



ADB

OFFICE OF SAFEGUARDS

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

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Moderator



Lisa Kircher
SENIOR SAFEGUARDS SPECIALIST
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- Take important calls outside

Opening Remarks



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OFFICE OF SAFEGUARDS

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

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



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



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Introducing the Environmental and Social Framework (ESF)



BEATRICE YULO GOMEZ

DIRECTOR FOR PACIFIC AND
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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

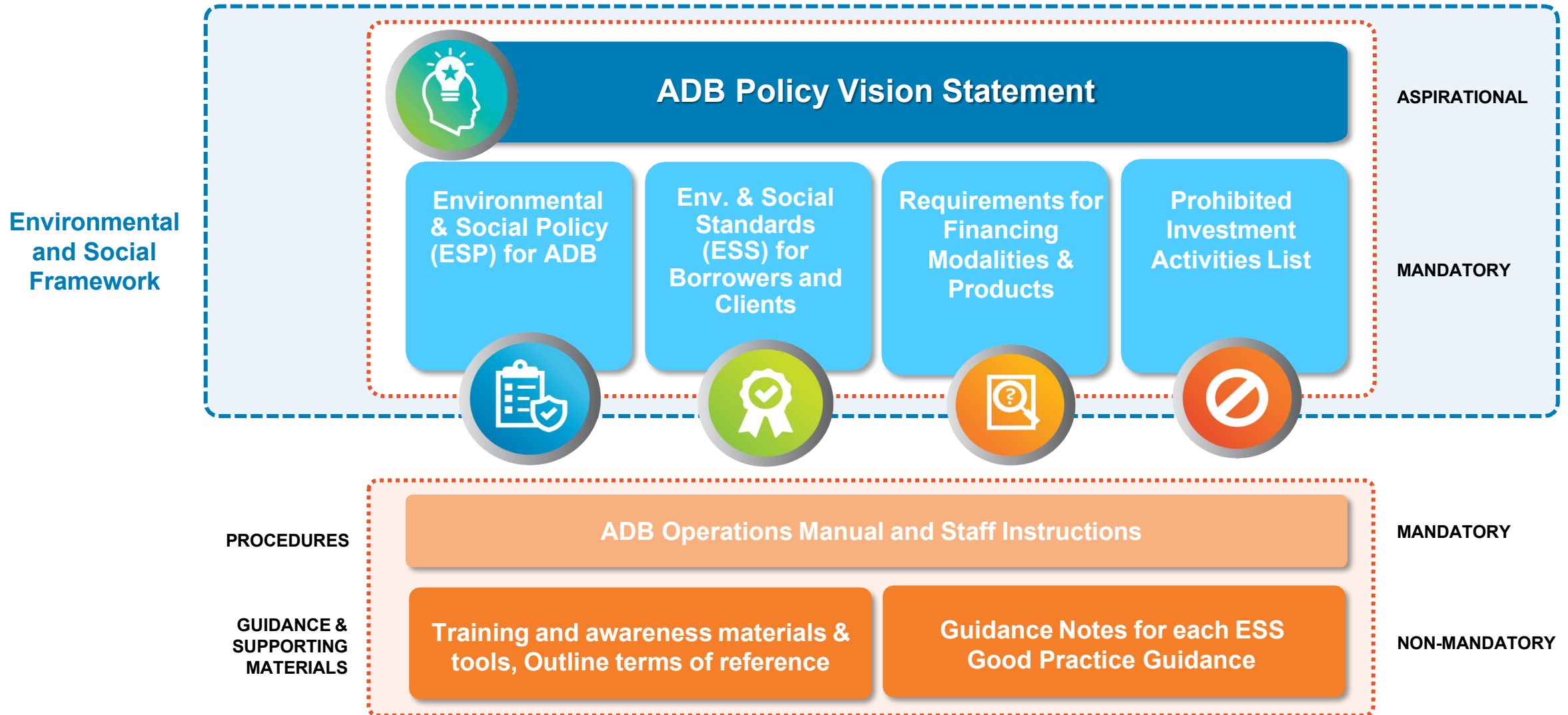


Requirements for
Financing Modalities
and Products



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



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

High Risk

Substantial Risk

Moderate Risk

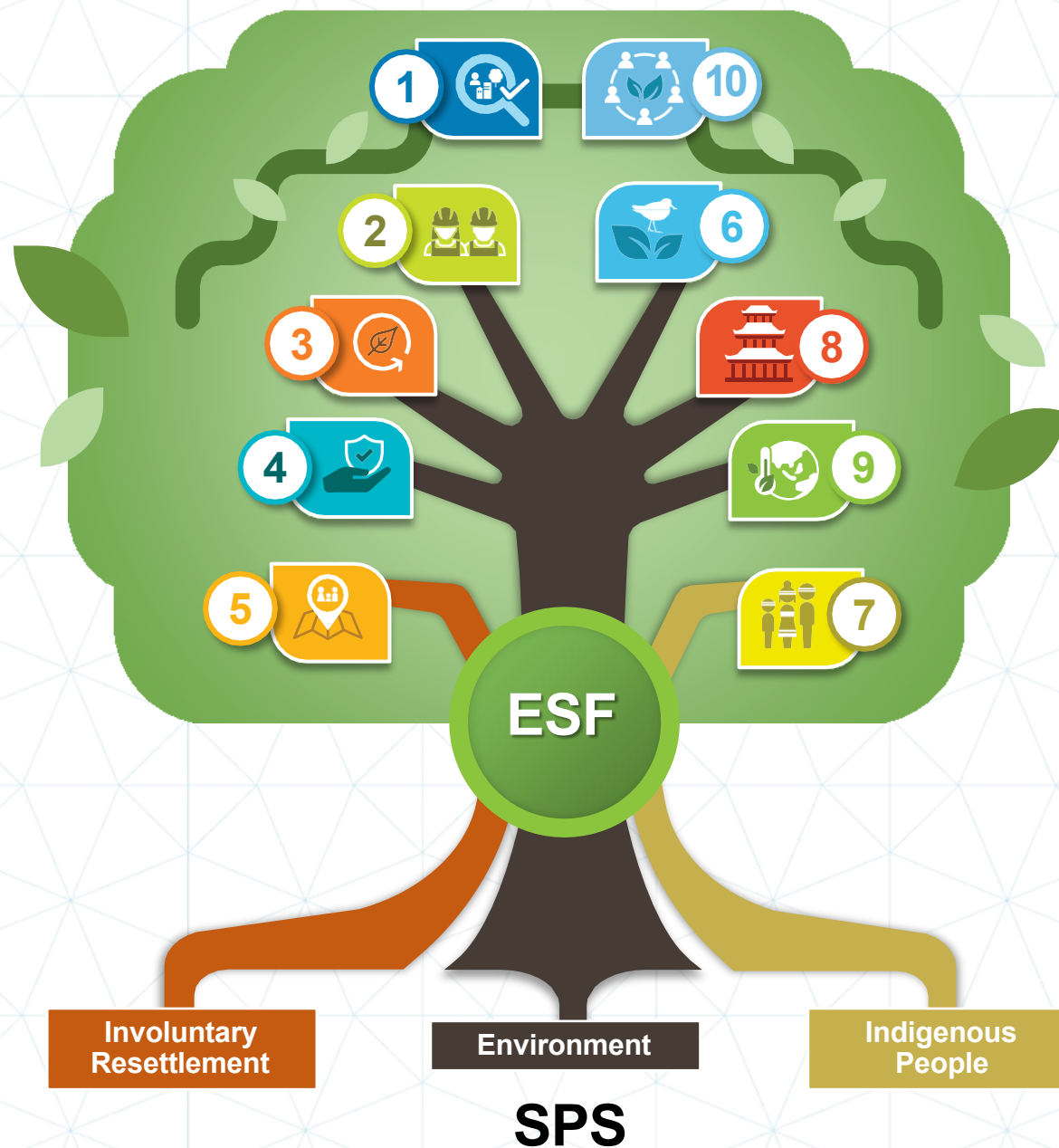
Low Risk

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.



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.

What happens next?

Capacity Building

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



Project Processing

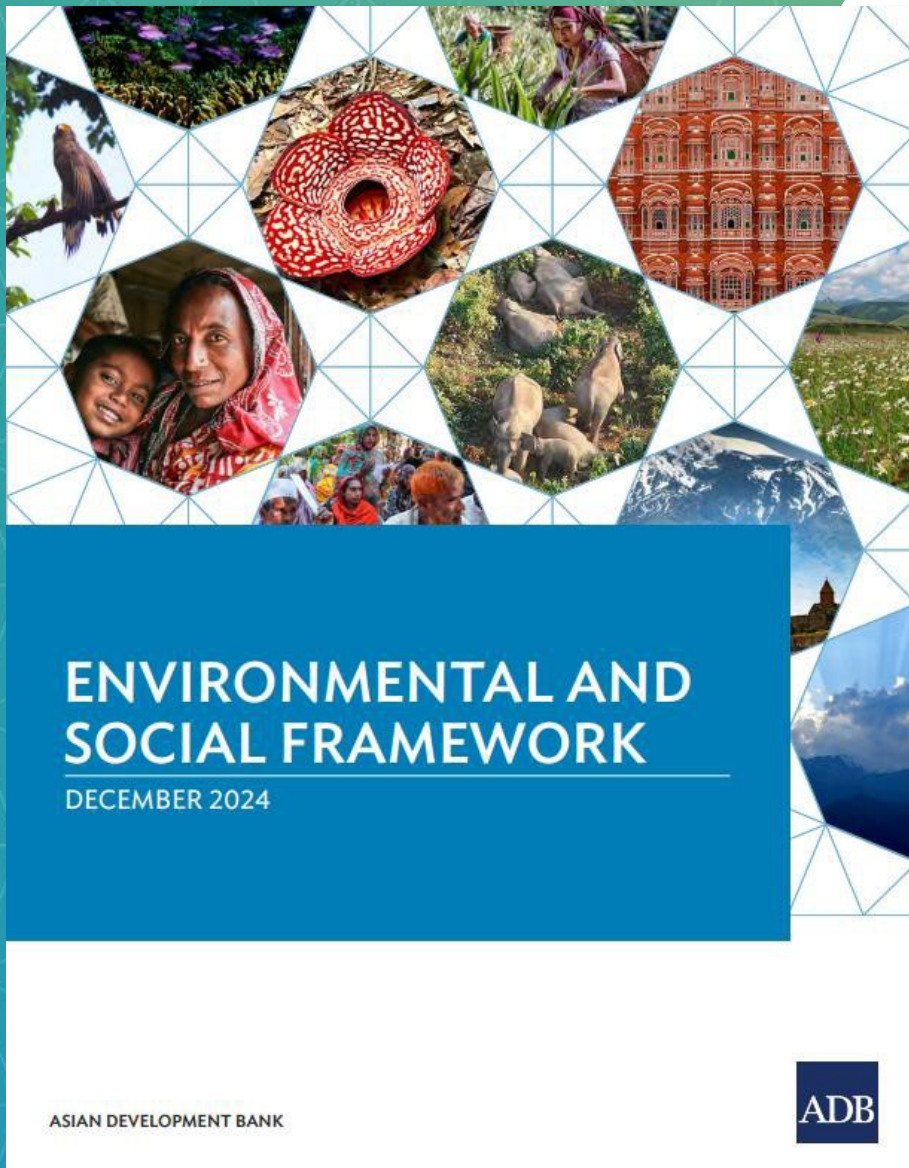
All projects with an approved concept note by the end of 2025 will continue to be delivered under the existing Safeguard Policy Statement.

The ESF
is expected
to become
effective on



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





Get a copy of the ESF



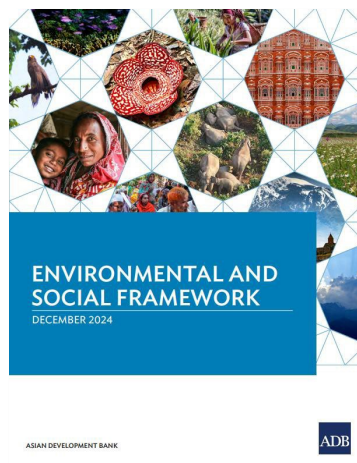
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Q&A

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