

Environmental and Social Management System

June 30, 2020

**Prepared by SEADRIF Trustee and Insurance Company
Approved by the SEADRIF Sub-Trust A Committee**

**Environmental and Social Management System (ESMS)
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1 INTRODUCTION

The Southeast Asia Disaster Risk Insurance Facility

Southeast Asian countries are exposed to disaster and climate risks, including floods, tropical cyclones, earthquakes, and tsunamis, in addition to droughts and others. These disasters can affect the livelihoods of large populations and often leave governments with a critical need for short-term liquidity to finance response and recovery. To strengthen financial resilience against climate and disaster shocks, the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) has been established as a regional facility for member states of the Association of Southeast Asian Nations (ASEAN) plus Three¹ (ASEAN+3), initially including Cambodia, Indonesia, Lao PDR, Myanmar, and the Philippines (as beneficiary countries) as well as Japan and Singapore (as donor partners).

SEADRIF is a regional facility composed of:

- **SEADRIF Trust:** a legal arrangement for SEADRIF open to all ASEAN+3 countries. The Trust is governed by the Council of Members (“CoM”) composed of one Finance and Central Bank Deputy level representative from each member country. The CoM provides strategic direction to SEADRIF and delegates authorities and responsibilities to any Committee(s) of Sub-Trust(s) governing the respective Sub-Trust(s).
- **SEADRIF Sub-Trust:** an arrangement for sub-groups of SEADRIF member countries and invited donors within and beyond ASEAN+3 to develop and govern specific initiatives. At the onset of the SEADRIF Trust, Sub-Trust A was established to house the SEADRIF Insurance Company and is governed by the Committee of Sub-Trust A (“the Committee”) composed of the Sub-Trust A beneficiary countries (currently Lao PDR and Myanmar) and donors (Japan and an independent individual officially nominated by Singapore).
- **SEADRIF Trustee** (the Trustee): Intertrust (Singapore) Ltd., a trust company licensed in Singapore, has been selected as the Trustee of the SEADRIF Trust and SEADRIF Sub-Trust A. The Trustee reports to the SEADRIF Council of Members and the Committee.
- **SEADRIF Insurance Company** (the Company): a general insurance company housed under SEADRIF Sub-Trust A, incorporated in Singapore by the Trustee as its sole shareholder and licensed by the Monetary Authority of Singapore (MAS) to provide general insurance services, including the proposed catastrophe risk pool as the first product. The Company has received grants from the Government of Singapore for capital and operational expenditures. This catastrophe risk pool for Lao PDR and Myanmar is designed to provide parametric insurance (that is, index-based insurance that does not indemnify the actual loss, but make insurance payouts when a

¹ China, Japan, and Republic of Korea.

pre-defined (insured) natural disaster event exceeds a pre-agreed severity threshold). The insurance payouts are intended to be used by the beneficiary countries to cover goods, services and physical works for short-term emergency response, recovery, and maintenance of essential public services.

The World Bank's Proposed Project to Support Capitalization and Operationalization of the Company (the Project)

Under this Project, the Trustee and the Company are expected to receive an additional grant of US\$12 million from a World Bank (WB) administered trust fund financed by Japan (US\$10 million for capital expenditures and US\$2 million for set up and operational expenditures) to establish a catastrophe risk pool for Lao PDR and Myanmar. The Project is structured around the following components:

Component 1. Capitalization of the Company (US\$10 million)

This component provides grant financing to the Trustee who would then subscribe shares to the Company as the sole shareholder. This financing would enable the Company to (a) satisfy the capital adequacy requirement of the Company under the Insurance (Valuation and Capital) Regulations issued by MAS; and (b) be adequately capitalized to sell its first product as the catastrophe risk pool for Lao PDR and Myanmar in line with the business plan agreed with the WB. The capitalization would also enable the Company to:

- (i) Make an insurance payout within up to 10 business days of the occurrence of an insured event;
- (ii) Be able to retain and manage a portion of the risk while the excess risk is transferred to the reinsurance and/or capital markets; and
- (iii) Be able to earn income on investment of the capital.

Component 2. Set-up and operationalization of the Company (US\$1,200,000)

This Component supports the set-up and operationalization of the Company, including inter alia regulatory fees, risk modeling, (new) product development, communications, system development and other related professional fees/costs necessary for the set-up and operations of the Company.

Component 3. Set-up and operationalization of SEADRIF Trust/Sub-Trust, project preparation, and implementation, monitoring & evaluation (US\$800,000)

This Component supports the Trustee for (a) the set-up and operations of SEADRIF Trust and Sub-Trusts, fulfillment of the Trustee's role as the sole shareholder of the Company and (b) project preparation, implementation and monitoring and evaluation (M&E). M&E activity will focus on: (i) use of grants provided by the WB including Project reporting ; and (ii) arrangements for compliance with WB's Environmental and Social Framework for the use of insurance payouts from the Company, including but not limited to monitoring the submission

and receiving the beneficiary countries' reports and information on their use of payouts, reviewing these reports and information with support from an environmental & social (E&S) Focal Point and reporting to the Committee, arranging audits of the beneficiary countries' use of payouts upon instruction from the Committee or the request from the WB.

SEADRIF Environmental and Social Impact Assessment (ESMS)

The Trustee and the Company, as grant recipients and implementing agencies of the WB Project, will be subject to the requirements under the WB's Environmental and Social Framework (ESF) which came into effect in October 2018.

The Trustee and the Company have developed this Environmental and Social Management System (ESMS) that aims to manage potential environmental and social risks and impacts arising from SEADRIF operations and the use of insurance payouts by the beneficiary countries, following the letter and spirit of the WB Environmental and Social Standard 9 (ESS9). The payouts can be allocated to the disaster recovery activities by the beneficiary countries including for goods, services, and physical works needed for emergency response, recovery and maintenance of essential public services. As activities financed by the payouts are limited to have minimal or no adverse environmental or social risks or impacts, national laws of the beneficiary countries will be applied.

The ESMS has been developed to fulfill the following objectives:

- Set out how the SEADRIF will manage environmental and social risks and impacts associated with SEADRIF own operations in accordance with the WB's ESF requirements for the Project;
- Set out how SEADRIF will manage potential environmental and social risks and impacts associated with the use of the insurance payouts by the beneficiary countries in accordance with the WB's ESF requirements for the Project and national laws (where applicable);
- Promote good environmental and social management practices in activities carried out and/or supported by SEADRIF;
- Promote good environmental and sound human resources management within SEADRIF; and
- Set out the mechanism to ensure that (i) beneficiary countries are able to, ex-ante, exclude activities that could pose substantial or high environmental and social risks and impacts from the use of insurance payouts, (ii) SEADRIF has a system to manage the intake of information from beneficiary countries including their reports on the use of insurance payouts and to affirm that they comply with the exclusion list.

This ESMS is applicable to all activities financed by (i) the WB's proposed Project including the direct operations of SEADRIF and (ii) the insurance payouts of the initial catastrophe risk

pool for Lao PDR and Myanmar transferred to the designated accounts managed by the beneficiary countries.

In line with the ESF, this ESMS sets out (i) SEADRIF's environmental and social policy; (ii) procedures for the beneficiary countries for the identification, assessment, and management of the environmental and social risks and impacts of project activities; (iii) organizational capacity and competency within SEADRIF to provide guidance to beneficiary countries; (iv) processes for monitoring and audit of environmental and social performance of the activities supported by SEADRIF; and (v) external communications mechanism. More details will be set out in the SEADRIF's Contingency Planning Guidelines for beneficiary countries and the Sub-Trust A Operations Manual.

This ESMS has been prepared by the Trustee together with the Company, and approved by the Committee. Together with the Environmental and Social Commitment Plan (ESCP), it will be consulted and disclosed publicly before project effectiveness.

2 ENVIRONMENTAL AND SOCIAL POLICY

This Environment and Social Policy presents the principles and standards that the SEADRIF commits to follow to manage the environmental and social aspects of SEADRIF in accordance with the WB's ESF requirements.

The designated responsibilities of stakeholders within the SEADRIF for implementation of the E&S policy are set out as follows:

- **The Trustee** is responsible for administering and making arrangements for carrying out the E&S responsibilities for the operations of Sub-Trust A. The role of the Trustee includes the followings:

[General administration]

- Ensure that a senior level competent staff member of the Trustee along with other relevant Trustee staff oversee the administration of the E&S responsibilities as set out in this ESMS, prepared in accordance with the WB's ESF requirements;
- Appoint an E&S Focal Point(s) (a staff member(s) or a consultant(s)) to provide technical support to the Trustee, the Company, and the Committee on E&S matters;
- Ensure sufficient budget, at the instruction of the Committee, to manage and implement the ESMS and the ESCP referred to in the grant agreement between the WB and the Trustee;
- Review and seek approval from the Committee on updates to the ESMS as appropriate;
- Review the beneficiary countries' Contingency Plans, with support from the E&S Focal Point, along with the Committee;

- Ensure that the E&S Focal Point implements SEADRIF's Stakeholder Engagement Plan, with guidance from the Committee;

[Administration of beneficiary countries' self-reporting]

- Ensure that the E&S Focal Point requests the beneficiary countries to provide the reports on the use of insurance payouts to the Trustee and Committee within 9 months from the date of receiving the insurance payouts from the Company in accordance with the Contingency Plans and the Sub-Trust A Operations Manual;
- Upon receiving reports from beneficiary countries on the use of insurance payouts, request the E&S focal point to review from an environmental and social perspective (e.g., whether beneficiary countries have complied with the Exclusion List and their national law in undertaking activities using insurance payout), and report to the Committee and the WB on findings of such review;
- Upon receiving reports from the E&S Focal point, notify the Committee, the Company, and the WB in case of non-compliance with the approved Contingency Plans based on the beneficiary countries' self-reporting including on the use of payouts;
- Ensure that the E&S Focal Point manages the information from the beneficiary countries on the use of insurance payout to demonstrate compliance with the Contingency Plans including on the use of payouts;

[Administration of the E&S auditing]

- After insurance payout, upon instruction by the Committee and with support from the E&S Focal Point, arrange E&S post audit to confirm that the use of the payout by beneficiary countries complied with the ESMS and the Contingency Plans;
- After insurance payout, upon request from the WB and with support from the E&S Focal Point, arrange E&S post audit in accordance with the grant agreement between the WB and the Trustee, to confirm that the use of the payout by beneficiary countries complied with the ESMS and the Contingency Plans;
- Notify the Committee, the Company, and the WB in case an E&S audit finds non-compliance with the approved Contingency Plans including on the use of payouts; and

[Annual E&S performance reporting]

- Request the E&S Focal Point(s) to draft E&S performance report annually as part of the overall project, and share the E&S performance report with the Committee for review and approval for sharing with the WB.
- **The Committee** will provide instructions and supervise the Trustee to manage E&S responsibilities as the governing body of the Sub-Trust A. Their responsibilities include:
 - Review and approve the Environmental and Social Policy of SEADRIF;

- Review and approve the ESMS, and any updates to the ESMS, as appropriate;
- Develop and approve the Contingency Planning Guidelines and Sub-Trust A Operations Manual consistent with the contents of this ESMS;
- Request the beneficiary countries to prepare their respective Contingency Plans for submission to the Committee. The Contingency Plans will include the following:
 - Commit to comply with national laws and regulations including on environment, social, health, safety, and labor.
 - Commit to comply with the Exclusion List in Annex A of this ESMS;
 - Designate an official(s) as E&S counterpart(s) in charge of E&S matters for the use of insurance payouts;
 - Ensure the E&S counterparts are trained in order to implement the Contingency Plan including reporting, exclusion of activities, and cooperation with E&S post audit;
 - Ensure an arrangement to intake any grievances arising from activities supported by insurance payouts in accordance with the national regulations and system, and that grievances are redressed within an appropriate time;
 - Commit to report on use of payouts to the Committee and Trustee within 9 months after payout is made; and
 - Commit to allow and cooperate under E&S post audit of the use of payout in case the Trustee arranges such an audit upon instruction from the Committee or request from the WB;
- Review and endorse the Contingency Plans with support from the E&S Focal Point.
- Request the Trustee to instruct the Company to only underwrite an insurance policy upon confirmation from the Committee that the Contingency Plan, consistent with the ESMS, is satisfactory;
- Provide guidance to the E&S Focal Point in implementing the Stakeholder Engagement Plan, such as on how any stakeholder concerns should be addressed;
- Request the beneficiary countries to record, report and investigate reportable incidences related to SEADRIF activities at country level in accordance with the Sub-Trust A Operations Manual;
- Through the Sub-Trust A Operations Manual, require the beneficiary countries to immediately report to the Committee and the Trustee if any activity funded by the

SEADRIF insurance payout experiences major accidents or incidents that have received media attention;

- Review and approve E&S performance report as part of the overall project report developed by the Trustee;
 - Instruct the Trustee to arrange E&S post audit with support from the E&S Focal Point in accordance with the Sub-Trust A Operations Manual;
 - Recognize the WB's right under its grant agreement with the Trustee to request the Trustee to arrange E&S post audit if the WB finds information on potential non-compliance or misuse through the beneficiary countries' reports or any other sources of information; and
 - Request a beneficiary country to rectify actions in implementing the Contingency Plan, and instruct the Company through the Trustee not to provide new insurance policies to the beneficiary country until rectification, in case that E&S post audit finds non-compliance of the beneficiary country's Contingency Plan.
- **The Company** manages E&S responsibilities for the operations of the Company. Their role will include the following:
 - Ensure staffing and budget for implementation of the ESCP to be referenced in the grant agreement between the WB and the Insurance Company, and the ESMS.
 - **The E&S Focal Point** will take the following roles:
 - Support the Trustee and the Committee to review the Contingency Plans submitted by the beneficiary countries;
 - Review reports from beneficiary countries on the use of insurance payouts from an environmental and social perspective (e.g., whether beneficiary countries have complied with the Exclusion List and their national law in undertaking activities using insurance payout);
 - Undertake media monitoring, and report through the Trustee to the Committee and the WB in case any negative incidents of insurance payout are reported including through media report and contracted auditing;
 - Request the beneficiary countries to provide the reports on the use of insurance payouts to the Trustee and the Committee within 9 months from the date of receiving the insurance payouts from the Company in accordance with the Contingency Plans and the Sub-Trust A Operations Manual;

- Assist the Trustee and the Committee in collecting the reports on the use of insurance payouts within 9 months from the date of receiving the insurance payouts from the Company in accordance with the Contingency Plans and the Sub-Trust A Operations Manual;
- Assist the Trustee and the Committee in collecting reports from beneficiary countries on any major accidents or incidents associated with activities funded by the SEADRIF insurance payout and have received media attention, and coordinating responses to such accidents or incidents;
- Maintain the SEADRIF's Stakeholder Engagement Plan and Grievance Mechanism and ensure grievances are redressed within appropriate time;
- Implement the SEADRIF's Stakeholder Engagement Plan with guidance from the Committee;
- Implement the SEADRIF's Grievance Mechanism and keep all relevant records;
- Support the Committee to review the grievance redress of the beneficiary countries as part of the review of the Contingency Plans and E&S post audit.
- Provide training to E&S counterparts of the beneficiary countries on the ESMS;
- Support the Trustee draft the annual E&S performance report as part of the project report;
- Support the Trustee to hire a third party professional firm to arrange E&S post audit; and
- Supervise E&S post audit conducted by a third party professional firm hired by the Trustee.

This policy will be communicated to all relevant staff of the Trustee, the Company, and the Committee members.

[● Signature]

[● Mr./Ms. XXX XXX]

[● SEADRIF Trustee]

[● DD/MM/YYYY]

3 PROCEDURE FOR IDENTIFICATION, ASSESSMENT AND MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

Since the insurance payouts will be provided to support emergency response, this ESMS does not include an ex-ante E&S screening mechanism to screen out the specific activities but include an exclusion list that defines activities that cannot be financed by the insurance payouts (see Annex A). SEADRIF will ensure to manage the intake of information from the

beneficiary countries and arrange E&S post audit as required to confirm that the beneficiary countries comply with the exclusion list.

The exclusion list includes the activities that could pose substantial or high environmental and social risk (see Annex B) pertinent to the WB's ESF and/or national environmental and social laws and regulations. This is especially relevant for physical works, and SEADRIF payouts could only finance reconstruction activities that are likely to have moderate or low adverse environmental or social risks or impacts: e.g. reconstruction of public assets damaged or destroyed by disasters such as pre-existing schools or health centers.

The beneficiary countries are committed to establishing systems that would enable the Trustee to arrange, if required, an E&S post audit after an insurance payout is transferred to the designated accounts managed by the beneficiary countries to ensure payouts were used in consistency with national laws and in compliance with the exclusion list. Further details are provided in Chapter 5 of this ESMS, the SEADRIF's Contingency Planning Guidelines and the Sub-Trust A Operations Manual.

At the instruction from the Committee or the request from the WB, the Trustee will hire a professional firm with support from the E&S Focal Point to conduct the E&S post audits. The audit may consist a desk verification of supporting documents and/or a full-scale review and site visits with support from the beneficiary countries' E&S counterparts. The E&S post audit aims to verify if the use of the payouts conformed to the Contingency Plans and this ESMS, including its exclusion list (Annex A).

In case that E&S post audit finds non-compliance of the beneficiary country's Contingency Plan (e.g., use of insurance payout for construction works causing substantial or high E&S risk, or any of the activities included in the exclusion list), the Committee will request the beneficiary country to rectify actions in implementing the Contingency Plan. It will also instruct the Company through the Trustee not to provide new insurance policies until rectification. These requirements will be set out in the Sub-Trust A Operations Manual.

Since all the activities to capitalize and operationalize the Insurance Company covered by this Project are expected to have low or no adverse environmental and social risks or impacts, the applicable national laws and regulations regarding environment, social, health, safety, and labor, will apply for both operations of the Trustee and Company and the activities financed by the insurance payouts in the beneficiary countries.

4 ORGANIZATIONAL CAPACITY AND COMPETENCY

As SEADRIF is newly established, the implementing agencies namely the Trustee and the Company may not have institutional experience to manage the environmental and social aspects of its operations under the WB's ESF. The Trustee will appoint an E&S Focal Point(s) (a staff member(s) or a consultant(s)) to provide technical support to the Trustee, the Company, and the Committee on E&S matters especially on the beneficiary countries' activities financed by the insurance payouts. The Trustee will also hire a professional firm with support from the E&S Focal Point to carry out the E&S post audit for the insurance payouts at the instruction of the Committee or the request from the WB.

Before full commencement of its operations, the Trustee will ensure a senior level competent staff to oversee the administration of E&S responsibilities and appoint the E&S Focal Point. The Terms of Reference of the E&S Focal Point, including required technical skills and experience, will be included in the Sub-Trust A Operations Manual. In addition, the Committee will require the beneficiary countries to assign an official(s) as an E&S counterpart(s) and include her/his name and title in the Contingency Plans.

The Trustee will notify the WB if and when the senior level competent staff and/or the E&S Focal Point leaves that position and will provide the WB with the name of the new representative and/or E&S Focal Point. Any update of the ESMS should be reviewed and approved by the Committee. To ensure effective ESMS implementation, it is necessary for the beneficiary countries to put efforts and resources to train on the contents and requirements of this ESMS to their relevant staff such as E&S counterparts.

The E&S Focal Point will have the technical responsibility to ensure compliance with relevant E&S national laws of the SEADRIF activities in Singapore. The E&S Focal Point conducts an annual review of the E&S performance of both direct operations of the Trustee and the Company and the reports on the use of insurance payouts by the beneficiary countries (if any were made). This annual review will be recorded in the SEADRIF Annual Environmental and Social Performance Reporting Form as part of the project reporting. The annual reports should be reviewed and approved by the Committee for sharing with the WB. A template of the annual E&S reporting form will be included in the Sub-Trust A Operations Manual.

The beneficiary countries will have the primary responsibility to ensure compliance with national E&S related laws on the activities supported by the insurance payouts.

5 MONITORING AND AUDIT OF ENVIRONMENTAL AND SOCIAL PERFORMANCE

The environmental and social performance by the beneficiary countries for activities financed by the insurance payout will be reported to the Committee and the Trustee by the beneficiary countries within 9 months after payout is made. The Committee will evaluate the reports with technical support from the E&S Focal Point and, as appropriate, instruct the Trustee to conduct the E&S post audits with support from the E&S Focal Point to verify compliance with the Contingency Plans including the exclusion list as well as the applicable national environmental and social laws and regulations.

The Committee will request the beneficiary countries through the Sub-Trust A Operations Manual to immediately report to the Committee and the Trustee if any SEADRIF-funded activity experiences major accidents or incidents that have received media attention. The Trustee will forward such information to the WB immediately with support from the E&S Focal Point.

SEADRIF will not be required to conduct any end-use verification of the activities financed by the insurance payouts. To monitor E&S compliance, the Committee will have the right to instruct the Trustee to arrange E&S post audits with support from the E&S Focal Point on the

use of payouts transferred to the designated accounts managed by the beneficiary countries. More detailed information about the E&S post audits, including guidance about when to conduct E&S post audit, will be included in the Sub-Trust A Operations Manual.

The WB will conduct supervision to confirm of the system for environmental and social management, as set out in this ESMS, is functional and adequate, mainly through reporting from the Trustee and Company. The WB will carry out biannual supervision mission in environmental and social aspects to review the application of the ESMS, the Sub-Trust A Operations Manual, and the Contingency Planning Guidelines. The WB can request the Trustee to arrange E&S post audit if it found information on potential non-compliance or misuse through the beneficiary countries' reports or any other sources of information. When receiving such a request from the WB, the Trustee will arrange E&S post audit with support from the E&S Focal Point within an appropriate time.

The Committee will review this ESMS periodically to ensure that it remains relevant and effective over time and incorporates SEADRIF's evolving needs. This involves identifying potential difficulties with operational aspects of ESMS implementation and making changes as necessary; reviewing the scope of ESMS procedures to ensure that emerging substantial or high environmental and social risks of projects are detected and identified during the implementation process; and updating ESMS to reflect revisions in applicable national laws on environment, social, health, and safety. It is acknowledged that changes in the ESMS will need to be agreed with the WB as part of regular implementation support.

6 EXTERNAL COMMUNICATIONS MECHANISM

The ESMS will be disclosed on the website of SEADRIF for public information and feedback. For external communications on environmental and social issues, SEADRIF will put in place a mechanism to receive, respond to, and document requests for information or concerns to allow a timely response. This includes making contact information (e-mail address) of SEADRIF publicly available and accessible.

6.1 Stakeholder Engagement

A high-level stakeholder consultation will be conducted by E&S Focal Point at the instruction of the Committee and upon communication by the Trustee prior to project effectiveness. A detailed stakeholder analysis matrix is provided in Table 1.

Two categories of stakeholders have been identified, relevant to the operation of SEADRIF, which include:

- **Project affected parties, including:**
 - Beneficiary countries:
 - Ministry of Planning, and Finance, and Industry of Myanmar; and
 - Ministry of Finance of Lao PDR,
 - SEADRIF donors:

- Monetary Authority of Singapore;
- Ministry of Finance of Japan;
- **Other interested parties including:**
 - National Emergency and Development related Authorities and Departments of the beneficiary countries;
 - Civil Society Organizations (CSOs); and
 - Media.

Regular stakeholder engagement will be planned and conducted by the E&S Focal Point at the instruction of the Committee and upon communication by the Trustee in accordance with the stakeholder engagement strategies defined in Table 1 through required reporting obligations, information disclosure, and grievance management, as well as other adequate and necessary engagement activities, as required. The E&S Focal Point will engage all stakeholder in accordance with the following principles, as required:

- Implement stakeholder engagement in a manner that is appropriate and cognizant to the local social and cultural context;
- Maintain transparency of information disclosure to stakeholder groups in accordance with relevant in-country regulations;
- Engagement is free of intimidation and coercion; and
- Implement a grievance mechanism and ensure that opportunities to incorporate adequate feedback are included in SEADRIF's operations.

Key information relevant to stakeholders' concern(s) will be provided via SEADRIF's website (www.seadrif.org) for information disclosure. The Committee welcomes and encourages feedback from the stakeholders regarding the information disclosed during stakeholder engagement activities. The E&S Focal Point will take a pro-active approach at the instruction of the Committee and upon communication by the Trustee, reaching key Project Affected Parties in order to request their comments and feedback through email during both project preparation and implementation.

The SEADRIF website will be used to publish the relevant information.

Table 1. Matrix of Stakeholder Analysis

SN	Stakeholder Group	Key Characteristics	Nature & Extent of Interest	Nature & Extent of Influence	Potential Role in the Programme	Proposed Strategies Related to the Group
Project Affected Parties						
1	Ministry of Planning, Finance and Industry of Myanmar	The Ministry of Planning, Finance and Industry of Myanmar is a ministry of the Government of Myanmar responsible for administration of financial institutions, fiscal policy development and national planning.	The Ministry of Planning, Finance and Industry of Myanmar's main interest in relation to the development and operation of SEADRIF is contributing to the regional catastrophe risk insurance pool and receiving insurance payouts in the event that a natural disaster occurs within Myanmar.	Utilization of insurance payouts.	SEADRIF beneficiary country.	Request for comments through email or in-person meeting
2	Ministry of Finance of Lao PDR	The Ministry of Finance of Lao PDR is a ministry of the Government of Lao PDR responsible for financial sector management, public budget planning, and administration of other relevant fields such as tax, revenue department, and national finance system.	Ministry of Finance of Lao PDR's main interest in relation to the development and operation of SEADRIF is contributing to the regional catastrophe risk insurance pool and receiving insurance payouts in the event a natural disaster occurs within Lao PDR.	Utilization of insurance payouts.	SEADRIF beneficiary country.	Request for comments through email or in-person meeting
3	Monetary Authority of Singapore	The Monetary Authority of Singapore is the central bank and the regulatory body of insurance industry in Singapore.	The Monetary Authority of Singapore's main interest in relation to the development and operation of SEADRIF is contributing to the regional catastrophe risk insurance pool and regulating the	Oversight the compliance of SEADRIF with the relevant laws and regulations.	Regulator and donor of SEADRIF.	Request for comments through email or in-person meeting

			Company in accordance with the applicable laws and regulations.			
4	Ministry of Finance of Japan	The Ministry of Finance of Japan is a ministry of the Japanese government.	The Ministry of Finance of Japan's main interest in relation to the development and operation of SEADRIF is contributing to and governing the regional catastrophe risk insurance pool.	Oversight the operation of SEADRIF	SEADRIF donor.	Request for comments through email or in-person meeting
Project Interested Parties						
5	Communities of the beneficiary countries	Community residents who can be affected by a natural disaster happened in a beneficiary country.	The development and operation of SEADRIF could support the community rescue works during and after a natural disaster happened in beneficiary countries and provide financial liquidity to support affected communities with recovery and redevelopment of the community and their livelihood.	Not applicable.	Final beneficiaries of the insurance payouts	Information disclosure on the official website of SEADRIF
6	National Emergency and Development related Authorities and Departments of the beneficiary countries	Departments or authorities established under the governments of the beneficiary countries for the management of emergencies during a natural disaster and leading the post-disaster recovery and redevelopment.	National Emergency and Development related Authorities and Departments of the beneficiary countries' main interests in relation to the development and operation of SEADRIF is to be responsible for the rescue, recovery and redevelopment related activities using the insurance payouts provided by SEADRIF.	Not applicable.	Government authorities of SEADRIF beneficiary countries for organising emergency response during and after natural disasters.	Information disclosure on the official website of SEADRIF, and request for comments through email
7	Civil Society	Opinion leaders of the local	Civil Society Organisations'	Provide voice for	Third-party	Information

	Organisations	society; facilitator of natural disaster response in the Member States.	main interests to the development and operation of SEADRIF is to support the rescue, recovery and redevelopment related activities using the insurance payouts provided by SEADRIF.	parties that the organization is representing or advocating.	influencer to the operation of SEADRIF.	disclosure on the official website of SEADRIF
8	Media	Opinion leaders of the local society	The media may express their opinion on the provision of insurance payouts.	Provide a voice for parties that the organization is representing or advocating.	Third-party influencer to the operation of SEADRIF	Information disclosure on the official website of SEADRIF

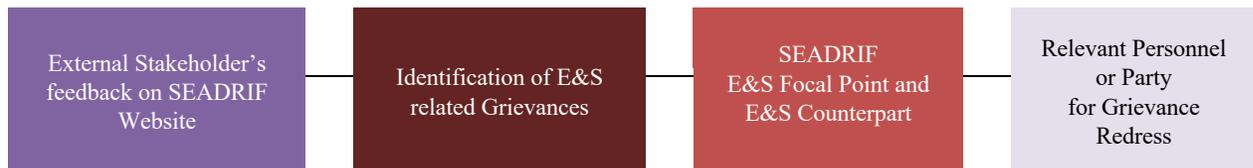
6.2 Grievance Mechanism

6.2.1 Grievances related to the SEADRIF's operations

Grievances raised from stakeholders in relation to SEADRIF own activities financed by the WB will be managed by the E&S Focal Point at the instruction of the Committee and under the supervision of the Trustee. An overall grievance mechanism is summarized in Figure 1.

Figure 1. Grievance Mechanism

External Stakeholder Grievance Mechanism:

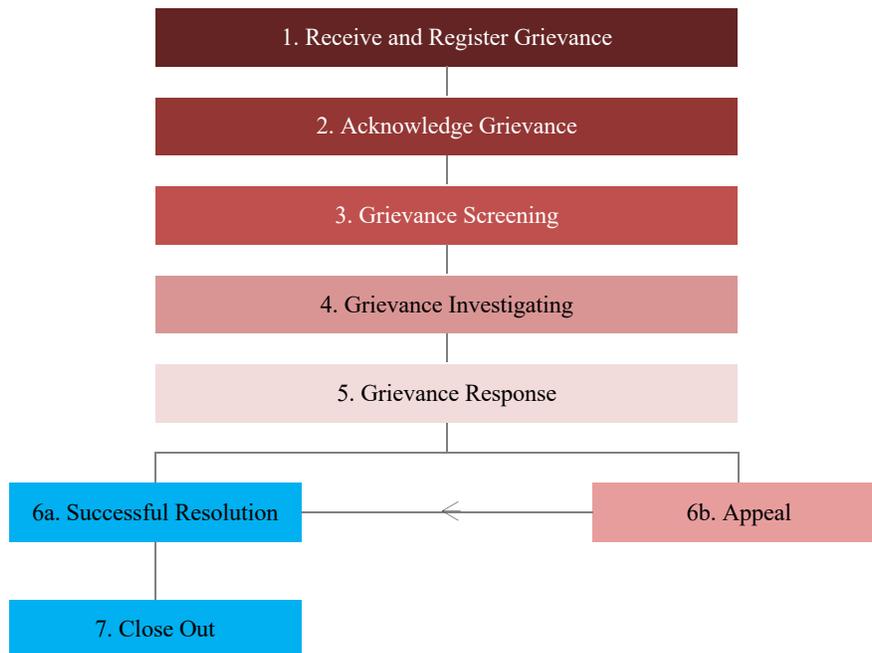


Internal Stakeholder Grievance Mechanism:



The E&S Focal Point will be responsible for the implementation of the grievance mechanism and keeping all relevant records at the instruction of the Committee and under the supervision of the Trustee. The E&S Focal Point is required to complete the records of relevant information in the SEADRIF Grievance Log to track grievance redress progress and ensure transparency. A template of the SEADRIF Grievance Log will be included in the Sub-Trust A Operations Manual.

Figure 2. Process of implementing grievance mechanism



The E&S Focal Point will communicate the channels for reception of grievances from i) external parties and ii) internal parties (i.e. those performing work for SEADRIF).

External: Grievances may be received via the SEADRIF website from external parties.

Internal: For direct workers and contractors working for SEADRIF the first route to addressing grievances should be through their employer. If they do not have a grievance mechanism, then on those occasions, the SEADRIF grievance mechanism may be used.

Any personal details should only be made available to those involved in the resolution of the grievance in question, and all direct workers and contracted workers working for the Trustee and the Company will ensure that appropriate control measures are in place, such as document password protection to protect personal data when handling the grievance.

6.2.2 Grievances related to the use of insurance payout

Grievances in relation to the use of payouts will be handled by each beneficiary country, with the support of the E&S counterparts, in accordance with the national regulations and system. The Committee will be responsible for reviewing the grievance redress of the beneficiary countries with support from the E&S Focal Point as part of the review of the Contingency Plans and E&S post audit.

ANNEX A: SEADRIF EXCLUSION LIST FOR GOODS, SERVICES AND PHYSICAL WORKS

This exclusion list includes activities that could pose substantial or high environmental and social risks and impacts (see Annex B), consistent with the World Bank's Environmental and Social Framework (ESF). It is the responsibility of beneficiary countries to apply relevant national laws and regulations to manage the activities funded by the payout from the proposed catastrophe risk pool. Unless agreed by the World Bank, the following types of activities are considered as ineligible and shall be excluded from funding by the insurance payouts:

- Alcoholic beverages.
- Tobacco products.
- Luxury items.
- Military goods.
- Radioactive materials and nuclear reactors².
- Environmentally hazardous goods³.
- Payments prohibited by UN Security Council decisions under Chapter VII of the UN Charter.
- Any activity that can adversely cause substantial or high environmental and social risk considering the WB's Environmental and Social Framework and/or national environmental, social, health and safety laws and regulations.

For example:

- Any activity with associated facilities that are substantial or high risk under the ESF;
- New greenfield construction or construction of facilities within legally protected nature reserves, critical natural habitat, scenic areas or cultural heritage sites;
- Any activity that can adversely cause substantial or high environmental and social risk in the areas comprising natural habitats;
- Any activity involving resettlement that can adversely cause substantial or high environmental and social risk;
- Any activity that can adversely cause substantial or high risks or impacts on Indigenous Peoples; and

² This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is trivial and/or adequately shielded.

³ Environmentally hazardous goods are deemed to be those that are illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances and polychlorinated biphenyls (PCBs).

- Any activity that can adversely cause substantial or high environmental and social risk to cultural property, including sites having archaeological (prehistoric), paleontological, historical, religious, cultural and unique natural values.

ANNEX B. RISK CLASSIFICATION REQUIREMENTS IN THE ENVIRONMENTAL & SOCIAL DIRECTIVE ON INVESTMENT PROJECT FINANCING

Risk Criteria			
Project type, location, sensitivity, scale	Nature & magnitude of ES risks & impacts, available mitigation	Implementing Agency's capacity and commitment	Context risk relevant to ES measures
<ul style="list-style-type: none"> physical considerations; type of infrastructure (e.g., dams & reservoirs, power plants, airports, roads); volume of hazardous waste and disposal; 	<ul style="list-style-type: none"> impacts on greenfield sites; impacts on brownfield sites (e.g., rehab, maintenance or upgrading); nature of potential risks and impacts (e.g. irreversible, unprecedented or complex); resettlement activities; Indigenous Peoples presence; <u>possible mitigation measures considering the mitigation hierarchy;</u> 	<ul style="list-style-type: none"> <u>capacity to manage risks and impacts consistent with the ESSs;</u> country policy, legal and institutional framework; laws, regulations, rules and procedures applicable to the Project sector; regional and local requirements; technical and institutional capacity; <u>track record of past Project implementation;</u> financial and human resources available; 	<ul style="list-style-type: none"> <u>other areas of risk relevant to the delivery of ES mitigation measures and outcomes</u> depending on the specific Project and the context in which it is being developed, including the nature of the mitigation and technology being proposed, considerations relating to domestic and/or regional stability, conflict or security.

High Risk Classification

<ul style="list-style-type: none"> • complex • large to very large scale • in sensitive location(s) 	<ul style="list-style-type: none"> • wide range of significant adverse risks and impacts • long term, permanent and/or irreversible, impossible to avoid entirely • <u>some cannot be mitigated or require complex, unproven mitigation, sophisticated social analysis</u> • high in magnitude and/or in spatial extent (large to very large area or population); • significant adverse cumulative or transboundary impacts; • high probability of serious adverse effects to human health and/or the environment • high value and sensitivity (eg. protected and internationally recognized areas) • high value, sensitive lands or rights of Indigenous Peoples and other vulnerable minorities • Intensive or complex involuntary resettlement or land acquisition • Impacts on cultural heritage or densely populated urban areas • may give rise to significant social conflict, harm or human security risks • a history of unrest in area or sector, concerns about use of security forces 	<ul style="list-style-type: none"> • uncertain, conflicting agency jurisdiction • legislation, regulations not addressing risks and impacts • changes to applicable legislation are being made • enforcement is weak • limited past experience of implementing agencies • challenges and concerns about track record regarding ES issues • significant stakeholder engagement capacity, commitment, track record concerns 	<ul style="list-style-type: none"> • factors outside project control impacting ES performance and outcomes
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Substantial Risk Classification

<ul style="list-style-type: none"> • not as complex • Large to medium scale • not such sensitive location 	<ul style="list-style-type: none"> • some significant risks and impacts • mostly temporary, predictable and/or reversible • possibility of avoiding or reversing but with substantial investment and time • may give rise to limited degree of social conflict, harm, human security risk; • medium in magnitude and/or in spatial extent (medium to large area and population) • less severe, more readily avoided/mitigated cumulative and/or transboundary impacts • medium to low probability of serious adverse effects to human health and/or the environment (with known and reliable mechanisms to prevent or minimize) • lower effects on areas of high value or sensitivity • <u>more readily available and reliable mitigatory and/or compensatory measures</u> 	<ul style="list-style-type: none"> • uncertain, conflicting agency jurisdiction • legislation, regulations not addressing risks and impacts • changes to applicable legislation are being made • enforcement is weak • in some respects, limited experience of implementing agencies • some concerns about track record regarding ES issues readily addressed • some stakeholder engagement concerns readily addressed 	
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Moderate Risk Classification			
<ul style="list-style-type: none"> • no activities with high potential for harming people or environment • located away from sensitive areas 	<ul style="list-style-type: none"> • risks and impacts not likely to be significant • not complex and/or large • predictable and expected to be temporary and/or reversible; • low in magnitude; • site-specific, without likelihood of impacts beyond the project footprint; • low probability of serious adverse effects to human health and/or the environment • Routine safety precautions are expected to be sufficient to prevent accidents • <u>easily mitigated in a predictable manner</u> 		
Low Risk Classification			
	<ul style="list-style-type: none"> • Minimal or negligible risks to and impacts on human populations and/or the environment • few or no adverse risks and impacts and issues • <u>No further assessment after screening</u> 		

Source: The World Bank