



**TANZANIA AGRICULTURAL DEVELOPMENT BANK
LIMITED (TADB)**

**ENVIRONMENTAL AND SOCIAL RISK
MANAGEMENT SYSTEM (ESMS)**

JULY 2023

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ABBREVIATION AND ACRONYMS

AfDB	-	African Development Bank
CC	-	Credit Committee
DFI	-	Development Finance Institution
EA	-	Environmental Audit
EIA	-	Environmental Impact Assessment
EIS	-	Environmental Impact Statement
EHS	-	Environmental Health and Safety (World Bank Guidelines)
EMA	-	Environmental Management Act
EMP	-	Environmental Management Plan
ESIA	-	Environmental and Social Impact Assessment
E&S	-	Environmental and Social
ESM	-	Environmental and Social Manual
ESMS	-	Environment and Social Management System
ESAP	-	Environmental and Social Action Plan
ESRA	-	Environmental and Social Risk Assessment Tool
FI	-	Financial Institution
IFC	-	International Finance Corporation
ILO	-	International Labor Organization
IM	-	Investment Memorandum
RMC	-	Risk Management Committee
MFI	-	Micro-Finance Institution
MP	-	Monitoring Plan
NEMC	-	National Environmental Management Commission
OSHA	-	Occupation Safety and Health Act
OS	-	Operational Safeguard – Under AfDB
PCRM	-	Project Concept Review Memo
TADB	-	Tanzania Agricultural Development Bank Limited

1. INTRODUCTION

1.1. Background Information

Tanzania Agricultural Development Bank Ltd (TADB) is a government-owned Development Finance Institution (DFI) established with the primary objective of facilitating the provision of financial and non-financial products and services to the agricultural sector in Tanzania. The bank's mission is to play a pivotal role in the transition of agriculture from subsistence farming to a more commercial and sustainable model. This transformation aims to achieve food self-sufficiency, enhance food security, and stimulate economic development while reducing poverty.

TADB is committed to devising strategies that address challenges within various agricultural value chains, with the goal of fostering growth and sustainability in this critical sector. The bank operates in full compliance with the provisions set forth in the Banking and Financial Institutions Act No. 5 of 2006, as well as any subsequent statutory amendments. It also adheres to the Banking and Financial Institutions (Development Finance) Regulations of 2021, in conjunction with related policies, orders, and directives.

In its role as a Development Finance Institution (DFI) primarily focused on agriculture at the national level, TADB places a significant emphasis on the management of environmental and social risks (E&S risks) inherent in its operations. TADB acknowledges that the primary environmental effects it may influence are often indirect, stemming from its financial services provided to business clients operating in environmentally sensitive sectors.

TADB recognizes its duty to address environmental and social concerns in a manner that serves the interests of both present and future generations while conducting its operations. The bank is dedicated to ensuring that both its own activities and those of its clients adhere to environmentally and socially sustainable practices, in accordance with its Environmental and Social Policy, which underlines the bank's commitment to managing environmental and social risks.

The bank is committed to ensuring that all its business activities, whether direct or indirect, align with pertinent environmental, social, and national regulations, as well as best practices. As a minimum expectation, the bank anticipates its own operations and those of its clients to adhere to national legal standards. Additionally, where feasible and relevant, the bank will also promote the adoption of globally recognized industry or sector best practices.

In pursuit of this objective, the bank will collaborate closely with its clients to gain a deeper understanding of their environmental and social risks. It will make concerted efforts to assist them in cultivating sustainable businesses that not only contribute positively to the economy but also benefit the environment, society, and communities at large. This will be accomplished by encouraging and facilitating client compliance with environmental and social requirements.

The Environmental and Social Risk Management System (ESMS) comprises a comprehensive framework of policies, procedures, tools, and organizational capabilities designed to identify and effectively manage the environmental and social risks associated with TADB's agricultural financing activities. In accordance with the bank's Environmental and Social Policy, all of its operations and projects receiving financial support must undergo environmental and social assessments. The ESMS, therefore, outlines the necessary processes and steps for evaluating and implementing mitigation measures for identified environmental and social risks. These actions align with the specific and general conditions stipulated in the Tanzanian National Environmental Management Commission (NEMC) - Environmental Impact Assessment/Environmental Audit (EIA/EA) Certificates, as well as the Environmental Management Plan (EMP) or Monitoring Plan (MP) related to the bank's financed project.

2. TADB'S ENVIRONMENTAL AND SOCIAL MANAGEMENT POLICY

2.1. About the E&S Policy

TADB has formulated the E&S management policy to govern the management of all environmental and social risks that may be associated with the bank's funded operations

The Policy expresses the bank's commitment to Environmental and Social Risk Management, including procedures for identifying, assessing and managing environmental and social risk of financial transactions, defines the decision-making process and states the documentation and record-keeping requirements. It also provides guidance on how to screen transactions, categorize transactions based on their environmental and social risk, conduct environmental and social due diligence and monitor clients'/investees' environmental and social performance.

The E&S policy for TADB ensures that measures and actions to assess identified impacts and risks as well as proposed mitigation and enhancement measures as appropriate are in place. Further to that they favor the avoidance and prevention of impacts over minimization, mitigation, or compensation, wherever technically and financially feasible.

The E&S policy marks the management system (both formal and informal) consisting of procedures, management commitment, delineation of roles and responsibilities and guidance that the bank follows to review and manage the E&S issues and risks associated with its investments. As part of the TADB's Operational Risk Management Framework, Environmental and Social Management System is a set of policies, procedures, tools and internal capacity to identify and manage the bank's exposure to the environmental and social risks of its clients/investees.

*Policy will work hand-in-hand with other bank's existing policies such Tanzanian Legislation on Environment (Environment Management Act 2004 (EMA), National Environmental Management Council (NEMC), and international best practices, **and other international standards on E&S Risk.***

2.2. Purpose of E&S Policy

TADB was established to promote and support transformation of agriculture from subsistence to commercial by providing and catalyzing short, medium and long term finance to agriculture projects in Tanzania that promote economic growth, food security and reduction of income poverty. TADB is intent on building a reputation as a DFI that conducts business in a fair, open and responsible manner. As a partner that offers finance and non-finance services to agricultural sector in Tanzania, it shares responsibility for that reputation, and seeks through its operating principles and policies to support and enhance it.

The Policy sets out specific commitments regarding Environmental and Social Risk Management applied to all TADB clients. TADB will partner with its clients to achieve compliance to this Policy.

2.3. Scope of TADB E&S Policy

The TADB Environmental and Social Risk Management Policy covers/addresses the bank's business consisting of financing, investments, advising or other roles related to projects and applies in the following circumstances: -

- i. Where there is a legal requirement for an environmental and social risk management, and/or
- ii. Where there is a known application of funds to a potentially sensitive project as determined by the ESMS together with its environmental and social risk assessment tools (ESRS), and/or
- iii. Where the Equator Principles (i.e. a voluntary framework to manage the environmental and social risks in project related financing) are applied.

There is no minimum financial threshold for applying the TADB Environmental and Social Risk Management .

2.4. Objectives of the TADB E&S

The objective of the Environmental and Social Risk Management is to clearly define, formalize, communicate and give direction to the way in which Environmental and Social risk is implemented and managed, with a view to: -

- i. Ensuring that the bank's activities are in compliance with accepted environmental and social standards.
- ii. Embedding sustainability thinking into daily business practices.
- iii. Protecting TADB against possible reputational, regulatory and operational risks and lender liability associated with environmental and social mismanagement.
- iv. Ensuring safeguard of applicable local, provincial and national laws on environment, health and safety.
- v. Avoiding and managing loans with potential environmental and social risks by conducting environmental and social due diligence prior to loan disbursement and adequate supervision of projects during the term of the loan agreement.
- vi. Ensuring that the bank's loan agreements contain appropriate covenants requiring that projects are in compliance with the bank's environmental and social requirements as stipulated in the ESMS.
- vii. Enhancing proactive management follow-up on ESMS issues.
- viii. Putting in place adequate early warning indicators to govern ESMS.

The TADB E&S will specifically:

- i. Set clear risk parameters incorporating acceptable ESMS risk appetite and tolerance levels;
- ii. Establish clear roles and responsibilities and delegations of authority;
- iii. Define clear allocation for the ownership;
- iv. Maintain clear ESMS approval processes and procedures;
- v. Elaborate all activities undertaken by the bank consistent with its own environmental and social standards, as well as applicable requirements.

Successful implementation, utilization and adherence to this policy will enhance the process of value creation for all stakeholders in TADB through ensuring appropriate management of ESMS impacting on the achievement of business objectives.

2.5. TADB'S Commitment to Environment and Social Management Practices

With reference to the E&S Policy, TADB is committed to sound environmental and social management through all its operational roles. The Environmental and Social Policy for TADB affirms the banks' commitment to consistently manage its environmental and social risks and impacts in line with a set of national and international standards provided that it does not jeopardize the governing laws in the country. The international standards and principles that will guide the approach will include the Equator Principles and all other national and international regulations/covenants made as far as E&S risk is concerned. It also affirms a commitment to a defined Exclusion List, which lists types of business activities unacceptable for lending and other business activities. (**Annex A**)

The bank is committed to ensure that all its activities, both internal and external, comply with national legislation and with sound international social and environmental management practices. In this regard, in order to make the commitment successful it will depend on the joint efforts of TADB and its employees, its clients and all other stakeholders. The bank will follow the below mentioned guidelines in its Environmental and Social Management System: -

- i) Carry out its finance activities with appropriate consideration for environmental, social, health, safety and labor aspects and strive to mitigate negative Environmental and Social impacts where needed.
- ii) Raise awareness of existing and new clients on environmental and social best practices, by advising clients on appropriate methods and techniques that are socially sound and environmentally friendly.
- iii) Comply with the requirements of national regulatory bodies and international financial institutions to protect the environment and people.
- iv) Ensure ESMS is practiced in the projects financed in order to improve the quality of investments and manage risk as well as explore more business opportunities.
- v) Improves corporate credibility, reputation and brand value.
- vi) Assessing environmental, climate change and social risks and impacts as early as possible in the project cycle, and ensuring the effective auditing, monitoring and supervision of agreed environmental and social management measures during implementation.
- vii) Determine and mitigate risks in all its activities where relevant, including lending operations, business development, advisory services, fund management and collaboration with other stakeholders.
- viii) Provide resources and training needed to build capacity among its staff in order to effectively implement the Environmental and Social Management System.
- ix) Develop a screening tool for analysis and categorization of E&S risk.

This ESMS necessitates the assurance on implementation of the Environmental and Social Policy of the bank. The policy requires that all projects financed must fully comply with all applicable environmental and social legislation and regulations as stipulated by the 'Environmental Management Act 2004' (EMA CAP 191, 2004) and Occupational Safety Health Act 2013-(OSHA) and whenever, necessary should comply with the international best practice. **Section 82 of EMA requires that the EIA be carried out prior to the commencement of the projects or financing. In this regard, the bank will receive application which not has complied with NEMC requirements.**

The bank's task is therefore, to confirm the compliance to include the action plan in the Investment Memorandum and loan contract, to comply to E&S guidelines, to monitor implementation of the action plan and ensuring that the terms and conditions attached to NEMC certificate are adhered to and monitor the compliance throughout the project cycle.

3. TADB'S PROPOSED OPERATIONS

The TADB is implementing multiple project on credit operations. The bank facilitates lending in the agriculture sector including commodity value chains of focus. The below detailed summary details the bank operations indicating Operational Strategies, key results and targets as well as corresponding specific initiatives are indicated in detail in Annual Action Plan.

4. POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH TADB OPERATIONS

TADB will support a range of agriculture value chain development operations including agricultural infrastructure, agro-processing industries, and agro-mechanization amongst others. The potential negative impacts anticipated at this stage include those typically associated with agriculture infrastructure development in addition to risks resulting from increased agriculture intensification such as increased land degradation, water abstraction impacts on downstream uses, wetland loss, and impaired water and soil quality due to unsustainable use of agricultural inputs (pesticides, fertilizers), point and non-point pollution of water sources, soil erosion and siltation, as well as possible water and land-use conflicts.

The severity of the potential environmental and social risks depends on two (interrelated) factors:

The project activity being financed and the **client's scale of activities**.

The first factor, **the project type**, relates to the financed activity. Each type of project across the entire agricultural value chain carries a certain level of environmental and social risks. The level is determined by the characteristics of that activity across the agriculture value chain.

The second factor, **the client's scale of activities**, reflects the scale of the business activity. Within the same project activity, larger clients have a larger ESMS risk than smaller clients, given the larger scale of operation.

The combination of these two factors, project activity and scale of activity; determine the environmental and social risk level of the project.

5. ENVIRONMENTAL & SOCIAL MANAGEMENT PROCEDURE

5.1. Risk Management Procedures in Projects

TADB will manage its E&S risk through procedure guidelines from Country regulations, IFC and other international standard guidelines for E&S aspects. The assessment process presented identifies the environmental and social requirements at each phase of agricultural credit cycle from credit origination, verification, appraisal, approvals and disbursement process.

The procedure will follow four stages including;

- i) Screening that will be done at the level of project identification for E&S risk;
- ii) Environmental and social assessment for the potential investment risks underlying the agricultural activities by the TADB;
- iii) Implementation that will formulate the measures and corrective actions for the project to comply to applicable national laws, regulations and the safeguard policies; and
- iv) Monitoring and Supervision that will outline the procedures to monitor and measure the effectiveness of the management Programme for E&S.

Where projects or other activities are co-financed with other development partners, the bank will work in close collaboration with the parties to ensure that the environmental and social

requirements are harmonized and consistent with the ESMS, thereby, enhancing efficiency and effectiveness in the use of borrower resources.

TADB will conduct an integrated assessment of the potential risks and impacts of its operations. The assessment process shall be based on current information, including an accurate description of the undertaking, and the appropriate social and environmental baseline data. Tanzanian regulations as guided by NEMC and international laws and regulations will be taken into account when doing an environmental and social assessment for the customer.

New and existing business activities will be assessed and evaluated based on their potential with regards to environmental and/or social risks. The Environmental Impact Assessment (EIA) / Environmental Audit (EA) are done by the project promoter before submitting the credit application to TADB. Environmental assessment will be integrated in the existing credit processes.

The Environmental and Social Risk Assessment tool (ESRA) formulated by TADB will form part of the guideline towards this assessment. It shall guide the Bank with reference to the country requirements; guidelines as well as international E&S management best practice. The Bank will adhere to the below on assessing projects.

5.2. Environmental and Social Risk Assessment tool (ESRA) application

While dealing with environmental assessment when credit application is received, the bank will use the formulated Environmental Risk Assessment Tool (ESRA) to verify the requirements as per the submitted Environmental documents.

ESRA is an integral part of the environmental and social assessment of the projects. It has been designed by the bank to enable a first assessment of the environmental and social risk by the project officers largely without E&S expert know-how.

The ESRA tool will be utilized as part of the ESMS process with information gathering; process of screening, categorization; appraisal and monitoring are contained in the tool.

The elements of the ESRA tool include:

- i. Risk identification:** Recognize and understand, per sector and activity and potential E&S risks (Credit and Business Development directorate of the Bank)
- ii. Risk measurement:** Assessing the actual E&S risks in a given situation (Credit and Business Development directorate of the Bank)
- iii. Risk control:** Establish the risk mitigation measures, and define responsibilities and authority, to control exposure to E&S risks (Business development, Risk and Compliance, and Legal).
- iv. Risk monitoring:** Monitor and review E&S risks, and ensure appropriate action(s) are taken whenever necessary (Risk and Compliance, Portfolio Management and Business development)

5.3. Integrating the Environmental and Social Requirements in the Credit process.

In order to apply the values and standards as set out in TADB bank E&S Risk Policy to its credit operations, the ESMS will provide a framework for all credit applications and describes what steps of E&S risk management need to be taken in the credit process.

The E&S process follows the project cycle of an investment or financing for TADB which include:

- i. Project Identification
 - a. Screening
 - b. Analysis and Evaluation (Categorization)

The bank will scrutinize the documents by filling the ESRA checklist to establish that the project has carried out EIA/EA, including the environmental requirements in the business plan, design and investment costs. If the project have met all the requirements, the Business Development Officers will provide a summary in the environmental section of the Project Concept Review Memo (PRCM), which will be presented to the Credit Committee (CC). If the projects have not met all environmental requirements, the documents will be returned to the applicants and they will be urged to comply before resubmission.

- ii. Credit Approval (RMC/ Credit Committee Meeting);
- iii. Legal Documentation (Contract Formulation); and
- iv. Monitoring and Supervision both under implementation and completed projects (Credit Committee)
- v. Ex- Post Evaluation and Re-Initiation

5.4. ESMS Implementation

The implementation of the ESMS has identified various specific mitigation measures and actions necessary for the operation to comply with applicable national laws, regulations and the Bank's safeguard policies. The TADB environmental and social risk assessment tool (ESRA) and the E&S policy have included the various action plan technically feasible and cost effective towards the implementation and enhancement measures for the E&S risk. These measures and actions reflects the outcomes of consultation on social and environmental risks and adverse impacts. The action plan has included the steps for assessment which covers

- (i) corrective actions to be undertaken;
- (ii) prioritize these actions;
- (iii) address 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.

5.5. Monitoring and supervision:

TADB has formulated comprehensive procedures to monitor and measure the effectiveness of ESMS to ensure that after E&S risk has been screened for identification and all mitigants set, monitoring and supervision of the project to comply to E&S standards are made on continuous basis.

The E&S policy for the Bank highlights in details all the processes for creating awareness, monitoring and supervision of the E&S aspects for all the projects. Furthermore, the Bank's ESRA tool has detailed out the questionnaire for monitoring and supervision of the ESMS.

For sub-projects with significant impacts that are diverse, irreversible, or unprecedented, the bank will retain qualified and experienced external experts to verify its monitoring information.

The extent of monitoring for TADB is commensurate with the project's risks and impacts and with the project's compliance requirements. Monitoring shall be adjusted according to performance experience and feedback. For all assessments conducted, a documented report on the results will be prepared and shared with the E&S committee, it will identify and reflect the necessary corrective and preventive actions in the management program. The bank commits to implement all these corrective and preventive actions, and follow up on these actions to ensure their effectiveness.

TADB will formulate the technical team i.e. the E&S Committee to take care of E&S policy and its underlying processes. The Team will be composed of Managing director representative, one E&S specialist employed by the Bank (addition will be made depending on business expansion), Credit Appraisal Manager, Head of Risk and Compliance, , Director of credit and business development and whenever appropriately expert from Tanzania NEMC and External environmental consultants will be consulted for expert opinion . The committee will formulate the management programme to run with the ESMS. Their overall function will at minimum include;

- Organization capacity – The delegate mentioned will formulate the organization structure for the E&S that will meet from time to time to discuss the challenges, implementation and compliance to the E&S policy standards on all the projects by TADB. Key social and environmental responsibilities shall be stated with their methods of communication to the relevant personnel and the rest of the organization.
- Resources – For proper achievement of the ESMS, the bank will propose to the fund during the annual budget for ensuring that all activities related to consultancy, discussion, training, required materials and all matters pertaining to ESMS have been accommodated. The amount will be monitored and reported to the Board on every quarter to ensure enough resources are set for ESMS implementation.
- Expertise – The Bank will employ specialists as business grows to run with the ESMS. The knowledge, skills and requirements will form part of the function of the E&S committee depending on the business need at a point in time. Their responsibility as will be reviewed by the E&S committee will include screening projects, ensure that the IA for projects have been carried out as per guidelines, prepare reports on E&S risk, review projects, monitor and report any demarcations from none compliance to the E&S policy, and any other roles pertaining to E&S risk.

CONTACT PERSON:

The contact person for the ESMS shall be the Head of Risk and Compliance for TADB.

ANNEXES

A. Exclusion Lists

TADB will not invest in, lend to, or engage in activities that are listed in AFDB Exclusion, AFD and Negative List; The list is as per below;

Exclusion List

- a) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
- b) Production or trade in radioactive materials, with the exception of medical materials and quality - control equipment where the radioactive source is trivial and adequately shielded;
- c) Production or trade in or use of unbounded asbestos fibers or other products with bonded asbestos as dominant material;
- d) Production or trade in pharmaceuticals, chemical compounds and other harmful substances subject to international phase -outs or bans, including pesticides classified as Class Ia (extremely hazardous), Ib (highly hazardous) or II (moderately hazardous);
- e) Production or trade of ozone-depleting substances subject to international phase-out;
- f) Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); Purchase of logging equipment for use in unmanaged primary tropical rainforests; and
- g) Production and activities involving harmful or exploitative forms of forced labor and/or child labor as defined by national regulations.

AfDB Negative List

Items on the Negative List encompass the following: alcoholic beverages, tobacco, platinum, pearls, precious stones, gold and related products, nuclear reactors and related products, weapons, ammunition and other goods used for military and/or paramilitary purposes, and luxury consumer goods.

TADB Exclusion List



TADB will not invest in, lend to, or engage in activities that are detrimental to the environment, harmful, or dangerous to people or communities. In particular, TADB will not support:

1. Production or activities involving forced labour¹ or child labour¹
2. Production or trade in any product or activity deemed illegal under Tanzania laws or regulations or international conventions and agreements.
3. Production or trade in³
 - a. weapons and munitions (except when it is of national interest)
 - b. hard liquor
4. Gambling, casinos and equivalent enterprises⁴
5. Any business relating to pornography or prostitution.
6. Trade in wildlife or wildlife products regulated under CITES⁵
7. Production or use of or trade in hazardous materials such as radioactive materials⁶, unbounded asbestos fibers and products containing PCBs⁷.
8. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
9. Drift net fishing in the marine environment using nets in excess of 2.5 km in length
10. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances⁸ and other hazardous substances subject to international phase-outs or bans.
11. Significant⁹ conversion or degradation of Critical Habitat¹⁰
12. Significant alteration, damage, or removal of any critical cultural heritage¹¹.
13. Relocation of Indigenous Peoples¹² from traditional or customary lands.

1 Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

2 Employees may only be taken if they are at least 18 years old, as defined in the Tanzania Labor Law.

2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

3 This applies when these activities are a substantial part of a project sponsor's primary operations.

4 This applies when these activities are a substantial part of a project sponsor's primary operations.

5 CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

6 This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any other equipment where EFP considers the radioactive source to be trivial and/or adequately shielded.

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

8 Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase out dates.

9 Significant conversion or degradation means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat that substantially reduces the habitat's ability to maintain viable population of its native species.

10 Critical habitats is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; 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. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

11 Critical cultural heritage consists of (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.

12 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
- ~ Customary cultural, economic, social, or political institutions those are separate from those of the dominant society or culture
- ~ An indigenous language, often different from the official language of the country or region

B. National Environmental Management Council (NEMC)

The National Environment Management Council (NEMC) is a leading technical advisory, coordinating and regulatory agency responsible for the protection of the environment and sustainable use of the natural resources in Tanzania. It is responsible for consultation, collaboration and partnership arrangements with other entities concerned with environmental matters and the public at large, and for facilitating and promoting such measures as necessary to help achieve an important quality of lives for Tanzanians. Also NEMC is mandated to undertake enforcement, compliance, review and monitoring of environmental impacts assessments, research, facilitate public participation in environmental decision-making, raise environmental awareness and collect and disseminate environmental information.

According to NEMC, all projects should obtain NEMC Certificates at early stages during project inception whereby the promoters have to officially register their intention to undertake a development activity. Registration allows all new projects to be screened for their potential impacts by the appropriate authority while those already existing have to undergo Environmental Audits to establish their compliance. A summarized Procedures for Carrying out Environmental Impact Assessment and Environmental Audit for each new and existing projects as per NEMC requirements as detailed out in the ESMS (Annex C (f)) . In this regard, all new projects have to obtain NEMC approval prior to the commencement of their implementation or financing of the projects while those which existed before the EMA and NEMC regulations have to undergo Environmental Audit to establish their compliance. Therefore, all credit applications received by the bank have to undergo the NEMC screening process and obtaining prior approval as indicated in Attachment 4. The promoters have to submit to the bank at the time of lodging the credit application all mandatory documents as indicated in the application for credit requirement checklist including NEMC–approval with attached terms and conditions and Environmental Management Plan / Monitoring plan which contain an Action Plan with time frame and associated costs to implement various activities to mitigate the identified environmental risks

a. List of Projects Requiring or Not Requiring EIA as Per NEMC

(Made under Regulation 6 (1))

TYPES OF PROJECTS REQUIRING AND NOT REQUIRING EIA

(a) Type A - Project requiring a mandatory EIA.

Project is likely to have significant adverse environmental impacts and that in-depth study is required to determine the scale, extent and significance of the impacts and to identify appropriate mitigation measures.

(b) Type B - Project requiring Preliminary Environmental Assessment

Project is likely to have some significant adverse environmental impacts but that the magnitude of the impacts is not well-known, a preliminary environmental assessment is required to decide whether the project can proceed without a full environmental impact assessment.

b. List of Projects Requiring EIA (Mandatory List) For TABD Operations

1. Agriculture

- i. Large scale cultivation.
- ii. Water resources development projects (dams, water supply, flood control, irrigation, and drainage).
- iii. Large scale mono-culture (cash and food crops including floriculture)
- iv. Biological Pest Control
- v. Agricultural projects necessitating the resettlement of communities.

- vi. Introduction of new breeds of crops.
- vii. Introduction of Genetically Modified Organisms (GMOs)

2. Livestock and Range management

- i. Large Scale Livestock movement
- ii. Introduction of new breeds of livestock
- iii. Introduction of new or foreign alien species
- iv. Intensive livestock rearing units

3. Fisheries

- i. Medium to large scale fisheries
- ii. Artificial fisheries (Aqua-culture for fish, algae, crustaceans' shrimps, lobster or crabs).
- iii. Introduction of new species in water bodies
- iv. Large scale fish farming including prawn farming
- v. Industrial fish processing and storage
- vi. Introduction of Genetically Modified fish species and other aquatic species

4. Food and beverage industries

- vii. Manufacture of vegetable and animal oils and fats
- viii. Oil refinery and ginneries
- ix. Manufacture of dairy products
- x. Brewing distilling and malting
- xi. Fish meal factories
- xii. Slaughter - houses
- xiii. Soft drinks
- xiv. Canned fruits, and sources
- xv. Sugar factories
- xvi. Other agro-processing industries

5. Textile industry

- i. Cotton and Synthetic fibers
- ii. Dye for cloth
- iii. Ginneries

6. Leather Industries

- i. Tanning
- ii. Tanneries
- iii. Dressing factories
- iv. Other cloth factories

c. List of Small-Scale Activities and Enterprises That Require Registration (May or May Not Require EIA)

- i. Fish culture
- ii. Small animal husbandry and urban livestock keeping
- iii. Horticulture and floriculture
- iv. Nuts and seeds for oil processing
- v. Bark for tanning processing
- vi. Brewing and distilleries
- vii. Urban Livestock Keeping
- viii. Urban agriculture.
- ix. Rain water harvesting to be used for agriculture
- x. Livestock stock routes
- xi. Sugar refineries
- xii. Oil refineries and ginneries

d. Guidance on E&S Risk Categorization of TADB Operations

Any project to be financed shall be graded as High Risk, Medium Risk or Low Risk, depending on the sector and the activities at hand. E&S Risk Classification is based on the probability of negative impacts occurring as a consequence of a business or activity.

Category 1: High Risk (Mandatory list as per NEMC)

Projects with potential significant adverse on social or environmental impacts that are diverse, irreversible or unprecedented. Impacts include among others, direct pollutant discharges in the natural environment, large-scale physical disturbance of the project site and its surroundings, significant migration or displacement of affected populations, significant changes in socio-cultural patterns, adverse effects on vulnerable groups or degradation of substantial biological resources, significant increase in health and safety risks, or major changes in the hydrology or water quality. In most cases an Environmental and Social Impact Analysis (ESIA) should be carried out) including the preparation of an Environmental and Social Management Plans (ESMP) and consultation with key stakeholders according to the national requirements.

Category 2 Medium Risk

Projects with potential limited adverse social or environmental impacts those are few in number, generally site specific, largely reversible and readily addressed through mitigation measures. Projects can be improved by the application of mitigation measures or the incorporation of internationally recognized design criteria and standards. In a number of cases, an Environmental and Social Impact Assessment (ESIA) might be required.

Category 3 Low Risk

Projects are likely to have minimal or no adverse environmental impacts. These Projects require no further social or environmental assessment action, however, additional due diligence may be required on a case by case basis.

e. Environmental and Social Management Action Plan Template

Based on the outcome of an E&S evaluation of a project, specific measures for the client to mitigate the E&S risks associated with the project as indicated in the EIA report can be defined in an E&S Action Plan which will be included in the Investment Memorandum. The Action Plan specifies the required steps, deliverables, monitoring instrument, responsibilities and costs.

Client	
Company	
Address	
E&S risk Level	
Contact	

Measure 1

Phase	
Impact Category	
Specific Impact	
Location	
Standards	
Responsibility	
Deadline period	
Budget	

Measure 2

Phase	
Impact Category	
Specific Impact	
Location	
Standards	
Responsibility	
Deadline period	
Budget	

Measure 3

Phase	
Impact Category	
Specific Impact	
Location	
Standards	
Responsibility	
Deadline period	
Budget	

summary

Action	Deliverable	Progress	Deadline	Cost	Responsibility

f. Procedures for Carrying Out Environmental Impact Assessment and Environmental Audit (Reference to NEMC)

1. Environmental Impact Assessment (EIA)

Section 81 of the **Environmental Management Act Cap 191** requires all Developers of projects identified in the 3rd Schedule of the Act and detailed in the 1st Schedule of the **EIA and Audit Regulations of 2005**, to undertake Environmental Impact Assessment (EIA).

Section 82 of EMA Cap 181 requires that the EIA be carried out **prior to the commencement or financing of the project.**

Procedures for carrying out the EIA, identified under the **EIA and Audit Regulations of 2005** identify nine key steps to be followed in the EIA process in Tanzania. These are:

v) Step 1: Registration

- a)** The promoter of the project is supposed to register the proposed project with NEMC, by submitting an application for the EIA certificate, where they will be required to fill in a **'Preliminary Environmental Assessment Registration Form'** for their projects and pay the application fee of TZs 70,000.
- b)** The promoter has to use Environmental Experts when filling in registration form and during preparation of the project as required by Regulation 6(3)

ii) Step 2: Screening (NEMC as Tanzania regulatory requirement)

- a)** After filling the form described in step 1 above, the promoter will return to NEMC three copies of a duly filled Application Form attached with 10 copies of the Project Brief for **screening** by NEMC. The contents of the Project Brief must comply with the EIA and Audit Regulations of 2005.
- b)** The screening process shall be undertaken with the objective of determining whether an environmental impact assessment is undertaken.
- c)** On determination of the project brief, the decision of the Council, together with the reasons thereof, shall be communicated to the developer / promoter within forty-five days of the submission of the project brief.
- d)** Where the Council is satisfied that the project shall not have significant negative impact on the environment, or that the project brief discloses sufficient mitigation measures, the Council may proceed to recommend to the Minister to approve the project

- e) As for requirement as an addition to screening; the FI shall determine E&S level of operation. As the EIA will be conducted the business process screening will take into account the geographical location of the project to confirm to whether it will have any impact to the environment, screening of the type of crops to be grown as to whether they comply with the exclusion list including the scale and overall operation of the agriculture chain.
- f) Decision that an environmental impact statement be prepared is where the Council finds that the project shall have a significant impact on the environment and the project report discloses no sufficient mitigation measures it shall require the developer / promoter to undertake an Environmental Impact Assessment

ii) Step 3: Scoping

- a) The promoter will Contract an Environmental Expert/EIA Consultant to prepare a **Scoping Report and Terms of Reference (TORs)** for conducting the Environmental Impact Assessment (EIA) and submit it to NEMC for review and approval before the commencement of the EIA study. NEMC will provide the promoters with a list of Registered Experts whom they can negotiate with;

The TORs will be approved by the Council within 14 days as per Regulation 13(2)

iii) Step 4: Environmental and Social Assessment

- a) **The appointed consultant will conduct EIA study** according to the approved TOR and adhere to the Environmental Management Act Cap. 191 and the Environmental Impact Assessment and Audit Regulations of 2005.

Time taken to carry out EIS depends on the type and complexity of the individual project

iv) Step 5: Review

- a) **Submit** an Environmental Impact Statement (EIS) also called Environmental Impact Assessment (EIA) Report to NEMC for **review** by a Cross-sectoral Technical Advisory Committee (TAC); the EIS shall be submitted along with dully filled EIS submission form i.e. form no. 2,

Prior to the review by TAC, NEMC and key stakeholders from other sectors (depending on the type of project) the team may visit the proposed site for verification of issues that have been raised on the EIS and confirmation of stakeholder consultation at the promoter's costs

The Council shall, within 60 days following submission of EIS carry out its review as per Section 87(1) of EMA Cap. 191.

v) Step 6: Recommendations of the Technical Advisory Committee (TAC)

- a) The Consultant will **make** improvements of the EIS by incorporating all comments and recommendations raised by the TAC.

(vii) Step 7: Submission to the Minister for Environment

- a) The Consultant will **submit** the improved (final) version of the EIS to NEMC for final scrutiny. **NEMC** will forward recommendations to the Minister for Environment for final approval.

(viii) Step 8: Approval of the EIS

- a) Upon signing of the Certificate by the Minister, it will be brought back to NEMC for collection by the Developer.

The Minister may approve or disapprove the EIS within 30 days as per Section 92(1) of EMA Cap. 191.

(ix) Step 9: Issuance of Certificate

- a) The signed EIS Certificate will be **attached** with the General and Specific conditions that must be adhered to by the Developer.

Regular monitoring will be carried out to ensure that the specified conditions are followed.

2. Environmental Audit

Section 44 (2a) of the **EIA and Audit Regulations of 2005** requires all ongoing projects identified in the 1st Schedule of the Regulations, that have commenced prior to the **EMA Cap 191** coming into force, to carry out Environmental Audit (EA).

Initial Environmental Audit will help the promoter to set baseline information on the key environmental issues surrounding his project.

There are eight key steps to be followed when carrying out Environmental Audit. These are:

(i) Step 1: Registration

- a) The promoter of the project is supposed to register the proposed project with NEMC, by submitting an application for the Environmental Audit (EA) certificate, where they will be required to fill in a 'Preliminary Environmental Assessment Registration Form' for the project. The application fee is TZS 70,000/=

The promoter has to use Environmental Experts when filling in registration form and during preparation of the project brief.

(ii) Step 2: Approval of Terms of Reference

- a) Return to NEMC three copies of a duly filled EA Application Form attached with 10 copies of the Project Brief and Terms of Reference for **review** by NEMC. The contents of the Project Brief must comply with the EIA and Audit Regulations of 2005.

Terms of Reference are approved by the Council within 14 days from the date of submission of the brief and ToR.

(iii) Step 3: Environmental Assessment

- a) **Conduct EA study** (by the Consultant) according to the approved TOR and adhere to the Environmental Management Act Cap. 191 and the Environmental Impact Assessment and Audit Regulations of 2005.

Time taken to carry out EA depends on the type and complexity of the individual project.

(iv) Step 4: Review

- a) **Submit** an Environmental Audit report to NEMC for **review** by a Cross-sectoral Technical Advisory Committee (TAC);
- b) Prior to the review by TAC, NEMC and key stakeholders from other sectors (depending on the type of project) will visit the location of the ongoing project for verification of issues that have been raised on the EA, and confirmation of stakeholder consultation (transport arrangements to be done by the Promoter).

The Council shall, within 60 days following submission of EA report carry out its review.

(v) Step 5: Recommendations of the Technical Advisory Committee (TAC)

- a) The Consultant will **make** improvements of the EA report by incorporating all comments and recommendations raised by the TAC.
- b) The Promoter will improve the situation on the ground following recommendations by the TAC.

(vi) Step 6: Submission to the Minister for Environment

- a) The Consultant will **submit** the improved (final) version of the EA to NEMC for final scrutiny. **NEMC** will forward recommendations to the Minister for Environment for final approval.

(vii) Step 7: Approval of The EA Report

- a) Upon signing of the Certificate by the Minister, it will be brought back to NEMC for collection by the Developer.

The Minister may approve or disapprove the EIS within 30 days as per Section 92(1) of EMA Cap. 191.

(viii) Step 8: Issuance of Certificate

- a) The signed EIS Certificate will be attached with the General and Specific conditions that must be adhered to by the Developer.

Regular monitoring will be carried out to ensure that the specified conditions are followed

C. IFC Environment and Social Safeguard Performance Standards

The environmental and social safeguards performance standards of IFC together with other international standards are the key standards used throughout the bank's operations to manage environmental and social outcomes in its operations and project investment activities. Safeguards or performance standards are widely used in impact assessment practice and are a core element in the harmonization of approaches in Environmental and Social Impact Assessment (ESIA) used by development institutions. The safeguards provide the basic principles and requirements which must be addressed in the application of the ESM across the bank's operations. Attachment below provides further details on the principles under the IFC performance standards which are summarized below:

The IFC has developed 8 key standards related to social and environmental assessment. These are:

Performance Standard 1:

Social and Environmental Assessment and Management System

Performance Standard 2:

Labor and Working Conditions

Performance Standard 3:

Pollution Prevention and Abatement

Performance Standard 4:

Community Health, Safety and Security

Performance Standard 5:

Land Acquisition and Involuntary Resettlement

Performance Standard 6:

Biodiversity Conservation and Sustainable Natural Resource Management

Performance Standard 7:

Indigenous Peoples; and

Performance Standard 8:

Cultural Heritage

Detailed descriptions on each performance standards are as provided in the performance matrix below.

Performance Standard 1

Social and Environmental Assessment and Management System

Description	Auditable Criteria
Environmental and Social Assessment	1. Does the client have a process to assess the environmental and social <ul style="list-style-type: none"> a) Review the process to determine if the scope of assessment provides for evaluation/consideration of significance of the adverse impacts, including standard issues identified in permanence b) Applicable laws and regulations of the jurisdiction in which they <ul style="list-style-type: none"> a) The project’s area of influence; as well as the role and capacity 2. Have disadvantaged or vulnerable groups been identified? If so, do any adverse impacts fall disproportionately on them?
Management Program	1. Does the client have a program(s) of mitigation and performance measures that addresses identified impacts and risks? <ul style="list-style-type: none"> a) Can the program be tracked over definite time periods? b) Is the program supported adequately by the client? 2. Has/will an appropriate Action Plan document(s) been/be prepared and disclosed to affected communities?
Organization	1. Are responsibilities and authorities for implementation of the management program defined and communicated appropriately through the client’s organization?
Training	1. Has the client identified the training needs for those persons with responsibility for implementing the management program?
Community Engagement	1. Has the client established a community engagement process for affected communities? <ul style="list-style-type: none"> a) Has/will appropriate disclosure of assessment information to, and consultation with, affected communities been/be conducted in a timely and culturally appropriate manner? b) Has the process ensured, or will it ensure free, prior and informed consultation of the affected community, if applicable? c) Is there a procedure for receiving and facilitating resolution of affected communities concerns and grievances regarding environmental and social performance?
Monitoring	1. Has the client established procedures to monitor and measure on a regular basis the key characteristics and performance of the management program, including the use external experts where appropriate?

Reporting	1. Is appropriate environmental and social performance information periodically reported internally to senior management?
Performance Standard 2 Labor and Working Conditions	
Description	Auditable Criteria
Human Resources Policy and Management	<ol style="list-style-type: none"> 1. Does the client have an appropriate human resources policy that addresses all requirements of the performance standard and includes: <ol style="list-style-type: none"> a) Being readily accessible by employees? b) Being clear and understandable? c) Providing information on rights under national labor and employment law? 1. Has the client documented and communicated working conditions and terms of employment to all workers directly contracted? 2. Are the terms and conditions in accordance with: <ol style="list-style-type: none"> a) Any collective agreement (s)? b) National Law? 3. Has the client implemented a grievance mechanism to review and address employee complaints? <ol style="list-style-type: none"> a) Are all workers aware of the existence of a grievance mechanism? b) Is there a responsible person to review complaints and follow up on them in a timely and transparent manner?
Worker's Organization	<ol style="list-style-type: none"> 1. Does the client comply with national law in allowing workers to form and join workers organizations without retaliation or discrimination? 2. If national law substantially restricts workers organizations has the client provided alternative means for workers to express their grievances and protect their rights organizations without retaliation or discrimination?
Non-Discrimination and Equal Opportunity	1. Does the client have documented transparent procedures, including recruitment, discipline, performance and grievance procedures, to ensure that employment decisions are not made on the basis of personal characteristics unrelated to job requirements?
Retrenchment	<ol style="list-style-type: none"> 1. If the client anticipates retrenchment of a significant number of employees, have they: <ol style="list-style-type: none"> a) Developed a plan to implement the retrenchment and selected those who will be dismissed, based on non-discriminatory principles? b) Developed a plan to mitigate adverse impacts; and c) Have they consulted workers appropriately?

Protecting the Work Force	<ol style="list-style-type: none"> 1. Does the client ensure child labor is not used directly, or through contractors or in the supply chain? <ol style="list-style-type: none"> a) Does the client check the ages of all employees? b) Does the client ensure that young workers (15-18 years) are not employed in dangerous work? c) Does the client ensure that child labor is not used in their supply chain and do they commit contractors and suppliers to not use child labor? 2. Does the client ensure that forced labor is not used directly, or through contractors or the supply chain? <ol style="list-style-type: none"> Does the client ensure that unacceptable prison labor is not used? <ol style="list-style-type: none"> a) used? b) Does the client ensure that forced labor is not used in their supply chain and do they commit contractors and suppliers to not use forced labor?
Occupational Health and Safety	<ol style="list-style-type: none"> 1. Does the client provide its workers with a safe and healthy work environment? <ol style="list-style-type: none"> a) Has the client taken steps to prevent accidents, injury, and disease by minimizing the causes of hazards? b) Has the client trained workers in occupational health and safety? c) Does the client document and report on occupational accidents, diseases, and incidents? d) Does the client have an emergency prevention, preparedness and response arrangement?
Performance Standard 3 Pollution Prevention and Abatement	
Description	Auditable Criteria
Pollution Prevention, Resource Conservation and Energy Efficiency	<ol style="list-style-type: none"> 1 Does the client apply project-specific pollution prevention and control and waste management techniques that are consistent with good international industry practice, such as those reflected in the EHS Guidelines? <ol style="list-style-type: none"> a) If less stringent levels or control measures are to be applied, has the client provided justification for the deviation and have they demonstrated that the approach is consistent with the overall requirements of this Performance Standard (i.e. minimize or reduce adverse impacts on human health and the environment)? 1If the project has the potential for significant impacts to ambient conditions, have ambient considerations been taken into account and appropriate strategies to minimize impacts promoted? 2 Has the client’s operations incorporated resource conservation and energy efficiency measures?

Wastes	Has a hierarchical approach of avoidance, minimization, recovery, reuse, and environmentally sound disposal been applied to the management of hazardous and non-hazardous wastes?
Hazardous Materials	Does the client manage hazardous materials so as to avoid uncontrolled releases to the environment?
Emergency Preparedness and Response	Does the client have emergency preparedness and response plans that are commensurate with the level of project risks?
Green House Emissions	Where GHG emissions (direct plus indirect from purchased electricity) exceed 100,000 tons CO2 annually, does the client conduct annual monitoring, and evaluate options for emissions reductions or offsets?
Pesticide Use and Management	If pesticides are used, is their selection and management consistent with good international industry practice and part of an integrated pest management and/or vector management strategy?
Performance Standard 4 Community Health, Safety and Security	
Description	Auditable Criteria
Community Health and Safety	1) During design and construction, operations, and decommissioning and closure, has the client evaluated the potential for community impacts associated with the project considering: <ul style="list-style-type: none"> a) Infrastructure and equipment safety? b) Hazardous material and safety? c) Natural resource issues? d) Exposure to disease?
Emergency Preparedness and Response	1) In the event emergency preparedness and response requires participation of the community, has the client: <ul style="list-style-type: none"> a) Collaborated with government agencies and the community and assisted these entities to establish and maintain preparedness for emergencies? b) Gauged government capacity shortcomings to adequately aid the community in emergency response? c) Compensated for government capacity shortcomings to ensure adequate emergency response?
Security Personnel Requirements	1) If the client retains security services for the project, has the client: <ul style="list-style-type: none"> a) Performed due diligence of the proposed security services provider? b) Incorporated specific requirements of PS4 into contract specifications for the security services provider? c) Established a grievance mechanism allowing affected communities to present and obtain a robust client response to communities' expressed issues with security arrangements? d) Investigated allegations of unlawful and/or abusive acts of security providers

Performance Standard 5	
Land Acquisition and Involuntary Resettlement	
Description	Auditable Criteria
Compensation and Benefits for Displaced Persons	Has the client provided opportunities to displaced persons and communities to derive appropriate development benefits from the project?
Consultation and Grievance Mechanism	<ol style="list-style-type: none"> 1. Has the client disclosed all relevant information, consulted with affected persons and communities and facilitated their informed participation in the decision making process relating to resettlement? 2. Has client established an effective grievance mechanism?
Resettlement Planning and Implementation	<ol style="list-style-type: none"> 1. Has client considered alternative designs to avoid or minimize economic and physical displacement? 2. Has client identified persons to be displaced by the project and those eligible for compensation and assistance through a baseline census with appropriate socio-economic baseline data? 3. Has the census established the status of displaced persons according to their legal rights or claim to land? 4. Has cut off date for eligibility been established or disseminated? <ol style="list-style-type: none"> a) Has client prepared RAP or resettlement framework (<i>if physical displacement</i>) that mitigates negative impacts of displacement, identifies development opportunities and establish entitlement for all affected persons? b) Has the client (if economic but not physical displacement) developed procedures to offer compensation or other assistance that will establish entitlement for affected persons or communities? c) Has client established M&E mechanism?
Physical Displacement	Has the client offered displaced persons choices amongst resettlement options, relocation assistance, and/or compensation according to their status and entitlements as described by the PS?
Economic Displacement	Has the client provided replacement property, compensation, targeted assistance and/or transitional support in accordance with PS5 requirements?
Private Sector Responsibilities under Government-Managed Resettlement	Has client supplemented government actions and bridged the gaps (if applicable) between the government-assigned entitlements and procedures and the requirements of this PS?

Performance Standard 6

Biodiversity Conservation and Sustainable Natural Resource Management

Description	Auditable Criteria
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Protection and Conservation of Biodiversity	<ol style="list-style-type: none"> 1. Has the client specifically addressed the significance of project impact on biodiversity as part of their social and environmental assessment process (with specific attention to birds and bats)? 2. Has client identified /modified, natural and critical habitat which may be impacted by their activities? <ol style="list-style-type: none"> a) In natural habitat, has the client considered alternatives, cost & benefit analysis of their activities and adequately mitigated any potential degradation? b) In critical habitat, has the client determined that there will be no measurable adverse impact on species or habitat? c) In legally protected areas, has the client addressed the requirement for critical habitat as well as ensured that their activities are consistent with defined protected area management plans, and consulted with key stakeholders, and implemented appropriate program to and enhance conservation. 3. Has the client identified any alien species which may be internationally or unintentionally introduced through its activities? If intentional introduction of alien species is planned, has this received appropriate government regulatory approval, or in the absence of a mechanism for this, has an appropriate risk assessment been completed?
Management and Use of Renewable Natural Resources	<ol style="list-style-type: none"> 1. Has the client identified renewable natural resources which it will use, and committed to managing them in a sustainable manner? <ol style="list-style-type: none"> a) In natural and plantation forests, has the client obtained independent certification to show those natural forests and plantations are being managed sustainably, or a time-bound phased action plan to achieve such certification? b) In freshwater and marine aqua systems, has the client obtained independent certification of the sustainable management of these aquatic resources, or provided other independent studies to show these resources are sustainably managed?
Performance Standard 7 Indigenous Peoples	
Description	Auditable Criteria
Avoidance of Adverse Impacts	<ol style="list-style-type: none"> 1. Has client identified through ESIA adverse impacts on IPs and avoided impacts wherever possible? 2. Has client mitigated unavoidable adverse impacts and compensated in a culturally appropriate manner?
Consultation and Informed Participation	<p>Has client established Informed Participation through an FPIC process on mitigation measures, sharing of developmental benefits and opportunities and implementation issues as outlined in the PS?</p>

Impacts on Traditional or Customary Lands under Use	<ol style="list-style-type: none"> 1. Has client informed IPs of their rights according to national laws including those recognizing traditional/customary rights? Has client offered at least compensation and due process to those with 2. full legal title to land together with culturally appropriate development opportunities; land-based compensation or compensation-in-kind in lieu of cash compensation where feasible? Has client entered in good faith negotiations with affected 3. communities and documented their informed participation and the successful outcome?
Relocation of Indigenous Peoples (IPs) from Traditional or Customary Lands	<p>Has the client conducted a successful good faith negotiation, applied requirements of Performance Standards and, where feasible, ensured that IPs can return to their traditional or customary lands should the reason for their relocation cease to exist?</p>
Cultural Resources	<ol style="list-style-type: none"> 1. Has client informed IPs of their rights, scope and consequences of commercial development? 2. Has client entered in good-faith negotiation? 3. Has client provided for fair and equitable sharing of benefits with IPs?
Performance Standard 8 Cultural Heritage	
Description	Auditable Criteria

<p>Protection of Cultural heritage in Project</p> <p>Design and Execution</p>	<ol style="list-style-type: none"> 1. Has the client considered cultural heritage as part of the environment and social assessment? Is the project located in an area where cultural heritage is expected to be found? If so, has a Chance Find Procedure been established? 2. If the project may affect cultural heritage, has the client: <ol style="list-style-type: none"> a) Retained qualified and experienced experts? b) Sited the project to avoid significant damage to cultural heritage? c) Considered protection through preservation in place? d) Removed cultural heritage only: (a) when no technically or financially feasible alternatives existed; (b) the benefits of the projects outweighed the anticipated cultural heritage loss from removal; and (c) removal was conducted by the best available technique e) Consulted with relevant national or local regulatory agencies entrusted with the protection of cultural heritage and with affected communities who use, or have used within living memory, the cultural heritage, and incorporated the views of these communities into the client's decision making process. 3. Has critical cultural heritage been identified where significant damage may be unavoidable? If so, has the client (in addition to 2. above): <ol style="list-style-type: none"> a) Conducted good faith negotiations with, and documented the informed participation of, affected communities and the successful outcome of the negotiation? b) Appropriately mitigated other impacts on critical heritage with the informed participation of the affected communities? 4. Is the project located in a legally protected area or a legally defined buffer zone? If so has the client (in addition to 2 and 3 above): <ol style="list-style-type: none"> a) complied with defined regulations and the protected area management plans; b) Consulted the protected area sponsors and managers, local communities and other key stakeholders? c) Implemented additional programs as appropriate to promote and enhance the conservation aims of the protected area?
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Project use of Cultural Heritage	<ol style="list-style-type: none"> 1. Has the client identified proposed project use of cultural resources, knowledge, innovations, or practices of local communities embodying traditional lifestyles for commercial purposes? If so, has the client informed these communities of: <ol style="list-style-type: none"> a) their rights under national law b) the scope and nature of the proposed commercial development c) the potential consequences of such development 2. If commercialization has proceeded, has the client: <ol style="list-style-type: none"> a) entered into good faith negotiation with the affected community embodying traditional lifestyle b) documented their informed participation and successful outcome of the negotiation c) provided fair and equitable sharing of benefits from commercialization
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D. E&S clause in contract

To ensure that a client meets a basic standard regarding their E&S performance, and if applicable, the requirements defined by the bank, TADB bank include a clause in the loan contract.

Clause applicable to clients of all due diligence levels:

[...] is committed to managing its activities so as to avoid, minimize and mitigate the damage to the environment, while protecting the health and safety of employees and surrounding communities, by:

- a) *Not performing any of the excluded activities as listed in Schedule*
- b) *Complying with all applicable local and national environmental and social laws and regulations, including requirements of international conventions, agreements and international bans of which the country is a signatory, as well as the IFC Performance Standards applicable to the project or the client; and anticipate known or expected future changes.*
- c) *Not employing children under the minimum legal age for admission to employment and work, except work that contributes to children's development and does not affect their health and personal development or interfere with their schooling;*
- d) *Ensuring that all of its plants, sites and equipment are designed, constructed, operated, maintained and monitored in a safe, efficient and business-like manner.*
- e) *Using chemical / toxic materials with adequate protection and by storing them adequately*
- f) *Taking measures to improve material efficiency;*
- g) *Reducing the amount of waste by improving its production process and/or recycling;*
- h) *Taking precautions on the disposal of liquid or solid (hazardous) waste;*
- i) *Avoiding, reducing and controlling (hazardous) waste water;*

- j) *Avoiding, reducing and controlling air-polluting processes;*
- k) *Preventing erosion and land degradation;*
- l) *Taking adequate steps to protect the health of employees and neighbors.*

[...] will report on (i) any environmental or social incident which has or could have negative

impact on the environment, the health, safety and security situation, or the social and cultural context around the client, and (ii) details corrective measures taken to remedy the effects. Furthermore, [...] will report declared or potential anticipated Environmental and Social Claim [detail causes and effects].

TADB bank can visit [...] at any time to assess its activities in terms of environment, health and safety and working conditions in order to verify if [...] fulfils the loan conditions as agreed upon by both parties involved. In case [...] does not comply with the requirements and conditions as set forth in the loan contract, TADB bank and [...] will take the required corrective measures in order to bring it back into compliance.

Additional clause applicable to Level 2:

- a) *Implement all actions as provided in the Environmental and Social Action Plan (if applicable) and report periodically on compliance with the indicators mentioned in the same Action Plan.*
- b) *Permit employees or other mandated representatives of the Bank to carry out environmental and/or social monitoring visits*

Additional clause solely applicable to Level 3:

- a) *Implement and commit to all actions as provided in the Environmental and Social Action Plan and report periodically on compliance with the indicators mentioned in the same Action Plan.*
- b) *Permit employees or other mandated representatives of the Bank to carry out environmental and/or social monitoring visits.*
- c) *Appoint and maintain an E&S Coordinator, either fulltime or part time, to ensure proper operation and maintenance of the Environmental and Social Management System.*

Additional client-specific environmental and social conditions following the findings and conclusions of the bank's due diligence, indifferent of the client's due diligence level

Subsequently, [...] is determined to mitigate environmental risks and social impacts that are identified by TADB bank by taking the following measures:

1. *[Measure x]*
2. *[Measure y]*
3. *[Measure z]*