

Social Monitoring Report

PUBLIC

Project Number: 53067-004
Semi-Annual Report (April - September 2024)
December 2024

India: Inclusive, Resilient, and Sustainable Housing
for Urban Poor Sector Project in Tamil Nadu

Environment Social and Governance Management
Systems Semi-annual Monitoring Report

Output 2 (TNIFMC)

Prepared by the Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC) for the
Asian Development Bank (ADB).

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
BDO	Block Development Officer
CMD	Chief Managing Director
EHS	Environment, Health, and Safety
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
E&S	Environment and Social
ESG	Environment, Social and Governance
ESGMS	Environmental Social and Governance Management System
ESDD	Environmental Social Due Diligences
EWS	Economically Weaker Section
GRM	Grievance Redressal Mechanism
GOI	Government of India
IEE	Initial Environment Examination
LIG	Lower Income Group
MIG	Middle Income Group
NOC	No Objection Certificate
SEBI	Securities and Exchange Board of India
TNIFMC	Tamil Nadu Infrastructure Fund Management Corporation
TNEB	Tamil Nadu Electricity Board
TNSF	Tamil Nadu Shelter Fund

EXECUTIVE SUMMARY

Financial intermediary agency	Tamil Nadu Infrastructure Fund Management Corporation Ltd (TNIFMC)
Description of financial intermediary	TNIFMC is an asset management company promoted by the Govt of Tamil Nadu. The Tamil Nadu Shelter Fund (TNSF) is a Category I- Alternative Investment Fund managed by TNIFMC. The fund aims to create positive social impact and reduce the environmental footprint of development by investing in sustainable affordable housing infrastructure. It is a unique platform for various types of investors to help increase the supply of sustainable affordable housing while potentially receiving risk-adjusted returns.
How is the fund meeting the target of affordable housing schemes in India?	<ul style="list-style-type: none"> • The fund is currently investing in-to Affordable Housing Projects on both ownership and rental basis. • The fund aims at creating social impact by investing into commercially viable affordable housing projects which are environmentally sustainable, and which adopt measures like new technologies to reduce cost and time, water usage reduction and wastewater treatment, rainwater harvesting, solar power generation, solid waste management, etc. • The projects currently being evaluated for investment include affordable housing complexes, working women’s hostels, industrial workers housing and senior living.
ESDDs conducted. (No. of Due Diligences and Environment and Social Categories)	<ul style="list-style-type: none"> • A third-party due diligence is conducted for the projects which are categorized under “B”¹ category (ESG risks are site-specific and can be mitigated) considered for investment. • ESDD were conducted for four industrial housing projects in the month of May’24 which were submitted for approval in the month of October’24 and one affordable housing project in Vilangadupakkam for approval in October’24.
No. of ADB approved projects under monitoring	<ol style="list-style-type: none"> a. Affordable Housing Project – 1 (Ambur Properties Private Limited) b. Industrial Housing (IH) – 2 (Siruseri, and Vidiyal Residency Private Limited) c. Affordable Housing - Nebula Infraspace LLP is on hold due to the revenue sharing dispute between land owner and developer.
ESG safeguards categorization of TNIFMC	<p>ESGMS Categorization</p> <p>A – Project has adverse environmental, social and governance risks and are not recommended for investment</p> <p>B- Project has moderate environmental, social and governance risks which are site-specific and reversible.</p> <p>C- Project will have minimal environmental, social and governance risks.</p>
Unanticipated impacts in projects including change of scope or design	None
Number of site inspections and audits undertaken by safeguards staff from TNIFMC	6
Corrective action required in sub-	0

¹ Projects where the risks are anticipated to be site specific and require further detailed due diligence.

projects	
Outstanding corrective action in sub-projects	0
Non-compliances recorded in sub-projects	0
Is GRM functional	Yes
Number of unresolved grievances	0
Number of grievances received	0
Number of grievances resolved	0
Number of grievances still outstanding	0

ESGMS REPORT

Financial Intermediary Name:	Tamil Nadu Infrastructure Fund Management Corporation (TNIFMC)/Tamil Nadu Shelter Fund		
Fund employment (Apr 2024 – Sep 2024)	Male: Professional 3	Administrative: Nil	Female: Professional 2
Completed by (Name):	TNIFMC		
Position and Contact Information:	ESG Consultant		
Report Period:	From: Apr 2024	To: Sep 2024	
Reporting Date:	Dec 2024		

Environmental and Social Management System

1. Introduction / overall information on the project

The project will promote access to inclusive, resilient, and sustainable housing and urban development in Tamil Nadu by supporting the state in mobilizing private sector financing to construct affordable housing units for urban poor households, migrant workers from the economically weaker section (EWS) and lower-income group (LIG) and other populations that are underserved by the housing market, which will be implemented following an approach similar to a financial intermediation loan.

The project is aligned with the following impact: permanent shelter with appropriate housing infrastructures and services provided for every affected household. The project will have the following outcome: access to inclusive, safe, and affordable housing infrastructure and services for vulnerable and disadvantaged communities in Tamil Nadu increased.

The project aims to achieve the following output:

Output 2: Affordable housing for urban poor and migrant workers increased. ADB financing for this output will be deployed as GOTN's equity into the Tamil Nadu Shelter Fund (TNSF), which in turn will be leveraged to catalyse private sector investment in TNSF. Utilizing such financing, TNSF will provide risk capital, such as in the form of equity or participating instrument's investment, to specific special purpose vehicles or other entities undertaking affordable housing subprojects that benefit populations underserved by the housing market. Examples of such subprojects include industrial housing and working women's hostels for low-income and migrant workers, resulting in an anticipated additional 500 beds for working women and 5,000 beds for industrial workers. To be eligible for financing, subprojects must be financially and economically viable affordable housing projects that increase the supply of housing for households within EWS and LIG segments and other segments of the population that are currently underserved by the housing market.

2. ESGMS Implementation Process

The Environmental, Social and Governance Management System (ESGMS) framework² is being applied for evaluating and monitoring all the investments of the Tamil Nadu Shelter Fund (TNSF). The ESGMS is also applied for monitoring the investments made by the fund.

With respect to application of ESGMS for evaluating the proposals, based on the experience gathered from evaluation and monitoring of projects, the risk rating tool shall be reviewed, updated,

² [Inclusive, Resilient, and Sustainable Housing for Urban Poor Sector Project in Tamil Nadu: Financial Intermediary - Environmental and Social Management System Arrangement \(adb.org\)](#)

and simplified periodically.

We are currently applying the ESGMS to monitoring the investments and are streamlining the same through standardization of monitorable indicators for projects in the O&M phase. We are currently in the process of seeking inputs on the same and internally updating the framework.

3. ESMS Capacity/ Institutional arrangements for social Safeguards/Trainings Attended

Institutional Arrangements as per PAM

PAM Requirements	Status
ESG Analyst (Full Time)	ESG consultant appointed. Name: Sreenidhi V
Environment Expert (Part-Time)	Environment Expert has been recently appointed by ADB on a part-time basis.
Senior Social Expert (Full Time)	Will be considered based on the workload in future. Presently, ESG analyst is able to handle the same.
Governance Expert (Part Time)	The in-house expertise (TNSF) consisting of the General Counsel provides support on governance aspects. Based on the need, external agencies are engaged for conducting detailed due diligence.

4. ESMS Changes during the Reporting Period

An internal review of ESGMS was conducted during the reporting period. No changes were made to the tool.

5. ESMS Monitoring

a) For large projects which require environmental impact assessment (EIA), as per GOI guidelines, a separate EIA report is prepared, and clearance obtained. For other projects which require environmental clearance without EIA and for projects which do not require environmental clearance, an Environment Management Plan (EMP) for the construction phase is developed and is followed during construction. The EMP identifies key risks with respect to the environment indicators and risk mitigants are proposed for the risks identified.

b) Development of a stakeholder engagement plan is mandated for every project and quarterly status on the engagement with stakeholders is closely monitored.

c) A grievance redressal committee is set up for every project and grievances recorded are addressed on a fortnightly basis at the project level/fund level and reviewed by TNSF on a quarterly basis.

During the reporting period, no accidents/litigations/complaints/regulatory notices and fines have been imposed/recorded with for the portfolio companies and the fund.

6. Grievance Redress Mechanism

A Grievance Redress Mechanism has been established for Tamil Nadu Infrastructure Fund

Management Corporation (TNIFMC). No grievances were reported in the ADB approved projects during the reporting period.

7. ESMS Reporting Mechanism

ESG reporting is done on an annual basis to the Investment Committee, board of TNIFMC and investors of the fund.

8. Environmental and Social Due Diligence (ESDD) Conducted

A third-party due diligence is conducted for the “B” category projects (ESG risks are site-specific and can be mitigated) considered for investment. A total of 5 ESDD were conducted between April 2024- September 2024.

9. Status of contract award and Social Safeguards Documents

No contract was awarded during the reporting period. The ESG Due Diligence reports which are already reviewed and approved are disclosed in the ADB website.³

10. Stakeholder Consultations conducted.

TNSF ESGMS mandates the preparation of a stakeholder identification and engagement plan by portfolio companies. During the reporting period, the stakeholder engagement plan was prepared for 3 projects (Ambur Properties Private Limited, Industrial Housing Project by Vidiyal Residency, Hosur and Industrial Housing Project- Siruseri).-During the reporting period, no other stakeholder consultations have been conducted as there are no ADB approved projects in the monitoring stage.

11. Compliance with Social Safeguards Covenants

Loan Covenants	Status of Compliance
Screening, Categorization and Environment and Social Assessment and Planning	ESGMS is being used to screen and categorize projects based on the significance of the environmental and social impacts associated with the project. Pursuant to the SPS, an Environment and Social Management Plan is prepared for each subproject All Environmental Assessment Plans and Social Assessment Due Diligence reports are shared with ADB and all the projects are classified as “B”.
Environment Safeguards	Every subproject is compliant with a) All applicable laws and regulations of the borrower and state b) All Environment Safeguards c) ESGMS and ESGMS action plan d) All measures and requirements set forth in the sub project environmental assessment and EMP
Land Acquisition and Involuntary Resettlement	None of the sub-projects approved by TNIFMC have any affected persons and

³ <https://www.adb.org/projects/documents/ind-53067-004-sddr>

Loan Covenants	Status of Compliance
	there is no physical or economic displacement. No land acquisition was done in anticipation of any of the sub-projects. However, there is a revenue distribution/sharing issue in Nebula Infraspace LLP between the developer and landowner. The status of this will be updated in the next SSMR.
Indigenous People	No indigenous people impact were assessed in any of the approved sub-projects.
Human and Financial Resources to implement Safeguards Requirements	At present, there is a full time ESG analyst at TNIFMC who oversees the ESGMS assessments and implementation, and a part-time Environment Expert appointed by ADB to support the ESG analyst.
Safeguards Monitoring and Reporting	Semi-annual Safeguards monitoring reports are submitted to ADB. Any unanticipated environmental/social impacts arising during sub-project implementation are promptly informed to ADB along with detailed description of the event and proposed corrective action plan as set forth in the ESGMS.

12. Summary and Conclusions

The fund is in compliance with the social safeguard covenants as mentioned in the loan agreement. No grievances have been recorded from any ADB approved projects in the reporting period and no Resettlement Plan is involved in TNSF funded projects. Stakeholder engagement plans are prepared for all the projects (Affordable Housing Project by Ambur Properties Private Limited, Industrial Housing, Siruseri and Industrial Housing Project by Vidiyal Residency, Hosur). Details of meetings and consultations will be included in subsequent SSMRs. No grievances were reported in any ADB approved projects. Detailed stakeholder consultations shall be conducted, and minutes shall be shared with the ADB in the next SSMR.

13. Way Forward

The contractor in Industrial Housing Project - Siruseri has not displayed the information of Grievance redressal committee in the project site. An oral warning has been issued to the contractor regarding the compliance requirements. However, moving forward an email warning or necessary steps as required will be taken and updated in the SSMR. The compliance status of the present issue shall also be reported back to the ADB in the subsequent SSMR. Presently, the IEE and ESD DD reports are not uploaded to the TNIFMC's website due to the redesigning of the company's website. However, the status of the same will be updated in the next SSMR.