A. Introduction

1. The Asian Development Bank (ADB) will provide a sovereign-guaranteed subordinated loan to Regional Development Bank (RDB) in Sri Lanka. The loan would provide direct funding to support micro and small-sized enterprises for business activities outside of Colombo City. Therefore, it is categorized as a financial intermediary (FI) loan.

2. RDB (Pradeshiya Sanwardhana Bank in Sinhala) is a state-owned and licensed specialized bank that the government formed from the merger of six provincial development banks in May 2010 under the Pradeshiya Sanwardhana Bank Act No. 41 of 2008. RDB’s mandate is to improve rural living standards by providing accessible and affordable financial services. Its focus includes agriculture, industry, livestock, fisheries, and the empowerment of women. RDB is one of the few dedicated micro, small, and medium-sized enterprise (MSME) banks in Sri Lanka. As of the end of 2017, RDB had over 6 million account holders, 268 branches, and over 2,350 permanent staff members. The bank also has a strong presence in lagging regions, such as Uva, Sabaragamuwa, and Eastern Provinces.

3. To guide the RDB in screening/selecting subprojects with impacts at category B/C level and assessing and managing their environmental and social impacts throughout the project, a framework for an environmental and social management system (ESMS) has been prepared based on both domestic and ADB’s environmental requirements. Under the technical assistance, RDB will further develop, establish, and implement the ESMS consistent with the Safeguard Policy Statement (SPS) 2009 of ADB, national environmental and social laws, and regulatory requirements by 31 December 2019. Even after the ADB project, the ESMS will help RDB to avoid, and when avoidance is not possible, to minimize and mitigate adverse impacts of subprojects on the environment and affected people and to maximize environmental and social benefits.

B. Experience and Lessons Learned on Environmental Safeguard from the Previous Project

4. RDB has a history of funding subprojects categorized as C for environment, involuntary resettlement, and indigenous peoples under the SME Line of Credit Project (SME LOC). All subprojects that RDB has handled are categorized as C. The subprojects that are categorized as C have been reviewed by the project management unit (PMU) environment and social safeguards manager and on a sample basis verified by ADB. RDB has also participated in ADB safeguards training that has helped to ensure a common operational understanding between ADB and the FIs.

C. Applicable Legal Framework

5. In screening of subprojects, RDB will be guided by national laws, regulations, and ADB’s Safeguards Policy.

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1. **Sri Lanka Regulations on Environmental Impact Assessment**

6. **National Environmental Act.** In Sri Lanka, environmental protection and management is governed by the National Environmental Act No.47 of 1980 (NEA) which was enacted in 1980 and subsequently amended in 1988 (Amendment Act No.56). The Central Environmental Authority (CEA), the primary agency in charge of implementing the regulations of the NEA was established in 1981 through Part IV C of the statute entitled “Approval of Projects” of the NEA. This part was later amended by Act No 53 of 2000.

7. Act No 56 requires that development projects receive environmental clearance prior to being approved for implementation. In addition, the NEA also states the agencies who are authorized to evaluate the project for compliance with regulations as project approving agencies.

8. The NEA has specified two lists of projects and activities. Those projects and activities for which an environmental impact assessment (EIA) or an initial environmental evaluation (IEE) may be required prior to its development and implementation are listed as “prescribed projects” as set out in the Gazette Extra Ordinary No 772/22 of 24 June 1993, No 1104/22 dated November 1999, and No 1108/1 dated 29 November 1999 (Appendix 1). Activities (primarily industrial activities) that require an environmental protection license (EPL) by CEA for operation are listed in Appendix 2.

9. **Prescribed projects requiring environmental impact assessment or initial environmental evaluation.** Depending on the significance of the possible environmental impacts, the assessments required are of two levels, an IEE or an EIA. Project approving agencies generally determine the significance of the likely impacts based on both the context and intensity of the possible impacts. The contexts are the impact on the nation as a whole, a particular region or type of activity, and a specific community. The intensity of the impact refers to the severity, magnitude, or nature of the likely impacts.

10. An IEE assesses the possible impacts of a prescribed project for their significance and identifies mitigation measures and recommendations. An EIA is more comprehensive where alternatives to the proposed project are identified and the alternative with the least environmental impacts is assessed and mitigatory measures for this option are recommended.

11. The prescribed projects requiring an EIA or IEE consist of three parts. Part I gives the prescribed projects specifying the magnitude and scale above which they have to undergo the EIA or IEE procedure if they are not located within the coastal zone of the country. Part III gives areas considered as environmentally sensitive in the country. All those projects listed in part I irrespective of their magnitudes and irrespective of whether they are located in the coastal zone, if located wholly or partly within the areas specified in part III will require the EIA or IEE procedure. Part II of the schedule lists the types of industries which need to undergo the EIA or IEE procedure if located wholly or partly within the areas specified in part III.

12. In summary, below are the procedures for projects requiring an EIA or IEE:

   (i) The sub-borrower submits preliminary information of project details to the CEA by completing CEA’s basic information questionnaire.

   (ii) On review of the preliminary information, the CEA decides whether the subproject requires an IEE or EIA and, if so, issues a terms of reference for the EIA or IEE.
(iii) The sub-borrower appoints a team of consultants to conduct the EIA or IEE according to the terms of reference.
(iv) Once the EIA or IEE report is submitted to the CEA, it will be reviewed for adequacy. If adequate, it will be opened for public comments for one month.
(v) A technical evaluation committee appointed by the CEA would review the EIA or IEE report and the public comments and approve or reject the subproject. Generally, if approval is given it is based on meeting compulsory conditions.

13. **Prescribed projects requiring environmental protection license.** In addition to the list of prescribed projects required to undergo the EIA or IEE procedure, there is also list of projects that require an EPL.

2. **Safeguard Policies and Requirements of the Asian Development Bank**

14. **Environment categorization.** A proposed subproject is assigned one of the following categories depending on the significance of the potential environmental impacts and risks:
   (i) **Category A.** A proposed subproject is classified as category A, if it is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An EIA, including an environmental management plan, is required.
   (ii) **Category B.** A proposed subproject is classified as category B if its potential adverse environmental impacts are less adverse than those of category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects. An IEE, including an EMP, is required.
   (iii) **Category C.** A proposed subproject is classified as category C if it is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications are reviewed, and subproject specific environment management plan is framed, as necessary.

15. A subproject’s environment category is determined by the category of its most environmentally sensitive component, including direct, indirect, induced, and cumulative impacts. Each proposed subproject is scrutinized as to its type, location, scale, sensitivity and the magnitude of its potential environmental impacts. The level of detail and comprehensiveness of the EIA or IEE will be commensurate with the significance of the potential impacts and risks.

16. **Involuntary resettlement categorization.** A proposed subproject is assigned one of the following categories depending on the significance of the probable involuntary resettlement impacts:
   (i) **Category A.** A proposed subproject is classified as category A, if it is likely to have significant involuntary resettlement impacts. A resettlement plan, including assessment of social impacts, is required. The involuntary resettlement impacts are considered significant, if 200 or more persons will experience major impacts, which are defined as (a) being physically displaced from housing or (b) losing 10% or more of their productive assets (income generating).
   (ii) **Category B.** A proposed subproject is classified as category B, if it includes involuntary resettlement impacts that are not deemed significant. A resettlement plan, including assessment of social impacts, is required.
   (iii) **Category C.** A proposed subproject is classified as category C, if it has no involuntary resettlement impacts. No further action is required.
17. **Indigenous peoples categorization.** A proposed subproject is assigned to one of the following categories depending on the significance of the potential impacts on Indigenous Peoples:

(i) **Category A.** A proposed subproject is classified as *category A* if it is likely to have significant impacts on indigenous peoples. An indigenous peoples plan, including assessment of social impacts, is required.

(ii) **Category B.** A proposed subproject is classified as *category B* if it is likely to have limited impacts on Indigenous Peoples. An indigenous peoples plan, including assessment of social impacts, is required.

(iii) **Category C.** A proposed subproject is classified as *category C* if it is not expected to have impacts on indigenous peoples. No further action is required.

18. **Categories allowed under the project.** Throughout the project, subprojects that are *category A* or *category B* for involuntary resettlement and indigenous peoples are ineligible.

19. Until ADB has approved RDB’s ESMS only subprojects that are *category C* for the environment are eligible. Thereafter, subprojects that are *category B* for the environment may also be financed.

20. As per SPS requirements, RDB’s “ESMS will incorporate the following elements: (i) environmental and social policies; (ii) screening, categorization, and review procedure; (iii) organizational structure and staffing including skills and competencies in environmental and social areas; (iv) training requirements; and (v) monitoring and reporting.”

**D. Environmental Screening and Selection Procedure for Subprojects**

21. Until ADB has approved RDB’s ESMS, RDB may only fund subprojects that meet the below criteria:

(i) Subprojects not belonging to the GOSL National Environment Act Prescribed List of Activities A and B (Appendixes 1 and 2);

(ii) Subprojects not belonging to the Prohibited Investment Activities List (Appendix 3) under ADB SPS;

(iii) Subprojects on ADB’s list of low environmental impacts (see Appendix 4) or that the safeguard consultant assigned to the project has confirmed as *category C* for the environment; and

(iv) Subprojects assessed as *category C* based on the involuntary resettlement and indigenous peoples screening and categorization checklists (Appendixes 5 and 6);

22. For the proposed Strengthening the Regional Development Bank Project, the project is *category FI* for safeguards. RDB has committed to assign a safeguards focal person (RDB designated safeguard officer) and the technical assistance (TA) will provide a safeguard consultant to work as environmental and social safeguards manager for the first 24 months. Periodic review missions will be undertaken by ADB to verify categorizations which was the practice in the SME Line of Credit Project.

**E. Documentation Requirements**

23. All subproject investment agreements will contain appropriate environmental and social covenants requiring the subproject to be in compliance in all material respects with the applicable environmental and social safeguard requirements.
24. **Environment.** Once ADB has approved RDB’s ESMS, sub-borrowers with subprojects that are *category B* for the environment will need to carry out an impact assessment and prepare an IEE and EMP. The sub-borrower, in consultation with RDB and the environment and social safeguards manager, will prepare the environmental assessment (IEE for *category B*) as early as possible in the project cycle. The outline of an IEE report is given in Appendix 7.

25. The IEE includes an EMP that addresses the potential impacts and risks identified by the environmental assessment. The EMP will include the proposed mitigation measures, environmental monitoring and reporting requirements, emergency response procedures, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. The sub-borrower will allocate funds for the implementation of the EMP for the subproject. Prior to implementation, the sub-borrower shall ensure through a contract that its contractors and subcontractors are bound to abide by the EMP. RDB will monitor the EMP implementation.

26. **Land acquisition and involuntary resettlement.** Subprojects financed under RDB may require small parcels of land. RDB will ensure that land parcels selected will be (i) free from any structure(s), (ii) free from any vegetative cover or any improvements, and (iii) directly purchased on a “willing seller and willing buyer” basis. The purchase of land will be a private transaction and shall not require intervention of government’s land acquisition procedures and shall not trigger the safeguards requirements 2 and 3 of ADB’s SPS (2009).

**F. Compliance Monitoring and Reporting**

27. The RDB designated safeguard officer will undertake environmental and social due diligence. Depending on the complexity of the subproject, due diligence can be a desk review (for *category C* subprojects) or based on a site visit (for *category B* subprojects). The sub-borrower must provide all requested information to RDB and should be able to demonstrate responsiveness with regard to the applicable environmental and social safeguard requirements. Findings of the due diligence will be reported to the environment and social safeguards manager. ADB will conduct semi-annual safeguards review.

28. After a subproject is approved for financing, the RDB designated safeguard officer (i) communicates with the sub-borrower and confirms from time to time that the sub-borrower is undertaking the obligations of compliance with all applicable environmental and social safeguard requirements and (ii) RDB will promptly report to ADB any actual or potential breach of the compliance requirements after becoming aware of it. For environment *category B* subprojects, the RDB designated safeguard officer (with supervision from the environment and social safeguards manager) will visit the site to monitor the implementation of EMP, as applicable. The sub-borrower will submit to RDB a periodic monitoring report for each *category B* subproject covering the implementation of the EMP, as may be required. The report will also cover the status of compliance with the applicable safeguard requirements.

29. Based on the submission of monitoring reports from the sub-borrowers and following ADB’s approval of RDB’s ESMS, the RDB designated safeguard officer will prepare an annual environmental and social monitoring report that covers all subprojects financed by ADB. The benchmark for performance will be the ongoing compliance against the applicable environmental and social safeguard requirements. RDB will submit the AESMR to ADB as well as to regulatory bodies as per regulatory compliance requirements. These monitoring reports will be posted on ADB website after satisfactory review. An outline of a subproject monitoring report and AESMR
is provided in Appendixes 8 and 9, respectively. RDB should ensure that ADB is notified if and when there is a material environmental or social safeguards non-compliance. If the reports or ADB’s reviews conclude that the ESMS is not functioning, RDB will prepare and submit a time-bound and budgeted corrective action plan agreed to with ADB.

G. Organizational Structure and Staffing

30. RDB will be the executing and implementing agency for the project. It will establish a project management unit whose responsibility will include safeguards management.

31. Organization and responsibilities. RDB shall establish an environment and social management unit (ESMU) to be headed by an environment and social safeguards manager who will (i) have oversight on environmental and social issues, (ii) ensure the resources are made available for environmental and social management, and (iii) sign and submit the annual environmental and social monitoring report to ADB. S/he should ensure that the ADB is notified if and when the responsible staff has been changed or replaced with new staff.

32. Resources and capabilities. The environmental and social safeguards manager should work with the management of RDB to ensure that adequate resources have been committed to allow for the effective implementation ESMS policy and procedures, once developed. S/he will need to be technically qualified, having post graduate qualification, and at least 10 years of professional experience in dealing with environmental and social safeguard issues of agricultural or industrial sector, preferably with at least 5 years exposure on safeguards requirements of infrastructure and/or agricultural projects assisted by international financial institutions such as ADB and World Bank. He should be able to carry out the screening and due diligence or able to review the work carried out by RDB designated safeguard officers. The environmental and social safeguards manager will be funded by the ADB’s technical assistance for the first 2 years of the ADB’s project. The environmental and social safeguards manager will work closely with RDB designated safeguard officer in conducting environmental and social reviews, as appropriate.

H. Training Requirements

33. RDB, through its ESMU, will provide trainings to designated safeguard officers who will be involved in day-to-day implementation of the ESMS. ESMU staff, including designated safeguard officers, are highly encouraged to attend ADB-sponsored or approved environmental and social safeguard training related to compliance and monitoring activities. Annual budget allocation for trainings will be ensured for continuous learning and development of its staff.
GOVERNMENT OF SRI LANKA’S PRESCRIBED PROJECTS REQUIRING ENVIRONMENTAL IMPACT ASSESSMENT OR INITIAL ENVIRONMENTAL EVALUATION

Part I - Projects and undertakings if located wholly or partly outside the coastal zone as defined by Coast Conservation Act No. 57 of 1981.

1. All river basin development and irrigation projects excluding minor irrigation works (as defined by Irrigation Ordinance chapter 453)

2. Reclamation of Land, wetland area exceeding 4 hectares

3. Extraction of timber covering land area exceeding 5 hectares

4. Conversion of forests covering an area exceeding 1 hectare into non-forest uses.

5. Clearing of land areas exceeding 50 hectares

6. Mining and Mineral Extraction
   - Inland deep mining and mineral extraction involving a depth exceeding 25 meters
   - Inland surface mining of cumulative areas exceeding 10 hectares
   - All off shore mining and mineral extractions
   - Mechanized mining and quarrying operations of aggregate, marble, limestone, silica, quartz, and decorative stone within 1 kilometer of any residential or commercial areas

7. Transportation Systems
   - Construction of national and provincial highways involving a length exceeding 10 kilometers
   - Construction of railway lines
   - Construction of airports
   - Construction of airstrips
   - Expansion of airports or airstrips that increase capacity by 50 percent or more

8. Port and harbor development
   - Construction of ports
   - Construction of harbors
   - Port expansion involving an annual increase of 50% or more in handling capacity per annum

9. Power generation and transmission
   - Construction of hydroelectric power stations exceeding 50 Megawatts
   - Construction of thermal power plants having generation capacity exceeding 25 Megawatts at a single location or capacity addition exceeding 25 Megawatts to existing plants
   - Construction of nuclear power plants
   - All renewable energy-based electricity generating stations exceeding 50 Megawatts

10. Transmission lines
- Installation of overhead transmission lines of length exceeding 10 kilometers and voltage above 50 Kilovolts

11. Housing and building
   - Construction of dwelling housing units exceeding 1000 units
   - Construction of all commercial buildings as defined by Urban Development Authority established by the Urban Development Authority law, No. 41 of 1978 having built up area exceeding 10,000 square meters
   - Integrated multi-development activities consisting of housing, industry, commercial infrastructure covering a land area exceeding 10 hectares

12. Resettlement
   - Involuntary resettlement exceeding 100 families other than resettlement effected under emergency situations

13. Water supply
   - All ground water extraction projects of capacity exceeding 1/2 million cubic meters per day
   - Construction of water treatment plants of capacity exceeding 1/2 million cubic meters

14. Pipelines
   - Laying of gas and liquid (excluding water) transfer pipelines of length exceeding 1 kilometer

15. Hotels
   - Construction of Hotels or holiday resorts or projects which provide recreational facilities exceeding 99 rooms or 40 Hectares, as the case may be

16. Fisheries
   - Aquaculture development projects of extent exceeding 4 hectares
   - Construction of fisheries harbours
   - Fisheries harbour expansion projects involving an increase of 50% or more in fish handling capacity per annum

17. All tunneling projects

18. Disposal of Waste
   - Construction of any solid waste disposal facility having a capacity exceeding 100 tons per day
   - Construction of waste treatment plants treating toxic or hazardous waste

19. Development of all Industrial Estates and Parks exceeding an area of 10 hectares

20. Iron and Steel Industries
   - Manufacture of iron and steel products of production capacity exceeding 100 tons per day using iron ore as raw material
   - Manufacture of iron and steel products of production capacity exceeding 100 tons per day using scrap iron as raw material

21. Non-Ferrous Basic Metal Industries
Appendix 1

22. Basic Industrial Chemicals
   • Formulation of toxic chemicals or production capacity exceeding 50 tons per day
   • Manufacture of toxic chemicals of production capacity exceeding 25 tons per day

23. Pesticides and Fertilizers
   • Formulation of pesticides of combined production capacity exceeding 50 tons per day
   • Manufacture of pesticides of combined production capacity exceeding 25 tons per day

24. Petroleum and petrochemical
   • Petroleum refineries producing gasoline, fuel oils, illuminating oils, lubricating oils and grease, aviation and marine fuel and liquified petroleum gas from crude petroleum
   • Manufacture of petro-chemicals of combined production capacity exceeding 100 tons per day from raw materials obtained from production processes of oil refinery or natural gas separation

25. Tyre and Tube Industries
   • Manufacture of tyre and tubes of combined production capacity exceeding 100 tons per day from natural or synthetic rubber

26. Sugar factories
   • Manufacture of refined sugar of combined production capacity exceeding 50 tons per day

27. Cement and Lime
   • Manufacture of Cement
   • Manufacture of lime employing kiln capacity exceeding 50 tons per day

28. Paper and Pulp
   • Manufacture of paper or pulp of combined production capacity exceeding 50 tons per day

29. Spinning, Waving and Finishing of Textiles
   • Integrated cotton or synthetic textile mills employing spinning, weaving, dyeing and printing operations together, of combined production capacity exceeding 50 tons per day

30. Tanneries and Leather Finishing
   • Chrome tanneries of combined production capacity exceeding 25 tons per day
   • Vegetable (bark) of combined production capacity exceeding 50 tons per day
   • Provided however, where the projects and undertaking set out in items 20 to 30 are located within Industrial Estates and parks as described at (19) above, the approval shall not be necessary under the provisions of Part IV C of the Act
31. Industries which involve the manufacture, storage or use of Radio Active Materials as defined in the Atomic Energy Authority Act No. 19 of 1969 or Explosives as defined in the Explosives Act, No. 21 of 1956, excluding for national security reasons.

32. All projects and undertaking listed in Part I irrespective of their magnitudes and irrespective of whether they are located in the coastal zone or not, if located wholly or partly within the areas specified in part III of the Schedule.

**Part II - The following industries if located wholly or partly within the areas specified in**

**Part III of the Schedule.**

33. Iron and Steel
34. Non-Ferrous Basic Metal
35. Basic Industrial Chemicals
36. Pesticides and Fertilizer
37. Synthetic Resins, Plastic materials and Man-made Fibres
38. Other Chemical Products
39. Petroleum and Petro-chemical products
40. Tyres and Tubes
41. Manufacturing and Refining of Sugar
42. Alcoholic Spirits
43. Malt Liquors and Malt
44. Cement and Lime
45. Non-metallic Mineral Products
46. Paper, Pulp and Paperboard
47. Spinning, Weaving and Finishing of Textile
48. Tanneries and Leather Finishing
49. Shipbuilding and Repairs
50. Railroad Equipment
51. Motor Vehicles
52. Air Craft

**Part III - The Environmentally Sensitive areas defined in the Gazette are**

1. Within 100 m from the boundaries of or within any area declared under the National Heritage Wilderness Act No. 3 of 1988; the Forest Ordinance (Chapter 451); whether or not such areas are wholly or partly within the Coastal Zone as defined in the Coast Conservation Act, No. 57 of 1981.

2. Within the following areas whether or not the areas are wholly or partly within the Coastal Zone:
   - Any erodible area declared under the Soil Conservation Act (Chapter 450)
   - Any Flood Area declared under the Flood Protection Ordinance (Chapter 449) and any flood protection area declared under the Sri Lanka Land Reclamation and Development Corporation Act, 15 of 1968 as amended by Act, No. 52 of 1982. 60 meters from the bank of a public stream as defined in the Crown Lands Ordinance (Chapter 454) and having a width of more than 25 meters at any point of its course.
   - Any reservation beyond the full supply level of a reservoir.
- Any archaeological reserve, ancient or protected monument as defined or declared under the Antiquities Ordinance (Chapter 188).
- Any area declared under the Botanic Gardens Ordinance (Chapter 446)
- Within 100 meters from the boundaries of, or within, any area declared as a Sanctuary under the Fauna and Flora Protection Ordinance (Chapter 469).
- Within 100 meters form the high flood level contour of, or within, a public lake as defined in the Crown Lands Ordinance (Chapter 454) including those declared under section 71 of the said Ordinance.
PRESCRIBED PROJECTS REQUIRING ENVIRONMENTAL PROTECTION LICENSE

PART A

Chemicals manufacturing or formulating or repacking industries.
1. Soaps, detergents, softener or any other cleansing preparations manufacturing industries having a production capacity of 1,000 kilograms per day or more.
2. Bulk petroleum liquid or liquefied petroleum gas storage or filling facilities having a total capacity of 150 or more metric tons excluding vehicle fuel filling stations.
3. Industries involved in the use of fiber glass as a raw material where 10 or more workers are employed.
4. Synthetic rubber, natural rubber manufacturing or processing or rubber-based industries excluding industries which manufacture less than 100 kilograms of ribbed smoke rubber sheets per day.
5. Activated carbon or carbon black manufacturing industries or charcoal manufacturing industries having a production capacity one or more metric ton per batch.
6. Industries involved in manufacturing extracting or formulating Ayurvedic, Indigenous medicinal products where 25 or more workers are employed.
7. Chemical fertilizer manufacturing, formulating, processing or repacking Industries.
8. Pesticides, insecticides, fungicides and herbicides manufacturing, formulating or repacking industries.
9. Oil (mineral oil or petroleum) refineries.
10. Dye and dye intermediate manufacturing or formulating industries.
11. Paints (emulsion or enamel), inks, pigments, varnish, polish manufacturing or formulating industries.
12. Petrochemical (basic or intermediates) manufacturing or formulating industries.
13. Industrial gas manufacturing, processing or refilling industries.
15. Industries involved in the manufacture of polymers or polymer-based products (i.e. polythene, polyvinyl chloride (PVC), polyurethane, polypropylene, polyester, nylon, polystyrene, resins, fiberglass or other manmade fibres etc.) or polymer or polymer-based products, recycling industries.
16. All types of tyres, tubes manufacturing or tyre retreading industries.
17. Industries involved in manufacturing or reconditioning of batteries.
18. Any industry involved in the use of asbestos fibers as a raw material.
19. Industries involved in manufacturing, extracting or formulating pharmaceuticals or cosmetic products including intermediates.
20. Adhesives manufacturing industries excluding natural gums.
21. Match sticks manufacturing industries and explosives manufacturing or formulating industries.
22. Batik industries where 10 or more workers are employed.
23. Textile processing (i.e. bleaching, dyeing, printing) industries or garment washing industries or textile sand blasting industries or commercial laundries where 10 or more workers are employed.
24. Tanneries.
25. Lather finishing industries having effluent generating operations.
27. Industries involved in bleaching or dyeing of natural fiber or natural fiber-based industries where 25 or more workers are employed.
28. Power looms having 25 or more machines or power looms with sizing activities.
29. Sugar manufacturing industries or sugar refineries.
30. Fermentation industries (Distilleries, Breweries) or alcoholic beverages bottling plants or bottling plants having bottle washing operations.
31. Food manufacturing and processing industries including bakery products and confectioneries where 25 or more workers are employed.
32. Abattoirs.
33. Coconut oil or cinnamon oil extraction industries where 25 or more workers are employed.
34. Plants or animal oil/fats extraction industries having production capacity of 10 liters or more per day excluding coconut oil and cinnamon oil extraction industries.
35. Instant tea or coffee processing industries.
36. Non-alcoholic beverages manufacturing industries where 25 or more workers are employed.
37. Desiccated coconut mills or coconut processing industries where 10 or more workers are employed.
38. Rice mills having wet process and having a production capacity of 5,000 kilograms or more per day.
39. Poultry farms having 2,500 or more birds or piggery, cattle, goat farms having animals 50 or more or having rating for mixed farming 2,500 or more.
40. Rating for Mixed Farming = No. of Birds + 50 X (No. of Cattle + No. of Goats)
41. Animal feed manufacturing industries having a capacity of 25 or more metric tons per day.
42. Cigarettes or other tobacco products manufacturing industries where 50 or more workers are employed.
43. Industries involved in surface treatment of metal or plastic including electroplating, galvanizing and powder coating industries.
44. Iron and steel mills.
45. Foundries with any type of furnaces.
46. Non-ferrous metal processing industries including secondary process, smelting and recovery of metals.
47. Metal fabricating industries or machinery, machinery parts or hardware items or electrical and electronic goods and equipment manufacturing or assembling industries where 24 or more workers are employed. (Including lathe workshops, welding shops, spray painting industries).
48. Cement industries (clinker grinding, manufacturing or repacking).
49. Concrete batching plants having a production capacity of 50 or more cubic meters per day.
50. Glass or glass-based product manufacturing industries.
51. Lime kilns having a production capacity of 20 or more metric tons per day.
52. Ceramic industries where more than 25 or more workers are employed.
53. Mechanized mining activities with multi bore hole blasting or single bore hole blasting activities with production capacity having 600 or more cubic meters per month.
54. Crushing or processing of non-metallic minerals (i.e. limestone, dolomite, apatite, rock phosphate, sand stone, feldspar, quartz, limenite, rutile, zircon, mica graphite, kaolin, etc.) excluding lime shell and granite crushing activities.
55. Granite boulders making or processing industries (extracting, blasting, slicing, polishing).
56. Granite crushing (Metal crushing) industries having a total production capacity of 25 or more cubic meters per day.
57. Common wastewater (industrial or sewage) treatment plants.
58. Incinerators having a feeding capacity of 5 or more metric tons per day.
59. Water treatment plants having a treatment capacity of 10,000 or more cubic meters per day.
60. Municipal solid waste and other solid waste composting plants having a capacity of 10 or more metric tons per day.
61. Solid waste recovery/recycling or processing plants having a capacity of 10 or more metric tons per day.
62. Solid waste disposal facility having a disposal capacity of 10 or more metric tons per day.
63. All toxic and hazardous waste treatment facility or disposal facilities or recycling/recovering or storage facilities.
64. Industries involved in chemical treatment and preservation of wood excluding Boron treatment.
65. Saw mills having a milling capacity of 50 or more cubic meters per day or wood based industries where 25 or more workers are employed.
66. Hotels, guest houses, rest houses having 20 or more rooms.
67. Hostels and similar dwelling places where occupancy level is exceeding 200 or more.
68. Health care service centers generating infectious wastes, including medical laboratories and research centers.
69. Automobiles or bicycle manufacturing or assembling industries.
70. Vehicle service stations or container yards having vehicle service activities excluding three-wheeler and motor cycles services and interior clearing.
71. Railway workshops or all bus depots having vehicle servicing activities.
72. All vehicle emission testing centers.
73. Electrical power generating utilities excluding standby generators and hydro or solar or wind power generation.
74. Printing presses with lead smelting to newspaper printing or printing process which generates wastewater or color photographs processing centers.
75. Paper and Pulp Industries or corrugated cartons manufacturing industries.
76. Any industry where 200 or more workers per shift are employed.
77. Industrial Estates approved under the part IVC of the National environmental Act including Katunayake and Biyagama Export processing Zones.
78. Zoological gardens.
79. Transmission towers providing facilities for telecommunication and broadcasting.
80. Any industry not included above which discharges 10 or more cubic meters of wastewater per day or using toxic chemicals in its process.

PART B
1. Soaps, detergents, softener or any other cleansing preparations manufacturing industries having a production capacity less than 1,000 kilograms per day.
2. Bulk petroleum liquid storage facilities excluding filling stations or liquefied petroleum gas (LPG) as storage or filing facilities having a total capacity less than 150 metric tons.
3. Industries involved in the use of fiber glass as a raw material where less than 10 workers are employed.
4. Ribbed smoke rubber sheet manufacturing industries having a production capacity of more than 50 kilograms and less than 100 kilograms per day.
5. Activated carbon or carbon black manufacturing industries or charcoal manufacturing industries having a production capacity less than one metric ton per batch.
6. Industries involved in manufacturing, extracting or formulating Ayurvedic, indigenous medicinal products where more than 10 workers and less than 25 workers are employed.
7. Batik industries where less than 10 workers are employed.
8. Commercial laundries where less than 10 workers are employed.
9. Leather finishing industries having dry process operations.
10. Natural fiber-based industries where less than 25 workers are employed excluding industries involved in bleaching or dyeing of natural fiber.
11. Power looms having less than 25 machines.
12. Hand Looms or knitting or embroidery industry having more than 10 looms.
13. Garment industries where 25 or more workers and less than 200 workers per shift are employed.
15. Food manufacturing and processing industries including bakery products and confectionerries where 5 or more workers and less than 25 workers are employed.
16. Cinnamon oil extracting industry where less than 25 workers are employed.
17. Rice mills having wet process with a production capacity of less than 5,000 kilograms per day.
18. Grinding mills having production capacity of more than 1,000 kilograms per month.
19. Poultry farms have 250 or more and less than 2,500 birds or piggery, cattle, goat farms having animals 5 or more and less than 50 or having rating* for mixed farming 250 and less than 2,500.
20. Rating for Mixed Farming = No. of Birds + 50 X (No. of Pigs + No. of Cattle + No. of Goats)
21. Animals fed manufacturing industries, having a capacity of less than 25 metric tons per day.
22. All ice manufacturing industries.
23. Metal fabricating industries or machinery, machinery parts or hardware items or electrical and electronic goods and equipment manufacturing or assembling industries where less than 25 workers are employed. (Including lathe workshop, welding shops, spray painting industries).
24. Concrete batching plants having a capacity less than 50 cubic meters per day.
25. Single borehole blasting with industrial mining activities using explosives having a production capacity of less than 600 cubic meters per month.
26. Granite crushing (Metal crushing) industries having a total production capacity of less than 25 cubic meters per day excluding manual crushing operations using hand tools.
27. Municipal solid waste and other solid waste composting plants (excluding household composting) having a capacity of less than 10 metric tons per day.
28. Solid waste recovery/ recycling or processing plants having a capacity of less than 10 metric tons per day.
29. Solid waste disposal facilities a disposal capacity of less than 10 metric tons per day.
30. Hostels and similar dwelling places where occupancy level or 25 or more boarders and less than 200 boarders.
31. Vehicle repairing and maintaining garages including spray painting or mobile air-conditioning activities.
32. Recycling or recovering centers of refrigerants form air-conditioners or refrigerators.
33. Three-wheeler or motor cycle servicing activities or vehicle cleaning activities.
34. Any industry not included above which discharges 3 or more and less than 10 cubic meters of industrial processing wastewater per day.

PART C
1. All vehicle filing stations (liquid petroleum and liquefied petroleum gas).
2. Manufacturing of candles where 10 or more workers are employed.
3. Coconut oil extraction industries where 10 or more workers and less than 25 workers are employed.
4. Non-alcoholic beverages manufacturing industries where 10 or more workers and less than 25 workers are employed.
5. Rice mills having dry process operations.
6. Grinding mills having production capacity of less than 1,000 kilograms per month.
7. Tobacco barns.
8. Cinnamon fumigating industries with Sulphur fumigation having capacity of 500 or more kilograms per batch.
9. Edible salt packing and processing industries.
10. Tea factories excluding instant tea processing.
11. Concrete pre-cast industries.
13. Lime kilns having a production capacity of less than 20 metric tons per day.
14. Plaster of Paris industries where less than 25 workers are employed.
15. Lime shell crushing industries.
16. Tile and brick kilns.
17. Single borehole blasting with artisanry mining activities using explosives, having capacity of less than 600 cubic meters per month.
18. Saw mills having a milling capacity of less than 50 cubic meters per day or industries involved in Boron treatment of wood or timber seasoning.
19. Carpentry workshops which use multipurpose carpentry machine or wood-based industries where more than 5 workers and less than 25 workers are employed.
20. Residential hotels, guest houses, rest houses with 05 or more and less than 20 rooms.
21. Vehicle repairing or maintaining garages excluding spray-painting or mobile air-conditioners.
22. Repairing, maintaining or installation centers of refrigerators and air-conditioners.
23. Container yards excluding where vehicle servicing activities are carried out.
24. All electrical and electronic goods repairing center where more than 10 workers are employed.
25. Printing presses and later press machines excluding lead smelting.
ADB PROHIBITED INVESTMENT ACTIVITIES LIST

The following do not qualify for Asian Development Bank financing:

(i) production of or activities involving harmful or exploitative forms of forced labor\(^1\) or child labor;\(^2\)

(ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements subject to international phaseouts or bans, such as (a) pharmaceuticals,\(^3\) pesticides, and herbicides,\(^4\) (b) ozone-depleting substances,\(^5\) (c) polychlorinated biphenyls\(^6\) and other hazardous chemicals,\(^7\) (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,\(^8\) and (e) transboundary trade in waste or waste products;\(^9\)

(iii) production of or trade in weapons and munitions, including paramilitary materials;

(iv) production of or trade in alcoholic beverages, excluding beer and wine;\(^10\)

(v) production of or trade in tobacco;\(^10\)

(vi) gambling, casinos, and equivalent enterprises;\(^10\)

(vii) production of or trade in radioactive materials,\(^11\) including nuclear reactors and components thereof;

(viii) production of, trade in, or use of unbonded asbestos fibers;\(^12\)

(ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and

(x) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

---

1 Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.
2 Child labor means the employment of children whose age is below the host country’s statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 “Minimum Age Convention” (www.ilo.org).
3 A list of pharmaceutical products subject to phaseouts or bans is available at http://www.who.int.
4 A list of pesticides and herbicides subject to phaseouts or bans is available at http://www.pic.int.
5 A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at http://www.unep.org/ozone/montreal.shtml.
6 A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.
7 A list of hazardous chemicals is available at http://www.pic.int.
8 A list is available at http://www.cites.org.
9 As defined by the Basel Convention; see http://www.basel.int.
10 This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor’s primary operations.
11 This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.
12 This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
SHORTLIST OF SUBPROJECTS CATEGORIZED AS C (ENVIRONMENT)*

AGRICULTURE AND FOOD PROCESSING
Agriculture
Animal husbandry and livestock
Food and agro-based manufacturing

>> Agriculture (and other projects) will be small-scale and sustainable
>> Projects will not use products pesticides that are hazardous (WHO Recommended Classification of Pesticides) and products subject to phaseouts or bans including but not limited to pesticides and herbicides (SPS, PIAL)
>> Projects which involve Invasive Alien Species will not be allowed (SPS)
>> Projects which involve massive cutting of trees and destruction of vegetation, generate harmful emissions (GHGs, CFCs), or hazardous and infectious waste will not be allowed

FISHING AND AQUACULTURE
Fishing
Freshwater fishing
Aquaculture

>> No dynamite fishing allowed
>> Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats are not allowed (ADB SPS, PIAL)

MANUFACTURING
Manufacture of beverages (fruit juices, mineral waters and soft drinks)
Manufacture of wearing apparel
Manufacture of knitted and crocheted apparel (knitted and crocheted hosiery, other knitted and crocheted apparel)
Printing and reproduction of recorded media
Printing and service activities related to printing (not Pb-based)
Replication of recorded media
Manufacture of computer, electronic and optical products
Assembly of computers and peripheral equipment
Assembly of communication equipment
Assembly of consumer electronics
Assembly of furniture
Other Manufacturing
Manufacturing of jewelry, bijouteries and related articles
Manufacture of musical instruments
Manufacture of sports goods

For OTHER MANUFACTURING:
>> Under item 34 of Prescribed Activities List Requiring EPL (List B), “Any industry which discharges 3 or more or less than 10 cubic meters of industrial processing wastewater per day is allowed”

For the MANUFACTURE OF BEVERAGES:
>> Manufacturing of alcoholic beverage is outright a violation of the PIAL. However, sale of alcoholic beverage is allowed.
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY
Electricity, gas steam and air conditioning supply
Steam and air conditioning supply

>> Only repair, maintenance and installation will be allowed as Category C per the Government of Sri Lanka’s Prescribed Activities List Requiring EPL (List C, item 22)

CONSTRUCTION
Specialized construction activities
- Electrical, plumbing and other construction installation activities
- Building completion and finishing (plastering; joinery installation; floor and wall covering; painting and glazing; other building completion and finishing)

WHOLESALE AND RETAIL TRADE: REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
Wholesale and retail trade and repair of motor vehicles and motorcycles
- Sale of motor cycles
- Maintenance and repair of motor vehicles
- Sale of motor vehicle parts and accessories
- Sale, maintenance and repair of motorcycles and related parts and accessories

Wholesale trade, except of motor vehicles and motorcycles
- Wholesale on a fee or contract basis
- Wholesale of agricultural raw materials and live animals
- Wholesale of grain, unmanufactured seed and animal feeds
- Wholesale of flowers and plants
- Wholesale of food and beverages
- Wholesale of household goods
- Wholesale of information and communications equipment
- Wholesale of other machinery, equipment and supplies
- Other specialized wholesale

Retail trade, except of motor vehicles and other vehicles

>> Live animals should be classified as either agricultural livestock or domesticated animals. Endangered and exotic species not allowed. Any business which trades any wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (ADB SPS, PIAL) will not be allowed.
- Production of or trade in tobacco is not allowed under the ADB PIAL, item 5

Postal and courier activities

ACCOMMODATION AND FOOD SERVICE ACTIVITIES
Food and beverage service activities (restaurants and bars)
Accommodation (Hotels)
- Publishing activities
- Motion picture, video and television program production, sound recording and music publishing activities
- Programming and broadcasting activities
- Telecommunications
- Computer programming, consultancy and related activities
Information service activities

FINANCIAL AND INSURANCE ACTIVITIES
Financial service activities, except insurance and pension funding
Insurance, reinsurance and pension funding, except compulsory social security
Activities auxiliary to financial services and insurance activities

REAL ESTATE ACTIVITIES
Real estate activities

PROFESSIONAL SCIENTIFIC AND TECHNICAL ACTIVITIES
Legal and accounting activities
Activities of head offices; management consultancy activities
Architectural and engineering activities; technical testing and analysis
Scientific research and development
Advertising and market research
Other professional, scientific and technical activities
Veterinary activities

ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES
Rental and leasing activities
Renting and leasing of motor vehicles
Renting and leasing of cars and light motor vehicles
Renting and leasing of trucks
Renting and leasing of personal and household goods
Renting and leasing of recreational and sports goods
Renting of video tapes and disks
Renting and leasing of other personal and household goods
Renting and leasing of other machinery, equipment and tangible goods
Renting and leasing of agricultural machinery and equipment
Renting and leasing of construction and civil engineering machinery and equipment
Renting and leasing of office machinery and equipment (including computers)
Renting and leasing of water transport equipment
Renting and leasing of air transport equipment
Renting and leasing of other machinery, equipment and tangible goods not elsewhere classified
Leasing of intellectual property and similar products, except copyrighted works

Employment activities
Activities of employment placement agencies
Temporary employment agencies
Other human resources provision

Travel agency, tour operator reservation service and related activities
Travel agency and tour operator activities
Other reservation service and related activities

Security and investigation activities
Private security activities
Security systems service activities
Investigation activities
Services to buildings and landscape activities
- Combined facilities support activities
- Cleaning activities
- General cleaning of buildings
- Other buildings and industrial cleaning activities
- Other cleaning activities
- Landscape service activities

Office administrative, office support and other business support activities
Office administrative and support activities
- Combined office administrative service activities
- Photocopying, document preparation and other specialized office support activities

Activities of call centers
Organization of conventions and trade shows
Business support service activities not elsewhere classified
- Activities of collection agencies and credit bureaus
- Packaging activities
- Other business support activities not elsewhere classified

PUBLIC ADMINISTRATION SOCIAL SECURITY
- Public administration and defense; compulsory and social security

EDUCATION
- Education

HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
- Human health activities
- Residential care activities
- Other residential care activities

ARTS, ENTERTAINMENT AND RECREATION
- Creative, arts and entertainment activities
- Libraries, archives, museums and other cultural activities
- Sports activities and amusement and recreation activities

OTHER SERVICE ACTIVITIES
- Activities of membership organizations
- Repair of computers and personal and household goods
- Other personal service activities

ACTIVITIES OF HOUSEHOLDS AS EMPLOYERS; UNDIFFERENTIALED GOODS AND SERVICES PRODUCING ACTIVITIES OF HOUSEHOLDS FOR OWN USE
- Activities of households as employers of domestic personnel
- Undifferentialed goods – and services – producing activities of private households for own use

Overall Conditional Criteria for Category C projects

>> Projects with construction/civil works activities will not be allowed
Projects which involve massive cutting of trees and destruction of vegetation will not be allowed.
Projects which generate harmful emissions (GHGs, CFCs), hazardous and infectious waste will not be allowed.
Projects belonging to the Prohibited Investment Activities List (PIAL) under ADB SPS will not be allowed.
Projects belonging to the GOSL National Environment Act Prescribed List of Activities A and B will not be allowed.

*Depending on the nature and scale, additional subprojects not listed above maybe allowed and categorized as C.*
## IN Voluntary Resettlement Screening and Categorization Checklist

### Name of Subborrower:

### Subproject Title:

### Location:

<table>
<thead>
<tr>
<th>Probable Involuntary Resettlement Effects</th>
<th>Yes</th>
<th>No</th>
<th>Not Known</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Involuntary Acquisition of Land</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1. Will there be land acquisition?</td>
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<tr>
<td>2. Is the site for land acquisition known?</td>
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<tr>
<td>3. Is the ownership status and current usage of land to be acquired known?</td>
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<tr>
<td>4. Will easement be utilized within an existing Right of Way (ROW)?</td>
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<tr>
<td>5. Will there be loss of shelter and residential land due to land acquisition?</td>
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<tr>
<td>6. Will there be loss of agricultural and other productive assets due to land acquisition?</td>
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<tr>
<td>7. Will there be losses of crops, trees, and fixed assets due to land acquisition?</td>
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<tr>
<td>8. Will there be loss of businesses or enterprises due to land acquisition?</td>
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<tr>
<td>9. Will there be loss of income sources and means of livelihoods due to land acquisition?</td>
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<tr>
<td><strong>Involuntary restrictions on land use or on access to legally designated parks and protected areas</strong></td>
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<tr>
<td>10. Will people lose access to natural resources, communal facilities and services?</td>
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<tr>
<td>11. If land use is changed, will it have an adverse impact on social and economic activities?</td>
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<tr>
<td>12. Will access to land and resources owned communally or by the state be restricted?</td>
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</tbody>
</table>

### Information on Displaced Persons:

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any estimate of the likely number of persons that will be displaced by the Project?</td>
<td></td>
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<tr>
<td>If yes, approximately how many?</td>
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<tr>
<td>Are any of them poor, female-heads of households, or vulnerable to poverty risks?</td>
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<tr>
<td>Are any displaced persons from indigenous or ethnic minority groups?</td>
<td></td>
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</tbody>
</table>

### Note:
The project team may attach additional information on the project, as necessary.

### IR Categorization:

- A - significant IR impacts (200 or more); RP required
- B - insignificant IR impacts; RP required
- C - no impact; no requirement

### Prepared by:
(RDB designated officer)
Name and Signature: ______________________
Designation: ______________________
Date: ________________
INDIGENOUS PEOPLES SCREENING AND CATEGORIZATION CHECKLIST

Name of Subborrower: 

Subproject Title: 
Location: 

<table>
<thead>
<tr>
<th>KEY CONCERNS</th>
<th>YES</th>
<th>NO</th>
<th>NOT KNOWN</th>
<th>Remarks</th>
</tr>
</thead>
</table>

A. Indigenous Peoples Identification

1. Are there socio-cultural groups present in or use the project area who may be considered as “tribes” (hill tribes, schedules tribes, tribal peoples), “minorities” (ethnic or national minorities), or “indigenous communities” in the project area?

2. Are there national or local laws or policies as well as anthropological researches/studies that consider these groups present in or using the project area as belonging to “ethnic minorities”, scheduled tribes, tribal peoples, national minorities, or cultural communities?

3. Do such groups self-identify as being part of a distinct social and cultural group?

4. Do such groups maintain collective attachments to distinct habitats or ancestral territories and/or to the natural resources in these habitats and territories?

5. Do such groups maintain cultural, economic, social, and political institutions distinct from the dominant society and culture?

6. Do such groups speak a distinct language or dialect?

7. Has such groups been historically, socially and economically marginalized, disempowered, excluded, and/or discriminated against?

8. Are such groups represented as "Indigenous Peoples" or as "ethnic minorities" or "scheduled tribes" or "tribal populations" in any formal decision-making bodies at the national or local levels?

B. Identification of Potential Impacts

9. Will the project directly or indirectly benefit or target Indigenous Peoples?

10. Will the project directly or indirectly affect Indigenous Peoples' traditional socio-cultural and belief practices? (e.g. child-rearing, health, education, arts, and governance)
### KEY CONCERNS
(Please provide elaborations on the Remarks column)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>NOT KNOWN</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

11. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)

12. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as ancestral domain?

### C. Identification of Special Requirements

Will the project activities include:

13. Commercial development of the cultural resources and knowledge of Indigenous Peoples?

14. Physical displacement from traditional or customary lands?

15. Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands under use that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?

16. Establishing legal recognition of rights to lands and territories that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?

17. Acquisition of lands that are traditionally owned or customarily used, occupied or claimed by indigenous peoples?

### D. Anticipated project impacts on Indigenous Peoples

<table>
<thead>
<tr>
<th>Project component/activity/output</th>
<th>Anticipated positive effect</th>
<th>Anticipated negative effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. LIST ALL PROJECT COMPONENT / ACTIVITY / OUTPUTS HERE</td>
<td>---- INDICATE EFFECTS TO IPS OR PUT N/A AS NECESSARY</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
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</tr>
</tbody>
</table>

Note: The project team may attach additional information on the project, as necessary.

### IP Categorization:

- **A** - significant impacts; IPP required
- **B** – insignificant impacts; IPP required
- **C** – no impact; no requirement

---

Prepared by: (RDB designated officer)
Name and Signature: _____________________
Designation: _____________________
Date: _____________________
OUTLINE OF AN INITIAL ENVIRONMENTAL EXAMINATION

This outline is part of the safeguard requirements. An initial environmental examination (IEE) report is required for all environment category B subprojects. The level of details and comprehensiveness will be commensurate to the significance of potential environmental impacts and risks.

A. Executive Summary

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

B. Policy, Legal, and Administrative Framework

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

C. Description of the Project

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

D. Description of the Environment (Baseline Data)

4. This section describes relevant physical, biological, and socioeconomic conditions within the study area.

E. Anticipated Environmental Impacts and Mitigation Measures

5. This section predicts and assesses the project's likely positive and negative direct and indirect impacts to physical, biological, socioeconomic (including occupational health and safety, community health and safety) impacts in the project's area of influence; identifies measures to avoid, minimize, mitigate or compensate for adverse environmental impacts (in that order of priority).

F. Analysis of Alternatives

6. This section examines alternatives to the proposed project site, technology, design, and operation—including the no project alternative and discusses the basis in selecting the particular site, technology, design, etc.

G. Information Disclosure, Consultation, and Participation

7. This section:
   (i) describes the consultation and disclosure activities undertaken during project design and preparation;
(ii) summarizes comments and concerns received from affected people and other stakeholders and how these comments have been addressed in project design and mitigation measures;

(iii) describes the planned information disclosure measures during project implementation.

H. Grievance Redress Mechanism

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

I. Environmental Management Plan

9. This section deals with the set of mitigation and management measures to be taken during project implementation to avoid, reduce, mitigate, or compensate for adverse environmental impacts (in that order of priority). It includes the following:

(i) Mitigation—identifies and summarizes anticipated significant adverse environmental impacts and risks for each stage (pre-construction, construction, and operations phase).

(ii) Monitoring—describes monitoring measures, including parameters to be measured, methods to be used, sampling locations frequency of measurements, detection limits and definition of thresholds that will signal the need for corrective actions.

(i) Implementation arrangements—describes the responsible persons/entities in carrying out mitigation and monitoring measures; and the budget required to implement the mitigating measures.

J. Conclusion and Recommendation

10. This section provides the conclusions drawn from the assessment and provides recommendations.
SUGGESTED SCOPE FOR ANNUAL MONITORING REPORT FOR SUBPROJECT COMPANIES/CLIENTS

A. Subproject Name and Summary Information
   (i) Name of company/client
   (ii) Location of subproject (address, land use, surrounding environmental features)
   (iii) Nature (main products, composition, function/uses, technical process, etc.)
   (iv) Scale/size (footprint, annual production capacity, etc.)
   (v) Subproject amount
   (vi) Purpose of sub-loan
   (vii) Term of sub-loan

B. Relevant Environmental Permits or Compliance Certificates
   (i) Issued by which government agencies
   (ii) Issuance dates and duration of validity
   (iii) Permit conditions and renewal requirements

C. Incidents of Violations or Non-Compliance
   (i) Nature of non-compliance
   (ii) Violation or non-compliance based on what environmental standards and regulations
   (iii) Recorded dates and authorities
   (iv) Media or community reactions (if any) or complaints received

D. Incidents of Environmental and Safety Accidents
   (i) Incident recorded dates,
   (ii) Scale of damage and injury (if any)
   (iii) Authorities in charge of investigation/recording
   (iv) Media or community reactions (if any) or complaints received

E. Institutional Capacity
   (i) Staff capacities in environmental management (as relevant)
   (ii) Degree of awareness of: (i) environmental management, (ii) health and safety, (iii) environmental laws and regulations
   (iii) Training programs carried out
   (iv) Needs assessment of environmental management capacity
SUGGESTED ANNUAL ENVIRONMENTAL AND SOCIAL MONITORING REPORT FORMAT
FOR REGIONAL DEVELOPMENT BANK

Please provide responses to the questions below. Please include additional sheets or attachments as required to provide details on questions that have been answered Yes. RDB is required to submit the annual performance report to ADB.

<table>
<thead>
<tr>
<th>Name of Organization</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed by (name):</td>
<td></td>
</tr>
<tr>
<td>Position in organization:</td>
<td>Date:</td>
</tr>
<tr>
<td>Reporting period</td>
<td>From: To:</td>
</tr>
</tbody>
</table>

A. Portfolio Information

<table>
<thead>
<tr>
<th>Report Covering Period:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>From: To:</td>
<td></td>
</tr>
</tbody>
</table>

For the reporting period, please provide the following information about your portfolio where applicable:

<table>
<thead>
<tr>
<th>Business Lines</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Line</td>
<td>Description</td>
</tr>
<tr>
<td>Retail banking/ consumer loans</td>
<td>Loans or other financial products for individuals (includes retail housing finance and vehicle leasing)</td>
</tr>
</tbody>
</table>

**Long term:**
Transactions with tenor greater than 12 months

| MSME |   |   |

| Trade finance |   |   |

**Short term (ST):**
Transaction with tenor less than 12 months

| ST corporate finance |   |   |
| ST trade finance |   |   |

**Other**

| Microfinance |   |   |
| Other (if applicable) | Please describe |   |
Exposure by Industry Sectors

If there is any exposure in the area of MSME finance please provide an indicative % of portfolio that these sectors represent of the total MSME portfolio.

<table>
<thead>
<tr>
<th>Industrial Sector</th>
<th>% of Corporate Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>(please list down applicable industry sectors)</td>
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</tbody>
</table>

If engaged in long term project finance/corporate finance, please provide information as requested of all loan assets meeting the following conditions:
- Longer than 12 months tenor
- Larger than US$ 1 million outstanding exposure

<table>
<thead>
<tr>
<th>Name of Subproject</th>
<th>Type of Loan (Large Corporate/MSME/Trade Finance)</th>
<th>Tenor of Loan (Months)</th>
<th>Value of Exposure (US$ Million)</th>
<th>Industry Sector</th>
<th>Safeguard Category</th>
<th>Any Outstanding Environmental and IR and IP Issues During Reporting Period and Actions Taken to Address the Issues</th>
<th>Subproject using ADB Funds (Yes/No)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Env IR IP</td>
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</tbody>
</table>

Env = environment, IR = involuntary resettlement, IP = indigenous peoples.

a Please use the sectors listed in the earlier table or any standard classification

B. Environmental and Social Management System

<table>
<thead>
<tr>
<th>Policies and Processes</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has your organization developed and implemented an ESMS?</td>
<td></td>
</tr>
<tr>
<td>Policies and Processes</td>
<td>Yes/No</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>If there is an ESMS already in place, have there been any updates to the ESMS or</td>
<td>If yes, please provide a copy of the updates including</td>
</tr>
<tr>
<td>policy and procedures adopted by your organization during the reporting period?</td>
<td>dates and reasons for the same.</td>
</tr>
<tr>
<td>Has senior management signed off on the updated policy/procedure?</td>
<td>If yes, please provide the date and internal</td>
</tr>
<tr>
<td></td>
<td>communication indicating the same.</td>
</tr>
<tr>
<td>Has your organization appointed staff tasked to implement the ESMS?</td>
<td>If yes, please provide information on number of staff</td>
</tr>
<tr>
<td></td>
<td>and qualification (experience and education background) to</td>
</tr>
<tr>
<td></td>
<td>implement the ESMS.</td>
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<tr>
<td>Please give details of any transactions rejected due to environmental and/or social</td>
<td></td>
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<tr>
<td>concerns.</td>
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<tr>
<td>Please state any difficulties and/or constraints related to the implementation of</td>
<td></td>
</tr>
<tr>
<td>the ESMS.</td>
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</tr>
<tr>
<td>Please describe how you ensure that your subproject companies and their subprojects</td>
<td></td>
</tr>
<tr>
<td>are operated in compliance with the national laws and regulations and applicable</td>
<td></td>
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<tr>
<td>ADB’s requirements.</td>
<td></td>
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<tr>
<td>With the material social and environmental issues associated with clients during the</td>
<td></td>
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<tr>
<td>reporting period in particular.</td>
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</tr>
<tr>
<td>In case the existing ESMS is not fully functional, what is the action plan being</td>
<td>Please provide information or cite recommendation</td>
</tr>
<tr>
<td>implemented by your organization?</td>
<td>made by ADB’s review mission to improve the ESMS and its</td>
</tr>
<tr>
<td></td>
<td>implementation.</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity</td>
<td>Yes/No</td>
</tr>
<tr>
<td>Please provide the name and contact information of the Environmental/Social Officer</td>
<td>Please describe the training or learning activities the</td>
</tr>
<tr>
<td>or Coordinator who has the overall responsibility for the implementation of ESMS.</td>
<td>Environmental/Social Officer or Coordinator attended</td>
</tr>
<tr>
<td></td>
<td>during the year.</td>
</tr>
<tr>
<td>Please provide current staffing of other core ESMS persons in the organization</td>
<td>Please describe the training provided to the ESMS</td>
</tr>
<tr>
<td>involved with ESMS implementation.</td>
<td>persons and other team members during the year.</td>
</tr>
<tr>
<td>What was the budget allocated to the ESMS and its implementation during the year?</td>
<td>Please provide budget details including staff costs and</td>
</tr>
<tr>
<td></td>
<td>training as well as any actual costs.</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Yes/No</td>
</tr>
<tr>
<td>Do you receive environmental and social monitoring reports from subproject companies</td>
<td>If yes, please describe and provide supporting</td>
</tr>
<tr>
<td>that you finance?</td>
<td>documents including any social and environmental</td>
</tr>
<tr>
<td></td>
<td>considerations if applicable.</td>
</tr>
<tr>
<td>Do you check for ongoing compliance of your subproject companies with national</td>
<td>If yes, please describe the process including any social</td>
</tr>
<tr>
<td>regulation and any other requirements?</td>
<td>and environmental considerations if applicable.</td>
</tr>
</tbody>
</table>
Please describe how you monitor the sub-borrower and their subproject's social and environmental performance.

Please provide details of any accidents/litigation/complaints/regulatory notices and fines:
- Any incidents of non-compliance with the applicable environmental and social requirements
- Covenants/conditionalities imposed by the bank to the sub-borrower as a result of any non-compliance

<table>
<thead>
<tr>
<th>Reporting</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there an internal process to report on social and environmental issues to senior management?</td>
<td>If yes, please explain the process, reporting format and frequency and actions taken if any.</td>
</tr>
<tr>
<td>Do you prepare any social and environmental reports:</td>
<td>If yes, please provide copies of these reports.</td>
</tr>
<tr>
<td>- For other multilateral agencies</td>
<td></td>
</tr>
<tr>
<td>- Other stakeholders</td>
<td></td>
</tr>
<tr>
<td>- E&amp;S reporting in the annual report</td>
<td></td>
</tr>
<tr>
<td>- Sustainability reports</td>
<td></td>
</tr>
</tbody>
</table>

### Activities on ADB’s Prohibited Investment Activities List

If any, please indicate the dollar percentage of loans or investments out of your total outstanding exposure provided to clients who are substantially involved in ADB’s Prohibited Investment Activities List (Refer to Attachment 1).

If the percentage is not zero, please explain these exposures and any steps having been taken to reduce such exposure.

<table>
<thead>
<tr>
<th>%</th>
</tr>
</thead>
</table>

### C. Subprojects Using ADB Funds

Please provide information about all new subprojects using ADB funds approved during this reporting period.

<table>
<thead>
<tr>
<th>Name of Sub-borrower:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subproject location:</td>
</tr>
<tr>
<td>Industry sector:</td>
</tr>
<tr>
<td>Value of exposure (US$ million):</td>
</tr>
<tr>
<td>Safeguard category:</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Were any environmental and social due diligence undertaken and by your organization?</td>
</tr>
<tr>
<td>Any environmental assessment report (including environmental management plan), involuntary resettlement plan, or Indigenous Peoples plan, or audit reports reviewed by your organization?</td>
</tr>
<tr>
<td>What were the main environmental, involuntary resettlement and Indigenous Peoples issues associated with this subproject that were identified through due diligence conducted by your organization, and how were the issues dealt with (i.e., outcome of due diligence)?</td>
</tr>
<tr>
<td>Did you discuss with the subproject the applicable environmental and social safeguard requirements and their implementation?</td>
</tr>
<tr>
<td>For category A subprojects, were safeguards related documents such as EIA report, RP and IPP, or audit reports made publicly available, in addition to posting on ADB’s website?</td>
</tr>
<tr>
<td>Were any conditions or covenants related to environmental and social issues made along with the investment?</td>
</tr>
<tr>
<td>Does the subproject comply with applicable government requirements?</td>
</tr>
<tr>
<td>Does the subproject comply with applicable ADB safeguard requirements?</td>
</tr>
</tbody>
</table>