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Managing Project Safeguards Risks

Timely
Delivering Projects with “Do-No-Harm” Principles

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Environmental & Social Risks and Impacts

- **Resettlement & displacement**
- **Natural resources degradation**
- **Pollution & waste generation**
- **Hydrological risks**
- **Geotechnical risks**
- **Biodiversity and habitat loss**
- **Loss / damage of cultural resources**
- **Health and safety risks**
- **Other socio-economic risks**
- **Etc.,**

- **Risk assessment & mitigation**
- **Environmental impact assessment**
- **Environmental management plan**
- **Social Impact assessment**
- **Resettlement planning**
- **Indigenous peoples plan**



ADB Safeguards: SPS and the new ESF

Safeguard Policy Statement

Environment Safeguard

Involuntary Resettlement Safeguard

Indigenous Peoples Safeguard

ADB Safeguard Teams:

OSPT – ‘Compliance Division’

OSR1 – Central and East Asia

OSR2 – South Asia

OSR3 – Southeast Asia

OSR4 – NSO and Pacific



Environment and Social Framework

ESS1: Assessment and Management of Environmental and Social Risks

ESS2: Labor and Working Conditions

ESS3: Resource Conservation and Pollution Prevention

ESS4: Health, Safety, and Security

ESS5: Land Acquisition and Land Use Restriction

ESS6: Biodiversity Conservation and Sustainable Natural Resources

ESS7: Indigenous Peoples

ESS8: Cultural Heritage

ESS9: Climate Change

ESS10: Stakeholder Engagement and Information Disclosure



Safeguards Risks - Project Design & Development

Safeguards risks generally lead to:

- **Delays & cost overruns**
- **Not meeting the project objectives / unsustainable outcomes**
- **Reputational damage, loss of public trust & credibility**
- **Litigation, accountability mechanism**
- **Irreversible conditions, costly remedies**



Safeguards Risks - Project Design & Development

Regulatory risks

- ✓ **Delay in regulatory clearances/permissions (env, forest, wildlife, natural resources etc.,)**
- ✓ **Non-compliances, judicial reviews, accountability mechanism, litigations**

Stakeholder consultation, information disclosure, grievance management

- ✓ **Project objectives not aligned with stakeholder needs/demands/priorities**
- ✓ **Insufficient stakeholder engagement and information disclosure**
- ✓ **Public opposition**
- ✓ **Ineffective grievance redress systems**



Safeguards Risks - Project Design & Development

Project planning & design

- ✓ **Poor integration of safeguards into project planning & design**
- ✓ **Lack of coordination among project teams, no due consideration to safeguards**
- ✓ **Need for changes/modifications during implementation**
- ✓ **Not identifying associated facilities**
- ✓ **Poor quality safeguards plans (EIA, EMP, SIA, RP, IPP etc.,)**

Project Implementation and operation

- ✓ **Poor EMP implementation , environmental damage, irreversible changes**
- ✓ **Labour influx management**
- ✓ **Ineffective monitoring & reporting; no timely corrective actions**
- ✓ **No proper O&M; not meeting standards, pollution and health & safety risks**
- ✓ **Climate risks / extreme weather events damaging infrastructure**
- ✓ **Emergence of unanticipated impacts**

Safeguards Risks - Project Design & Development

Institutional capacity, budget & resources

- ✓ **Lack of budget, capacity and/or commitment to implement safeguards**
- ✓ **Over dependence on external consultants, loss of institutional memory / knowledge**
- ✓ **Lack of technical know-how & resources for O&M**
- ✓ **Poor enforcement, accountability**

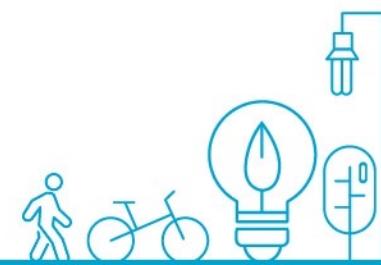
Some examples

- ✓ **Delay in forest clearance - inordinate delay in implementation & benefits realization**
- ✓ **Project sitting in landslide prone area - costly mitigation, site changes, beyond project budgets**
- ✓ **Delay in public consultation - lapse of grant funds**
- ✓ **Competing demand for resources - eg., water and land resources**
- ✓ **Early integration, consultation leading to avoidance of risky components**



Social Safeguards Risks – Specific Cases

- ✓ **Social assessment not inclusive enough – some vulnerabilities not identified**
- ✓ **Lack of comprehensive compensation/mitigation matrix – some social impacts are not mitigated**
- ✓ **Affected people census not updated – additional households experiencing impacts not likely to be compensated**
- ✓ **Consent is not informed – likely to be withdrawn**



Safeguards Risks in the Project Cycle

Pre-project Risks:

1. Is project assets acquired at this stage?
2. Are actions done in anticipation of funding support?

Project Operation Risks:

1. Are corrective actions adequately identified and funded?
2. Do we have the right experts in the project organization?

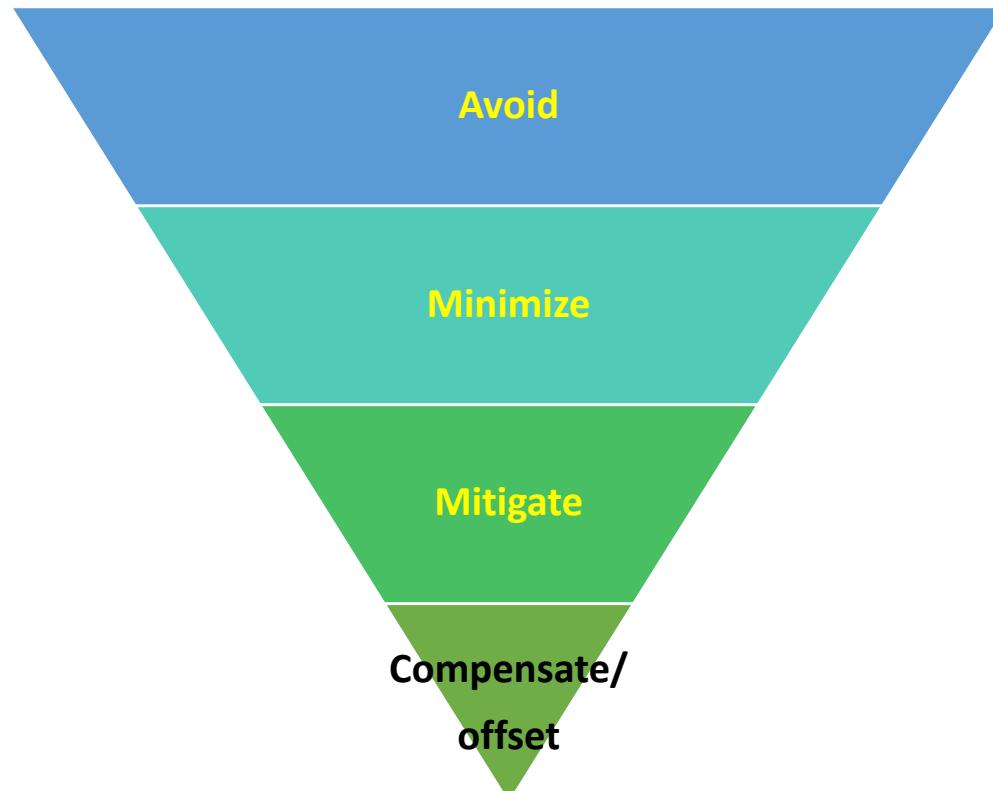


Project-level Risks:

1. Does project assessment use appropriate method and approach?
2. Is time accordingly factored as regards assessment results?
3. Are resources/experts present when revisiting the assessment results?

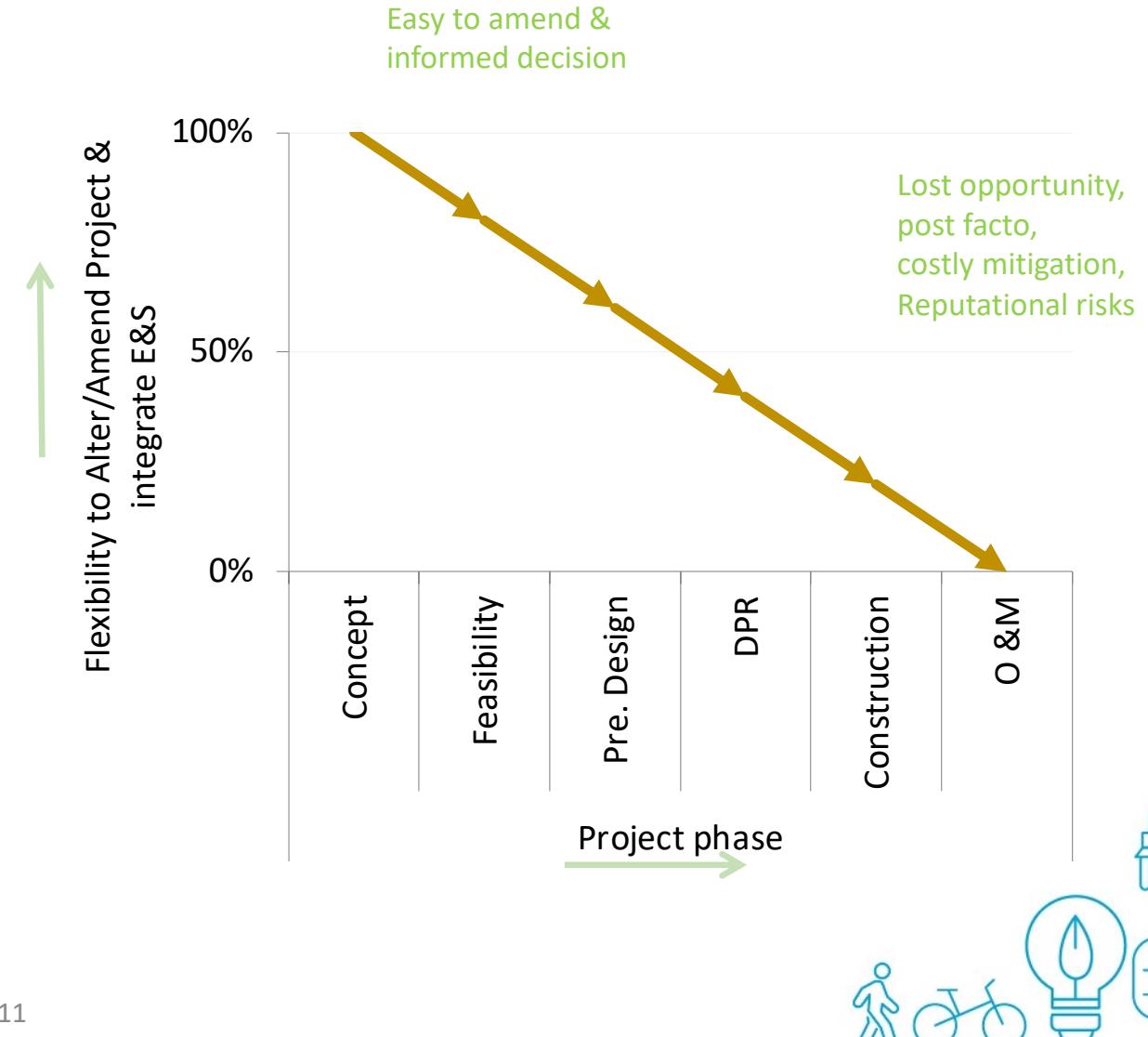


Safeguards Risk – Mitigation Hierarchy



Environmental Risks: Mitigation

- Choosing “sustainability” over “compliance” approach, “long-term” planning
- Early identification of risks & integration of safeguards
- Possible to see larger picture early
- Objectives may be firm (ends) but ways (means) are still open
- Alternatives & risk informed decisions
- Effective use of “avoidance”
- Challenges - Limited info, timelines
- Wider & targeted consultations
- Coordination with key stakeholders (int & ext)
- Assumptions - well reasoned & document



Environmental Risks: Mitigation

- **Assess regulatory requirements accurately**
- **Comprehensive project life-cycle assessment, budget, resources commitment**
- **Link clearances to procurement (IFB / contract award)**
- **Allocate adequate budget & staff resources**
- **Effective implementation, enforcement, monitoring & corrective actions**
- **Ownership & avoiding over dependency on external consultants**
- **Adapting digital technology for monitoring and reporting**
- **Creating a safety culture; understanding that safety is critical to quality**
- **Encourage proactive reporting on potential risks and non-compliances**
- **Meaningful consultations, open communication**
- **Effective Grievance redress**
- **Period project level risk monitoring by senior management, & corrective actions**



Social Risks: Mitigation

- Stakeholder engagement done widely and frequently
- Time-factor integrated in social surveys and census
- Land acquisition: compensation aligned with applicable safeguards requirements
- Eligibility on entitlements fully understood
- Indigenous people: project consent secured through out project phases
- Project information fully disclosed



Compliance and Accountability

Complementary Avenues

- Project level GRM – at least two-stage (project level and agency level)
- Administrative and Judicial Forum – executive function for addressing grievances and local court

- The ADB Accountability Mechanism* provides a forum where people adversely affected by ADB-assisted projects can voice and seek solutions to their problems and report alleged noncompliance of ADB's operational policies and procedures. It consists of two separate but complementary functions: consultation phase and compliance review phase
- The ADB Accountability Mechanism will be a “last resort” mechanism:
 1. Consultation Phase – bringing together relevant parties to agree on mutual corrective actions
 2. Compliance Review Phase – review of actions whether the policy is followed fully

*Being reviewed and updated



Questions, Comments, and Suggestions



Environmental and Social Framework

- <https://asiandevbank.sharepoint.com/teams/osfg/SitePages/ESF-and-ESS-Videos.aspx>
- **ESF - Environmental and Social Framework FINAL.mov**



ADB

Introducing ADB's Environmental and Social Framework

The Asian Development Bank's new Environmental and Social Framework (ESF) provides stronger protections for people and the environment and more effective management of project risks, while paying closer attention to specific country contexts and needs.

What's in the ESF?

Vision Environmental and Social Policy 10 Environmental and Social Standards Requirements for Financing Modalities and Products Prohibited Investment Activities List

What are the benefits of the ESF?

- Stronger protections for people and the environment
- Adaptive management based on the level of risk and project circumstances
- Aligns ADB's approach with other multilateral development banks
- New standards will protect children, workers, and communities from risks
- A new climate change standard supports ADB's commitment to the Paris Agreement
- Stronger commitment to meaningful consultation, information and disclosure, and grievance mechanisms
- Stronger biodiversity protections supporting nature-positive investments

What happens next?

Capacity Building
ADB will train its staff, borrowers, and clients on the new policy and make eLearn courses available.

Project Processing
All projects with an approved concept note by the end of 2025 will continue to be delivered under the Safeguard Policy Statement.

The new ESF is expected to become effective on

1 January 2026