

2023

# ESMS Audit ToRs

## 1. INTRODUCTION

The Government of the Islamic Republic of Pakistan (GOP) has established National Disaster Risk Management Fund (NDRMF) to institutionalize a mechanism to enhance Pakistan's resilience to disasters by strengthening the government's ability to quickly respond to future disasters triggered by natural hazards. The fund focuses on (i) disaster risk reduction (ii) design, development and seeding of disaster risk financing strategies and instruments and (iii) partnerships with other organizations to provide relief and recovery support including livelihood restoration initiatives and reconstruction and rehabilitation of key public infrastructure. NDRMF will provide a common mechanism to pool various contributions from a diverse base of contributors and serve as a vehicle for donor coordination on disaster risk management by the government.

## 2. IMPLEMENTATION ARRANGEMENTS

NDRMF supports existing government entities and civil society organizations, involved in disaster risk management, including the National Disaster Risk Management Authority (NDMA), Provincial Disaster Risk Management Authorities (PDMA), District Disaster Management Authorities (DDMA), etc. These entities are referred to as **Fund Implementing Partners (FIPs)**, which are accredited through a detailed process consisting of a rigorous review of the applicant entity for its organization procedures, guidelines including safeguards (environment, Social and gender). Initial Subproject Concepts (ISPCs) are reviewed and screened for environmental safeguards impacts, risks and recommend appropriate assessment plans.

Since NDRMF does not support large scale projects that may have significant adverse environmental and social impacts and most of the projects are consist of multiple small to medium-scale subprojects/schemes which could be defined under the social and environmental auspices as Category B (requiring IEE/ESMP) & C (checklist) projects as per the donor and national regulations. However, it is envisaged that in future (i.e. phase-II) there might be some large scale projects having significant environmental impacts of category "A" requiring (EIA) for environmental safeguards. For social safeguards there might be Category "B" project requiring short resettlement plan or corrective action plan. Similarly, current small scale subprojects/schemes require Voluntary Land Donation (VLD) which shall be made part of the revised/updated ESMS as policy framework.

It is the responsibility of Fund to screen and assess the project concept and proposals for applicable environment and social safeguards aspects and inform the Fund Implementing Partners (FIPs) to prepare the required assessment documents for review and approval prior to implementation on the ground.

## 3. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Investments provided by NDRMF must be implemented in accordance with the principles of sustainable development, including environmental, social, cultural and economic considerations as per the government of Pakistan's laws and regulation, ADB's requirements for financial intermediaries and environment and social policies of the respective Financing Source(s).

To ensure adherence to the above-mentioned policies and principles, a comprehensive Environmental and Social Management System (ESMS) was developed which defines procedures, institutional arrangements and its financing operations for managing adverse environmental and social risks and impacts.

The ESMS has the following fundamental elements: (i) environmental and social policies that clearly articulate the Fund's commitment to environment, social (E&S) and gender mainstreaming objectives and principles based on applicable national E&S laws and

regulations and international ratified applicable conventions and agreements that guide the Fund to achieve sound E&S performance, (ii) screening for identification of E&S risks and impacts, and categorization of subprojects based on nature of activities, scale of operations, technology, locations, significance and severity of E&S risks and impacts, (iii) development of procedures to systematically and fully mitigate the identified risks and impacts, (iv) institutional arrangements including organizational structure and staffing with appropriate skills and competencies in ESMS and institutional accountability by defining roles and responsibilities, (v) gender responsive grievance redresses mechanism and (vi) gender inclusive monitoring and reporting procedures.

#### **4. ASSIGNMENT CONTEXT:**

In accordance of section 5.5 (ESMS Audit Procedures), an independent third party/audit study is mandated to ensure that environment and social safeguard requirements are adequately implemented and are consistent with the ADB safeguards policies and national regulations and policies.

The study/audit will prioritize high-risk sub-projects, particularly those involving medium to large scale civil works. Another aspect of the audit will be to assess the Fund's capacity regarding safeguards management and based on that recommend prior review requirements of proposal categorization and safeguards plans by the financing source.

#### **5. SELECTION PROCESS:**

Firm will be selected in accordance with process stipulated in regulation 2010 for procurement of consultancy services under PPRA. QCBS method will be used for selection of consultancy firms.

#### **6. ASSIGNMENT OBJECTIVE:**

The objective of the third party firm is to perform independent assessment of the environmental and social management of NDRMF projects in line with the requirements established in the ESMS. Focus will be placed on examining whether a system for addressing environmental, Social and Gender aspects of the project and sub-project activities are functional and adequately resourced and whether implementation of mitigation measures and established mechanisms as contemplated in the project specific safeguards instruments is in line with the requirements of ESMS. Based on the study findings, gap filling and enhancement measures with time-bound action plans is expected to recommended through this assignment.

#### **7. SCOPE OF SERVICES**

The scope of the assignment includes (a) an assessment NDRMF's ability to manage and address all relevant social and environmental risks and impacts of its business and operations, in particular, the issues identified in donor's safeguard requirements, build NDRMF's capacity in enhanced safeguards management; (b) a review of NDRMF's compliance record with applicable laws and regulations in Pakistan related to environmental and social matters, and (c) identify the NDRMF's and its FIPs' main stakeholder groups and current stakeholder engagement activities. The audit will cover both the ESMS within NDRMF and selected subprojects for their implementation compliance to safeguard requirements.

All subprojects that are categorized as B will be covered in the audit study as long as disbursements have been made in the current or the previous year. Approximately 25% of other subprojects will be selected, and will necessarily include at least one subproject from different subproject types. The focus will mainly be on sub-project activities involving medium – large scale civil works.

The third party firm will cover the overall project portfolio at minimum 25% sample based projects. ESMS auditors will submit an audit report including capacity assessment of and training in safeguards management for NDRMF's and FIPs' follow-up.

Specific tasks include:

- i. Review the ESMS of the NDRMF to ascertain the requirements that NDRMF and FIPs are to comply with, and based on this develop a broad audit program that will confirm the consultants' understanding of the ESMS, audit objective, and scope. The audit plan shall include approach and methodology of the audit as well as the shortlisting of the subprojects to be audited, and schedule of the audit together with audit checklists. For the purpose of audit, the auditors, in addition to desk review of the documents, shall also meet the relevant stakeholders including NDRMF, FIPs, contractors and supervision consultants (if any). The audit program should also incorporate field visits to the selected subproject sites. These sites will be selected in consultation with the NDRMF safeguards team.
- ii. Conduct an environmental and social safeguards audit as per the audit program. This audit will assess the compliance with the ESMS requirements (including documentation, consultation, disclosure, etc.) and relevant legislation and regulatory requirements both by NDRMF as well as the FIPs. The audit will assess whether a system for environmental and social management as stipulated in the ESMS has been duly followed and is fully functional. These include effectiveness of the institutional arrangements, resource adequacy, environmental and social management processes for screening, environmental and social assessments, risk mitigation and oversight, reporting and documentation, and Grievance Redress Mechanism (GRM).
- iii. Assess the capacities and resources of the NDRMF to monitor and implement environmental and social management measures. This covers assessment of institutional capacities of the FIP's project units in the overall implementation of the ESMS and supervision of project consultants and contractors, as well as that of NDRMF in appraisal of the proposals from safeguards perspective, and monitor compliance of ESMS by FIPs during implementation. Key areas of concerns include identification and management of all relevant environmental and social risk mitigation measures of operations, in particular, specific E&S risks that were identified in the ESMS and sub-project environmental and social assessments.
- iv. The assessment shall include feedback on the quality subproject appraisal by NDRMF from safeguards' perspective and the environmental and social management reporting, including related reviewing and approving activities, risk management, plans, and project monitoring reports; as well as examining the implementation of mitigation measures and established mechanisms. Such alternative approaches, including stakeholder engagement tools in lieu of site visits shall be reviewed and approved by the NDRMF safeguards team. Further elaboration of roles and responsibilities of the implementing units under the project to inform this assessment can be referenced in Chapter 5 of the ESMS to be found at the following link. <https://www.adb.org/sites/default/files/project-document/212806/50316-001-pam.pdf>
- v. To assess risks related to labor influx, covering Occupational, Health and Safety (OHS) and community, health and safety. Assess the management of such risks at the project and sub-project levels, including whether a system is in place and functions to address risks related to Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH), including Gender-Based Violence (GBV) and Violence Against Children (VAC) in line with the project's ESMS.
- vi. Assess implementation of specific risks related to implementation of Social safeguards, Voluntary Land Donation (VLD), Implementation of short resettlement plan in case of encroachers at site and practices in land acquisition or resettlement as a result of project activities. Key aspects cover consultations, grievance handling, management of risks related to informal land claims and vulnerable groups. Assess the implementation practices of the plans in place for use of private land.

- vii. Assess the effectiveness of the project's Grievance Redress Mechanism (GRM) for subprojects in terms of its accessibility, credibility, effectiveness in resolving grievances, resourcing etc.
- viii. While carrying out the social auditing following aspects of ESMS will be critically reviewed according to nature of the sub projects, ground realities and implementation in the field:
  - a. Desk-based Document Review
  - b. Stakeholders consult
  - c. Social Safeguards Compliance Audit Report and Corrective Action Plan
  - d. Land-based Resettlement Strategy
  - e. Replacement Cost Compensation
  - f. Monitor Outcomes and Impact
  - g. Culturally Appropriate, Gender Sensitive Impact Assessment
  - h. Information Gaps and Limitations
  - i. Compliance review – ADB Safeguard Requirement 2: Involuntary Resettlement
  - j. Indigenous Peoples Compliance Review
- ix. Audit results shall be analyzed to identify key issues and gaps to be addressed in continued implementation of the ESMS and E&S risk mitigation measures. Based on the analysis, the auditors shall present audit findings and confirm whether or not the ESMS of the Fund is performing "satisfactorily". In case, there have been gaps in ESMS compliance, the audit report should recommend gap-filling and enhancement measures for the overall environmental, social and gender management. The recommendations shall propose clear and time bound actions needed to address technical and capacity building gaps. The audit team will submit audit reports to the NDRMF and discuss a mutually agreed timeframe for the implementation of proposed follow-up actions. NDRMF will submit all final audit reports to the ADB for review/record.
- x. Develop ToRs for further audits to be conducted on an annual basis as per the requirement of ESMS. These ToRs will be part of the final audit report.

## **8. APPROACH AND METHODOLOGY**

In performing the E&S study/audit, the Consultants' team shall review available documentation (e.g., ESMS, VLD Policy Framework ADB safeguard policies, technical reports, bidding and contract documents, environmental and social management instruments and plans, Voluntary Land Donation agreements, GRM system and records, etc.) and identify stakeholders, including community representatives for the purpose of due diligence and audits. Field visits to select sites, stakeholder engagement and beneficiary satisfaction surveys will be carried in coordination with NDRMF. In addition, stakeholder's meetings and field visits of selected sites will also be carried out during the audit. The consultants shall be responsible to develop required assessment tools and identify relevant stakeholders as part of the audit program. These tools and stakeholder engagement plan for the audit purposes shall be reviewed and approved by NDRMF and the ADB.

The assignment period is four (04) calendar months. The time allocation includes completion of the scope of services, and submission and presentation of draft and final audit reports. This time allocation will include field visits to sample sub-project sites and will be facilitated by NDRMF. Relevant professionals from the safeguards team of Fund will accompany the consultants' team.

## **9. TEAM COMPOSITION, QUALIFICATION AND EXPERIENCE**

The audit team must be a Firm with appropriate and sufficient capabilities, resources, and experience to execute the full extent of the scope of services to a very high quality. The team will mainly comprise of relevant experts in environmental management, social risk management, and other experts in specific topics such as OHS and community, health and

safety. The team must have experience in environmental and social risk management in major infrastructure projects and post-disaster reconstruction and rehabilitation.

Moreover, key experts have the experience to do ESMS audits and relevant tasks. The profile of team members should demonstrate the following general skills and experience:

- Data collection, Consultative skills and strong report writing skill.
- Strong and demonstrated interpersonal skills, and experience communicating with senior government officials, communities and large groups of people;
- Excellent working knowledge of national legislations and regulations related to environmental and social risk management, and as outlined in the project ESMS, is required for all specialists;
- Field experience and good knowledge of the implementation of ADB's safeguards policy statement (or that of other international financial institutions);
- Proven writing and analytical skills, ability to initiate innovative approaches;
- Proven ability to work as a team player with multi-tasking skills, experience in facilitation, presentation, communication and computational skills, resourcefulness, attention to details and client orientation.
- Competency in the use of standard desktop publishing applications (e.g. Microsoft Office);
- Preferably have EMS Audit certifications from a reputed national/international organization.
- Ability to communicate and write effectively in English.

TOR of the individual specialists are provided below:

## **1. Environment Specialist (Key Specialist (25 working days )1.25 person months)**

### **A. Specific Tasks:**

Specific Tasks of the Specialist included:

- (i) Review & assess the ESMS for applicable environmental categories
- (ii) Review the NDRMF project portfolio & assess the projects categorization along environmental safeguards compliance requirement for design, implementation and completion phases
- (iii) Assess the NDRMF and FIPs environmental safeguards system's applicability with the ESMS
- (iv) Assess the capacities and resources of the NDRMF & FIPs to monitor and implement environmental management measures
- (v) Field visits to selected sites and FIPs offices for stakeholder consultations

### **B. Required Qualification and Experience**

- At least a Master's degree in Environmental Science/ Engineering/ Planning;
- Preferably a minimum of 10 (ten) years relevant professional experience particularly in environmental management of infrastructure projects, disaster risk management;
- Demonstrated experience in environmental impact assessment studies and development of risk management instruments; and
- Experience in conducting similar audit and possess an auditor certification for ISO, and/ or relevant environmental management systems.

## **2. Social Risk Specialist (Key Specialist: (25 working days) 1.25 person months)**

### **C. Specific Tasks:**

Specific Tasks of the Specialist included:

- (i) Review & assess the ESMS for applicable social safeguards categories

- (ii) Review the NDRMF project portfolio & assess the projects categorization along social safeguards compliance requirement for design, implementation and completion phases
- (iii) Assess the NDRMF and FIPs social safeguards system's applicability with the ESMS
- (iv) Assess the capacities and resources of the NDRMF & FIPs to monitor and implementation of social safeguards management measures (land acquisition, resettlement & VLS)
- (v) Field visits to selected sites and FIPs offices for stakeholder consultations

#### **D. Required Qualification and Experience**

- At least a Master's degree in social sciences, sociology, anthropology, or community development;
- Preferably a minimum of 10 (ten) years relevant professional experience particularly in social risk management of infrastructure projects, disaster risk management;
- Demonstrated experience in social impact assessment studies and development of risk management instruments, especially addressing impacts on vulnerable or diverse groups (e.g., people with disabilities), land acquisition and resettlement, Indigenous Peoples, etc.; and
- Experience in conducting similar audits, especially in the areas of social risk management.

### **3. Gender Specialist (Key Specialist: (20 working days ) 1.0 person months)**

#### **E. Specific Tasks:**

Specific Tasks of the Specialist included:

- (i) Review & assess the ESMS for applicable for gender & inclusion
- (ii) Review the NDRMF project portfolio & assess the projects categorization along gender safeguards compliance requirement for design, implementation and completion phases
- (iii) Assess the NDRMF and FIPs Gender Action Plan (GAP) development and implementation
- (iv) Assess the capacities and resources of the NDRMF & FIPs to monitor and implement GAP
- (v) Field visits to selected sites and FIPs offices for stakeholder consultations

#### **F. Required Qualification and Experience**

- At least a Master's degree in social development, public policy, gender studies, or related field;
- Preferably a minimum of 10 (ten) years relevant professional experience or equivalent combination of education and working experience in gender studies, Gender Based violence in disaster management context.
- Demonstrated experience in developing Gender Action Plans and guidelines, management systems, checklists and training courses.
- Experience in conducting similar audits or assessments.

### **4. Occupational, Health and Safety (OHS) Specialist: (15 working days) 0.75 person months)**

#### **G. Specific Tasks:**

Specific Tasks of the Specialist included:

- (i) Review the NDRMF project portfolio & assess the projects categorization along OHS compliance requirement for design, implementation and completion phases
- (ii) Assess the NDRMF and FIPs OHS system's applicability with the ESMS
- (iii) Assess the capacities and resources of the NDRMF & FIPs to monitor and implementation of measures for OHS
- (iv) Field visits to selected sites and FIPs offices for stakeholder consultations

**H. Required Qualification and Experience**

- At least a Master's degree in environmental sciences, project management, Occupational Health and Safety, or other relevant disciplines;
- Preferably a minimum of 10 (ten) years relevant professional experience particularly in OHS management of infrastructure or civil works projects;
- Demonstrated experience in OHS assessments and supervision and development of OHS management instruments for major infrastructure projects; and
- Experience in conducting similar audits and possess an auditor certification for Occupational Health and Safety Management System (OHSAS)

**5. DELIVERABLES**

The consultant shall submit the following reports within the indicated timeline:

<b>Output Number</b>	<b>Output</b>	<b>Due date for submission</b>
1	Inception report including ESMS audit methodology.	Within 10 Working Days after signing of contract.
2	A draft assessment report on the overall compliance and management of ESMS implementation by NDRMF and FIPs. The report will include auditors' opinion whether or not the ESMS of the NDRMF is performing " <i>Satisfactorily</i> ".	Within 20 Working Days after signing of contract.
3	Final audit report of ESMS including technical recommendations for overall project and site-specific management of E&S risks, incorporating comments from the NDRMF and the Asian Development Bank (ADB).	15 Working Days after signing of contract.

**6. PAYMENT**

The contract will be output-based/lump sum with no cost variation option. The payment for this audit will be made as follows:

1. 20% of the contract price on submission of the inception report (Output 1)
2. 50% of the contract price on approval of the first draft audit report (Output 2)
3. 30% of the contract price on approval of the final audit report (Output 3)



## **7. REPORTING**

The consultant team will report to the CEO, NDRMF and work in collaboration with the environmental and social safeguards specialist and other experts assigned for the expected deliverables.

## **8. PERFORMANCE EVALUATION**

If the work of the consultancy firm is not found satisfactory at any stage, the CEO of NDRMF holds the authority to suspend payments of the services. Continuation of the remaining services will be subject to performance evaluation by CEO of NDRMF.

## **9. QUALIFICATION & EXPERIENCE OF FIRM**

At least five (05) years of General Experience and three (03) years of similar & specific related experience in the field of Environment & Social audits.