OFFICE OF SAFEGUARDS

ADB's New Safeguards Policy: Environmental and Social Framework (ESF)

Moderator

Lisa Kircher

SENIOR SAFEGUARDS SPECIALIST

OFFICEOF SAFEGUARDS

Housekeeping

- Emergency exit is the outdoor courtyard
- Restrooms – turn left down the hallway
- Please put your phones on silent mode
- Take important calls outside

Opening Remarks

Ricardo Barba

DIRECTOR FOR REGIONAL OPERATIONS SERVICES 2, SOUTH ASIA

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Agenda

- Module 1: ESF Value Proposition and Key features
- Module 2: Sustainable Procurement and Safeguards
- Module 3: Environmental and Social Management Systems
- Module 4: Managing Worker Health and Safety, Labor & Working Conditions and Sexual Exploitation Abuse and Harassment Risks
- Module 5: Managing Biodiversity, Pollution Abatement

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What are the biggest challenges you have faced related to safeguards, or what are your biggest concerns?

Live results: [Mentimeter]

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BOF

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Mentimeter

What are the biggest challenges you have faced related to safeguards, or what are your biggest concerns?

bold
leader
creative
inspiration
focus
fast
transpiration

Introducing the Environmental and Social Framework (ESF)

BEATRICE YULO GOMEZ

DIRECTOR FOR PACIFIC AND INTER-REGIONAL NON-SOVEREIGN OPERATIONS, OFFICE OF SAFEGUARDS, ADB

Overview of ADB's Environmental and Social Framework (ESF)

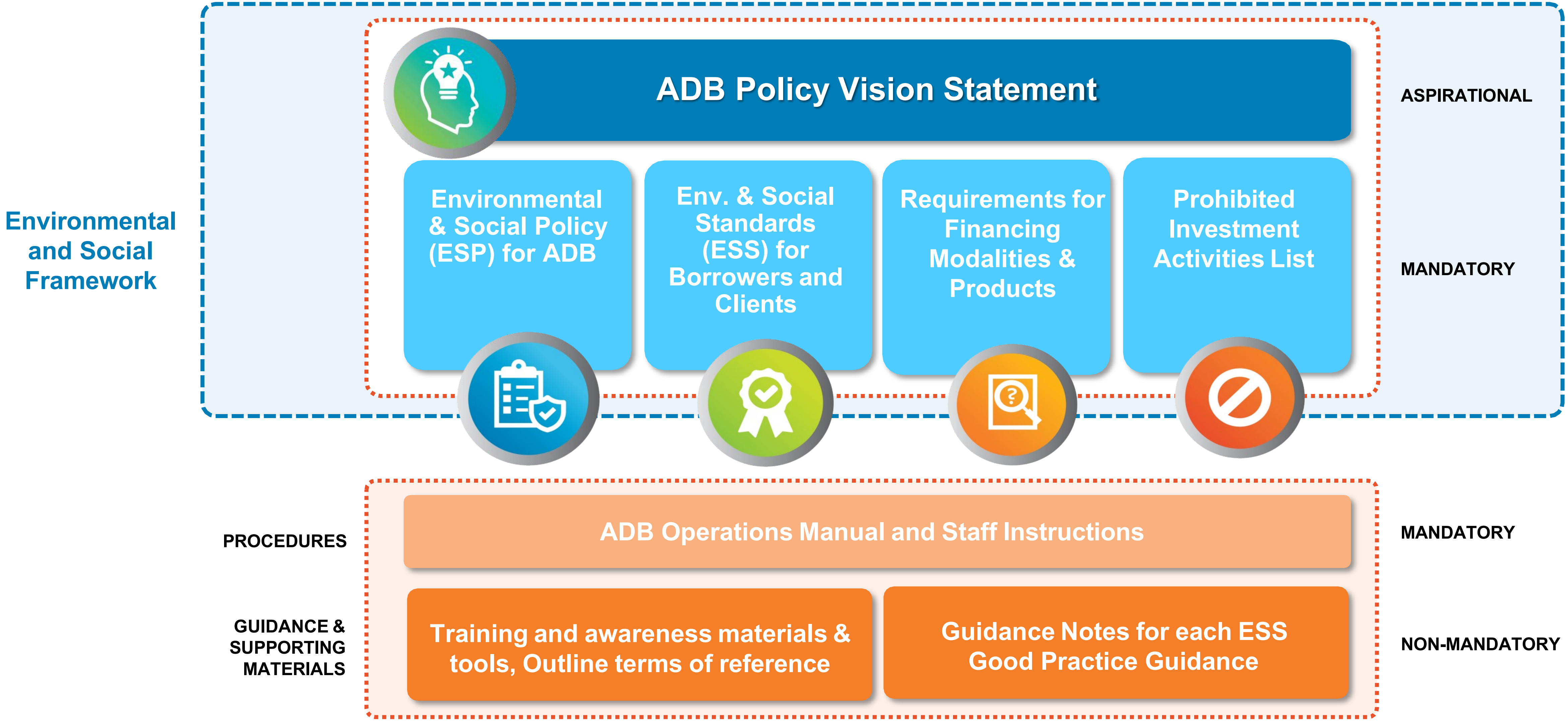
The ADB Board of Directors approved the ESF on 22 November 2024

Expected to become effective on 1 January 2026 for projects without an approved concept note

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

Architecture of the Environmental and Social Framework



Environmental and Social Policy

Value Proposition and Updated Requirements

Risk-based adaptive management

- ✓ Can conduct environmental and social assessments before or after ADB Board approval, based on the project's level of risk and specific project context

Use of Common Approach

- ✓ Broad alignment with other MDBs. ADB to agree with co-financiers and borrower on a common approach to E&S that is materially consistent with the objectives of the relevant ESSs

Information Disclosure

- ✓ A draft, or final, **environmental and social impact assessment** for *High Risk projects*
  - At least **120 days** before ADB's Board considers the project (sovereign)
  - At least **60 days** before ADB's Board considers the project (nonsovereign)
  - Project information and responsive grievance mechanism

Use of borrower's E&S systems

- ✓ Requires "material consistency" with the relevant ESSs and ability to address project risks
- ✓ Assessment is done on a project-specific basis

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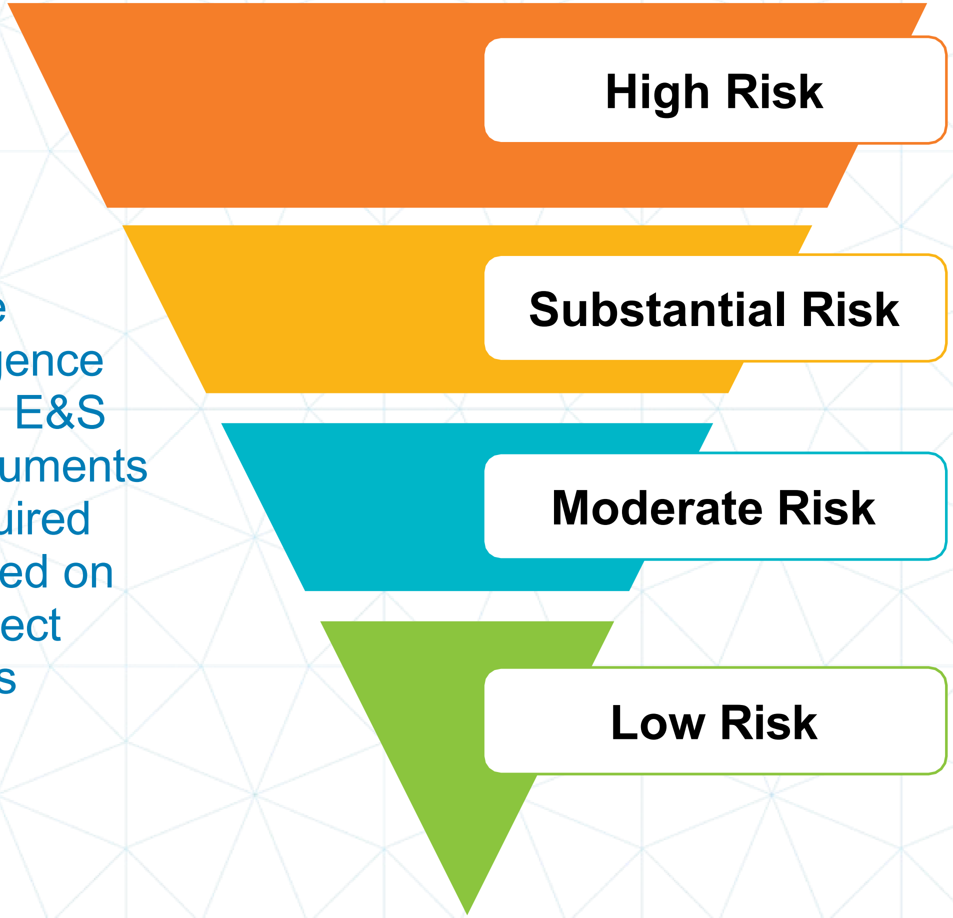
Environmental and Social Policy

A New Approach to Risk Classification

One risk classification per project, compared to three in the SPS (for environment, involuntary resettlement, and Indigenous Peoples)

SPS categories mapped to ESF classifications:
Cat A (=High);
Cat B (=Substantial or Moderate);
Cat C (= Low)

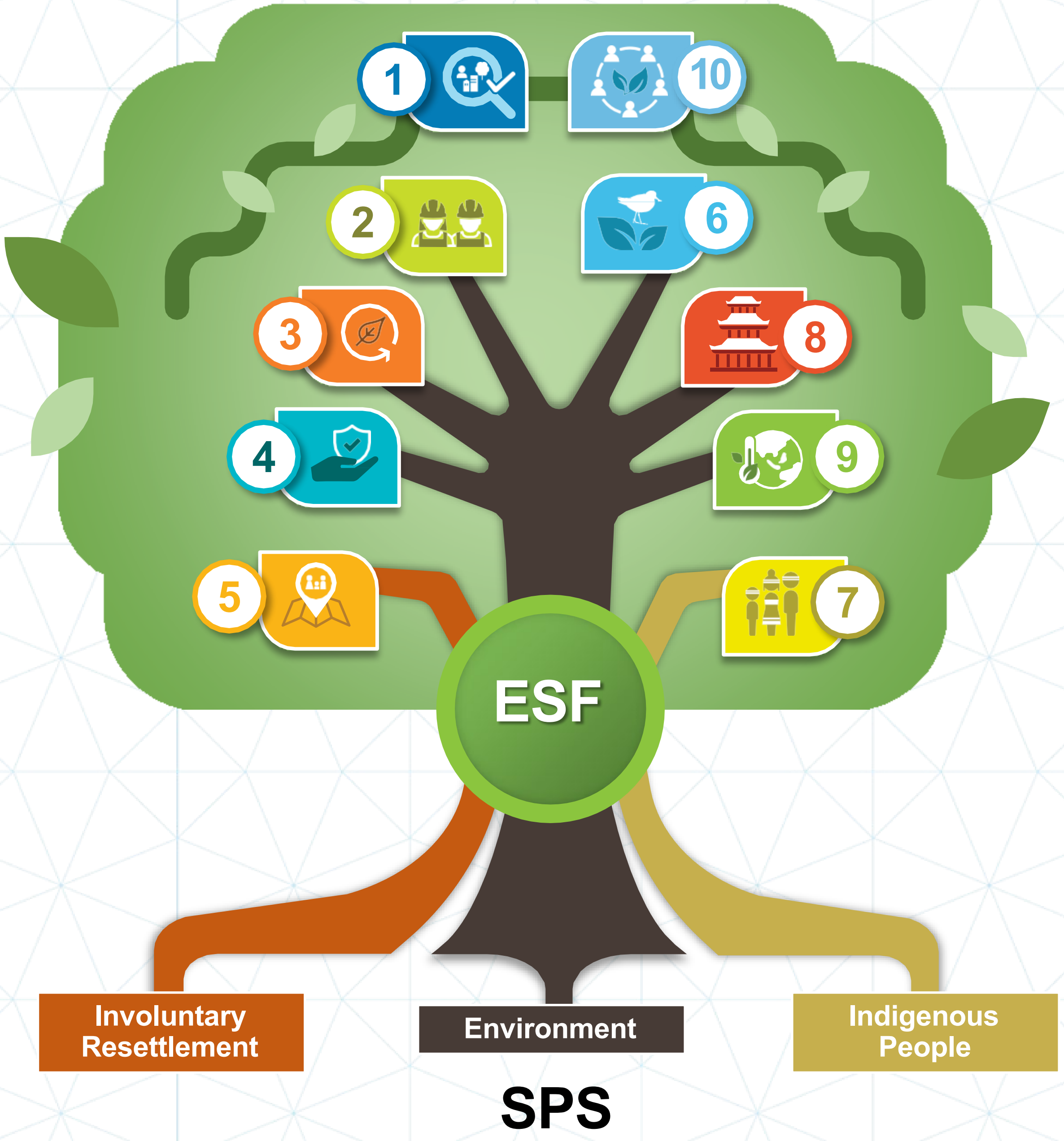
Due diligence and E&S documents required based on project risks



For Financial Intermediary transactions, the risk classification assigned is FI, with sub classifications of FI-1, FI-2 and FI-3 based on the risk of the expected transactions/activities to be financed by ADB

Environmental & Social Standards (ESS) for Borrowers and Clients

The ESF has grown out of the three requirements in the Safeguard Policy Statement (SPS)



ADB's Environmental and Social Standards (ESS)

1 Assessment and Management of Environmental and Social Risks and Impacts

2 Labor and Working Conditions

3 Resource Conservation and Pollution Prevention

4 Health, Safety, and Security

5 Land Acquisition and Land Use Restriction

6 Biodiversity Conservation and Sustainable Natural Resources Management

7 Indigenous Peoples

8 Cultural Heritage

9 Climate Change

10 Stakeholder Engagement and Information Disclosure

Enhanced Requirements

Expanded coverage, especially of social risk and environmental factors

1. Labor and Working Conditions

- ✓ Assess, monitor, and address risks for different categories of project workers, including those within the supply chain

2. Worker Health & Safety

- ✓ Management of risks related to sexual exploitation, abuse, and harassment (SEAH is covered by ESS2 and ESS4)

3. Cultural Heritage Preservation

- ✓ Protecting both tangible and intangible cultural heritage

4. Biodiversity Conservation

- ✓ Respect absolute "no-go zones" including Alliance for Zero Extinction sites, UNESCO World Heritage Sites, and free-flowing rivers
- ✓ No net loss and preferably net biodiversity gain through mitigation hierarchy and precautionary approach
- ✓ Maintain benefits from ecosystem services and promote sustainable management and use of living natural resources

5. Stakeholder Engagement

- ✓ Create **safe spaces** where there is no threat of reprisal
- ✓ Confidentiality and data privacy protocols.

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Requirements for Financing Modalities & Products

Project lending

Technical assistance

Policy-based Lending

Project readiness financing

Results-based lending

Financial Intermediaries

Emergency assistance lending

Sector lending

Sector development program

Multitranche financing facility

Small expenditure financing facility

Corporate Finance

Key Policy Provisions

Prohibited Investment Activities List

- The ESF adds new prohibitions from ADB's Energy Policy relating to:
  - (i) new coal-fired power generation and coal-fired heating plants;
  - (ii) coal mining, processing, storage, or transportation;
  - (iii) upstream or midstream oil projects; and
  - (iv) natural gas exploration or drilling.
- Prohibits financing the production of, or trade in, or use of asbestos fibers.

ESF Rollout

What happens next?

Capacity Building

In 2025, ADB will begin training its staff, borrowers, and clients on the ESF.

Project Processing

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

The ESF is expected to become effective on

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What topics would you find most useful for upcoming ESF trainings/learning sessions?

documentation requirement
qrg on documents preps
standards
case studies on each ess
templates for proceasing
business process simple
required set of ta expert
docs to prepare for proje
online sessions
isms application
who will do this
reqd assessments
requirements
sector-specific trainings
process flow
country system
project site checklists
division-level trainings
risk categorization
heritage conservation
in person engagement
climate
hows
e-learning
digital risks
hands on training
required rrp annexes
implementation of esf
business process
business process clarity
assessing standards
ea capacity
face to face
guiding tools
responsibility of each dr
categorization of project
screening
isms process
process
culture shift
flexibility
categorization
10 es standards
cultural heritage
esf for pbls
steps in business process
training to our ea and ia
capacity developemnt
country systems
safeguards steps
things tl should know
real life examples
implementation
govt acceptance of esf
stakeholder engagement
case studies
more consultant support
consultancy requirements
face to face trainings
trainings to eas and ias
online
resettlement
requirements for modaliti
training for our consults

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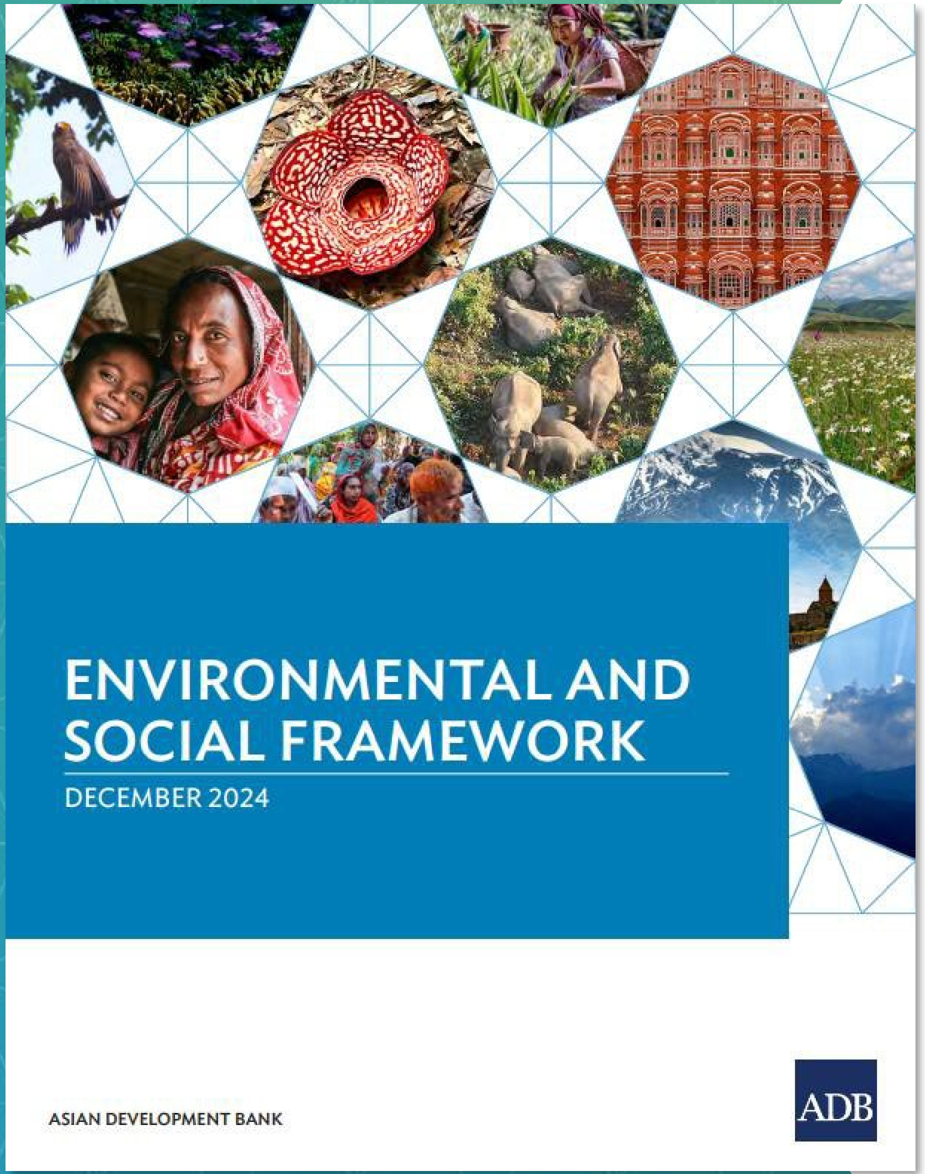
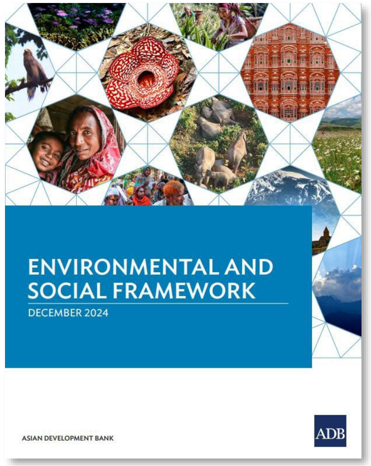


Get a copy of the ESF

Send us questions at AskESF@adb.org

Visit our webpage for more information

See The ESF Video Series



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Send us questions at AskESF@adb.org

Q&A

Thank you

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