation of the project. 3. Identifying common labour arrangements in the sector(s) in which the project will operate, with particular attention to all forms of child labour and forced labour.
7	*Indigenous People*	1. Identify if indigenous peoples are present in the area of project influence. 2. Quantifying their representation in the PRA/VLI meetings, etc. 3. Identifying if there are provisions for a realistic and effective Free, Prior, Informed Consent. 4. Identify particular vulnerabilities that would or could make them disproportionately vulnerable to negative environmental or social impacts caused by the project.

8	*Involuntary Resettlement*	1. Review the project to identify if physical or economic displacement is required or will occur as a consequence of its implementation. 2. If displacement is required, determine if it is voluntary or involuntary. 3. Identify whether stakeholder's whole livelihoods may be affected, directly or indirectly, by the project and if this may lead to resettlement. 4. Identify stakeholders whose assets or access to assets may be affected, directly or indirectly, by the project and if this may lead to resettlement and its consequences including indemnification, compensation, etc. 5. Whether required consultations have been done at the community level.
9	*Protection of Natural Habitats*	1. Identify all critical natural habitats in the project region that may be affected. 2. The habitats to be considered include all those recognized as critical in any way, be it legally (through protection), scientifically or socially. 3. Identify location in relation to project and why it cannot be avoided, as well as its characteristics and critical value (location, dimension, duration etc.) 4. Identify the extent of the impact and a demonstration that the impact is consistent with management plans and affected area custodians. 5. Whether required consultations have been done at the community level.
10	*Conservation of Biological Diversity*	1. Identify the elements of known biological diversity importance in the project area using any relevant sources of information 2. Identify why the biological diversity cannot be avoided and what measures will be taken to minimize impacts; e.g. changes in flow regime or water quality for a seasonal wetland or disruption of migration flows. 3. Identify the invasive species (if any) that either may or will be introduced and why such introduction cannot be avoided. 4. Identify the introduction is permitted in accordance with the existing regulatory framework and results of a risk assessment analyzing the potential for invasive behavior 5. Identify the measures to minimize the possibility of spreading the invasive species. 6. Whether required consultations have been done at the community level.
11	*Climate Change*	1. Determine if the project belongs to a sector mentioned above for which a greenhouse gasses emission calculation is required. 2. Projects in the energy, transport, heavy industry, building materials, large-scale agriculture, large-scale forest products, and waste management require a greenhouse gas emissions calculation using internationally recognized methodologies

		3. Projects may demonstrate compliance by carrying out a qualitative risk assessment for each of the mentioned drivers of climate change, plus any impact by the project on carbon capture and sequestration capacity. 4. Whether required consultations have been done at the community level.
12	*Pollution Prevention and Resource Efficiency*	1. Identify project activities with preventable waste or pollution production. 2. Determine the nature and quantity of the waste, as well as those of possible pollutants the project may produce (include from Agri/forest conservation interventions) 3. Determine if the concept of minimization of waste and pollution production has been applied in the project design and awareness created among communities. 4. Ideally, project design should illustrate minimization of resource use, and may include references to design options and applicable local, national, and international standards. 5. Identify a waste and pollution prevention and management plan for the project, including cost of implementation as well as performance monitoring.
13	*Public Health*	1. Identify potentially significant negative impacts on human health generated by the project. For the purposes of demonstrating compliance, a checklist for health impact assessment screening may be used. It should consider the potential impact of the project on a comprehensive range of health determinants for the population as a whole and for vulnerable groups within the population. 2. Checklists should include (a) background and context of project; (b) an adequate list of health determinants, with space for a nuanced assessment for each determinant; and (c) section identifying the groups most likely to be affected by each health determinant. 3. Whether required consultations have been done at the community level.
14	*Physical & Cultural Heritage*	1. Identify national and local legal and regulatory framework for recognition and protection of physical and cultural heritage. 2. Identify in the influence zone of the project all the elements of the cultural heritage their location, and their vulnerabilities. The area considered should be large enough to be credible and be chosen in function of the impact generating agent (e.g. vibrations, landscape elements) and an appreciation of its propagating ability. 3. Determine if the cultural heritage is being accessed by communities. 4. Whether required consultations have been done at the community level.

15	*Lands and Soil Conservation*	1. Identify and describe fragile soils in project area. 2. Identify activities that may lead to loss of soils. 3. Identify productive lands and/or lands that provide valuable ecosystem services within the project area; i.e. clean air, safe drinking water, forest products, habitat for fish and wildlife, and carbon storage also natural processes that are enhanced by careful management. 4. Identify reasons why soil loss is unavoidable, and measures that will be taken to minimize soil loss. 5. Also, include how soil conservation has been promoted. 6. Whether required consultations have been done at the community level.

VI: Public Disclosure & GRM

5.1 Public Disclosures & Consultations

A fair process of project planning, implementation and evaluation is known to foster stakeholder involvement and brings about an organizational ethic of transparency. Maintaining public dialogue through consultation and continuously working to increase public awareness of project activities is essential for ensuring that ESG issues and concerns are heard, documented, and addressed.

Confidentiality, appropriate translation and delivery of information should be balanced against an overall framework of transparency. National regulations on public disclosure are complimented by additional guidelines to achieve greater transparency that include consideration of timing, audience, format, language, and opportunity for comment and appeal. Consultation should include timely public disclosure of project information starting at the concept stage and continuing through the project lifetime. All information shared should be at appropriate time intervals, in legible format, in local language and an opportunity for comment and appeal.

The following Steps need to be considered as part of the Public Disclosures & ESMP:

1. All stakeholders, particularly any marginalized or vulnerable groups and individuals, should be identified and be made part of the project.
2. Requires the earliest possible consultation in project design.
3. If screening reveals potential environmental, social, and gender impacts and risks, an ESIA and eventually an ESMP will be required. A draft ESIA and any proposed management plan will be made available for public consultations that are timely effective, inclusive, and held free of coercion and in an appropriate way for communities that are affected by the proposed project.
4. Compile information for public disclosure including requests with consideration of key exceptions, appropriate translation, and delivery of information.
5. Implementation should include a framework to allow for stakeholders' views to be heard during project implementation. A strategy and timetable for sharing

information and consulting with each of the stakeholder groups should be provided. These costs should be included in the budget.

6. Provide final environmental, social, and gender assessment to NABARD (NIE) which will publicly disclose it through the website as soon as it is received. Inform all stakeholders about the posted documents and their location online.

7. Disclose the final environmental, social, and gender assessment to people affected by the project and other stakeholders.

8. Publicly disclose project performance reports, including the status on implementation of environmental, social, and gender measures.

9. Any significant proposed changes in the project during implementation shall be made available for effective and timely public consultation with directly affected communities.

5.2 Grievances Redress Mechanism (GRM)

Each AF project is required to have a grievance redress mechanism (GRM) to facilitate resolution of affected peoples' concerns, complaints, and grievances about the project's performance, including concerning environmental and social impacts and issues.

The GRM is for people seeking satisfactory resolution of their complaints on the environmental and social performance of the project. The mechanism ensures that: (i) the basic rights and interests of every affected person by poor environmental performance or social management of the project are protected; and (ii) their concerns arising from the poor performance of the project during the phases of design, construction and operation activities are effectively and timely addressed.

The following steps need to be considered for GRM as part of the AF projects:

- How the communities can access the GRM?
- Who can they lodge a formal complaint with?
- Anticipated timeframes for response;
- Communities rights to confidentiality, responsiveness and transparency; and
- Alternative avenues where conflicts of interest occur.

As part of the project, a GRM committee needs to be formed at the village level. The committee should necessarily have representation from the marginalized and vulnerable groups including tribal communities, SC/ST and women. The GRM committee should meet once a month and document the proceedings. A complaint box should ideally be installed in each village as part of the GRM.

These minutes should be necessarily handed over to the Village Development Committee and should form part of the documentation submitted by the EE/PIA. EE/PIA should resolve the issue within 15 days of hearing/receipt of the grievance. In case issue cannot be sorted out at project level, it should be escalated to NIE (NABARD) officials at RO level.

5.3 Disclosing information on website

NIE (NABARD) has the responsibility of public disclosures and GRM as part of the report submitted to Adaptation Fund Board, as well as upload the same as part of the documentation for the project. Along with this, the action taken as resolved/unresolved should be included. NIE should also upload the Risk Assessment matrix filled as part of the ESMP. Risk assessment matrix details out the dimensions and flags for action.

The following information needs to be disclosed by the NIE as part of the AF monitoring & evaluation process:

1. Whether Grievance Redress Mechanism is in place? (Yes / No)
2. What is the procedure for GRM?
3. Whether a separate register is being maintained? (Yes / No)
4. How many cases are registered and action performed

Table 6: Information disclosure

S No	Particulars	Total no of cases registered	Complainants	Action performed	Remarks

Annexures

Annexure-I: Review of the Conceptual Frameworks

Author	Year	Framework name: indicator categories	[a] Primary objective(s) and [b] target system
Friend and Rapport	1979	STRESS: stress – response	[a] Environmental statistics; resource accounting [b] Environmental
UN	1984	FDES – Framework for the Development of Environmental Statistics: statistical 'topics'	[a] Environmental statistics; resource accounting [b] Environmental
Hamilton	1991	PEP – Population Economy Process: stocks – processes – interactions	[a] Environmental statistics [b] Environmental/social/economic
OECD	1993	PSR: pressure – state – response	[a] Countries' environmental performance reviews [b] Environmental
Barber	1994	EMAP indicator framework: condition – stressor	[a] Estimate of the condition of the nation's ecological resources [b] Environmental
Bartelmus	1994	FISD – Framework for Indicators of Sustainable Development: statistical 'topics'	[a] Sustainable development statistics [b] Environmental/social/economic/ institutional
RIVM (1994); RIVM(1995) Adopted by the European Environment Agency	1994-95	DPSIR: driving forces – pressures – state – impacts – responses	[a] Environmental assessment [b] Environmental – includes human health, ecosystems and materials
USEPA	1995	PSR/E: pressure – state – response – effects	[a] To produce an integrated system of environmental information [b] Environmental – includes human health and welfare
UN	1996, 2001	DSR: driving force – state – response	[a] To make indicators of sustainable development available to decision makers at the national level [b] Environmental/social/economic/ institutional

Dixon et al (1996); Segnestam (1999)	1996, 1999	Indicator framework: input – output – outcome – impact	[a] To assess and evaluate the performance of World Bank projects in relation to environmental issues [b] Project
Azzone and Noci	1996	Performance Indicators Integrated Framework Integrated Framework of Performance Indicators: state – policy – EMS – ecobalance	[a] To evaluate corporate environmental performance [b] Organization – corporate
Rotmans and Vries	1997	PSIR: pressure – state – impacts – response	[a] Sustainability assessment [b] Environmental/social/economic/ institutional
Federal Environment Ministry	1997	Corporate Environmental Indicators: environmental performance – environmental management – environmental condition	[a] To evaluate corporate environmental performance [b] Organization – corporate
US Interagency Working Group on Sustainable Development Indicators	1998	SDI framework: long-term endowments and liabilities – processes – current results	[a] Developing an experimental set of sustainable development indicators as a first look for key US economic, environmental and social well-being factors [b] Environmental/social/economic
Meadows	1998	Framework for sustainable development indicators: natural capital – built capital and human capital – human capital and social capital – well being	[a] To evaluate sustainable development [b] Environmental/social/economic
Personne	1998	PER Enterprise: pressures – state – responses	[a] Enterprise environmental performance evaluation [b] Organization – enterprises
ISO	1999	ISO 14031:Environmental Performance Indicators (Operational Performance Indicators (OPIs) and Management Performance Indicators (MPIs)) – Environmental Condition Indicators (ECIs)	[a] To evaluate an organization's environmental performance [b] Organization–- private or public of any size or type

USEPA	1999	Indicator framework of the environmental impact of transportation: activities – outcomes – outputs	[a] Identifying environmental impact of transportation [b] Sector – transport
EEA	2000	Sector-environmental integration indicators: Socio-economic performance of the sector – environmental performance of the sector –eco-efficiency performance of the sector – monitoring implementation of integration measures and policy effectiveness	[a] To provide a coherent system of integration indicators that ensures coordination between indicators [b] Sector-policy sector
Hyman and Leibowitz	2001	JSEM: Judgment-based Structural Equation Modeling	[a] Environmental assessment [b] Environmental
FSU/USEPA	2001	CAPRM Model: administrative – environmental	[a] Environmental assessment [b] Environmental
Hertin et al	2001	Enterprise policy integration indicators: headline – integration – process	[a] To monitor the integration of environmental and sustainable development into enterprise policy [b] Sector – enterprises – industry
Berkhout et al	2001	MEPI indicator framework: physical – eco-efficiency – impact	[a] To measure the environmental performance of industry [b] Sector – industry
Marsanich	nd	FEEM EMAS environmental indicators: environmental management – environmental absolute – environmental performance – potential effects – environmental effects	[a] To communicate companies' environmental performance in EMAS environmental statements [b] Organization

Annexure-II: Elements of the ESMP

GCF	**Environmental and social policy** Commitments and principles in managing environmental and social risks and impacts and enhancing sustainability performance and outcomes	**Environmental and social management system manual** Procedures and work instructions guiding the GCF in the implementation of the policy and the application of the ESS standards
	Related policies and practices Policies and governance frameworks of the Fund complementing and supporting the ESMS (e.g., Information Disclosure policy, Gender policy, and action plan, accreditation framework, independent Redress Mechanism, monitoring, and accountability framework, initial risk management framework, results management framework)	
Accredited entities	**Environmental and social safeguards** Set of principles, rules, and guidelines to ensure that outcomes are enhanced, and potential environmental and social risks and impacts are screened, assessed, avoided, and managed	**Guidance and tools** References for entities in implementing the ESS standards and policy. This includes the IFC Performance Standards and Guidance Notes and the WBG EHS Guidelines, stakeholder engagement guidelines, free prior informed consent, country coordination, environmental management and sustainability standards, and other best practices
GCF, accredited entities, NDAs, civil society, stakeholders	**Stakeholder engagement** Requirements for multi-stakeholder engagement including those specified in ESS standards and other policies and governance frameworks (e.g., independent Redress Mechanism, Information Disclosure policy, indigenous peoples policy[7], monitoring and accountability framework)	

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