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A circular inset image on the left side of the slide shows a woman with dark hair tied back, wearing a dark blue shirt with colorful horizontal stripes on the sleeves and a necklace. She is focused on weaving a textile on a loom, with her hands positioned over the threads. The background of the inset shows a wooden structure, possibly part of a traditional building.

ADB

OFFICE OF SAFEGUARDS

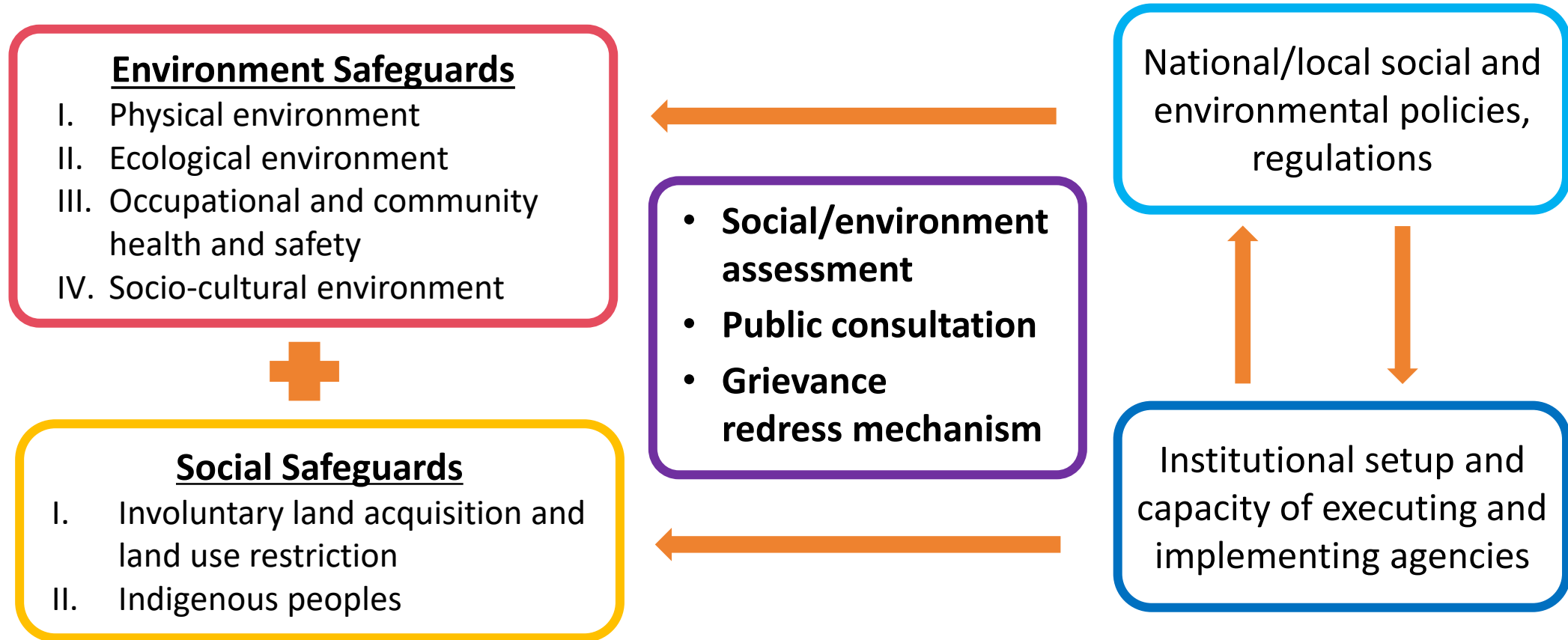
Environmental and Social Risk Management

Objectives

- Understand the benefits of developing and implementing ESMS aligned with international requirements and standards.
- Understand the key components of an ESMS and allocate adequate resources to enable implementation.

E&S Requirements for ADB Funded Projects

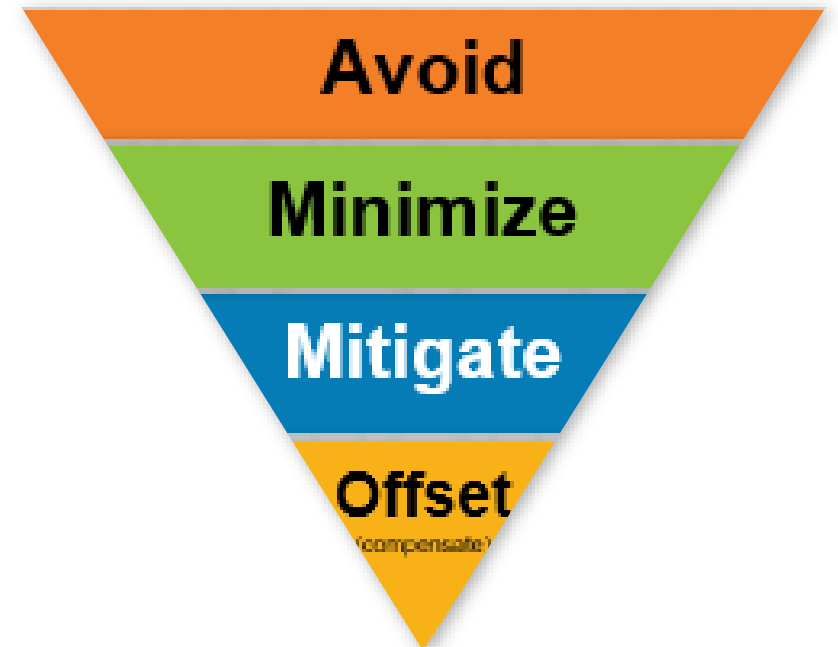
Key Components



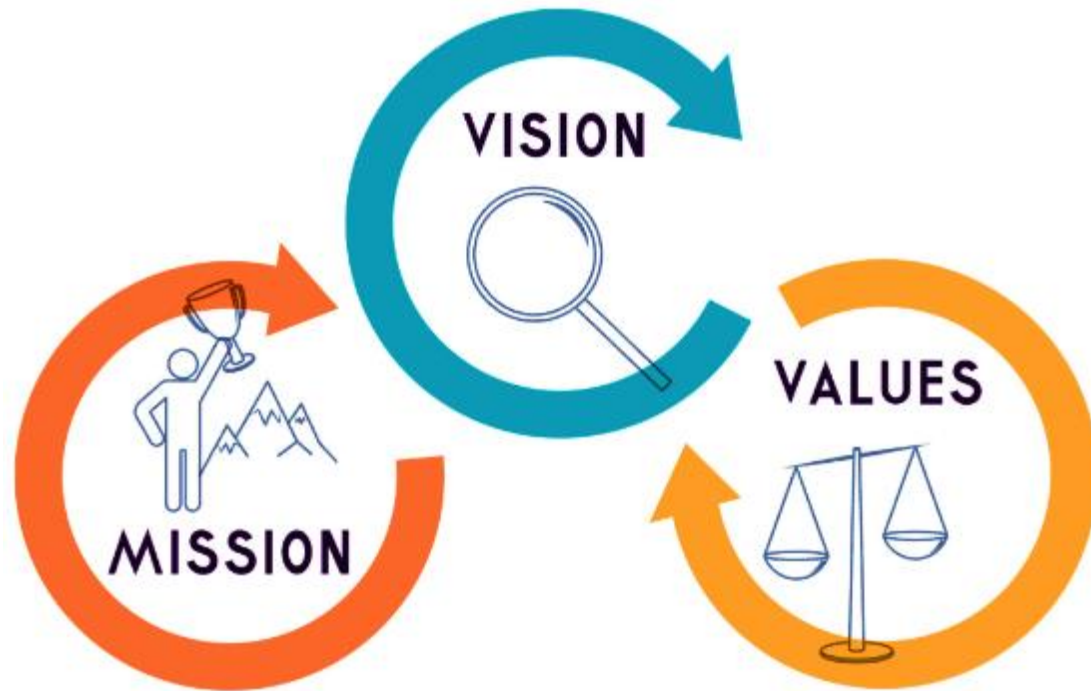
E&S Requirements for ADB Funded Projects

Objectives

- 1 Avoid adverse impacts of projects on the environment and affected people, where possible
- 2 Minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people, when avoidance is not possible
- 3 Help borrowers and clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks



E&S Risk Management through an E&S Management System (ESMS)



A set of management processes and procedures that allows a company to identify, assess, manage, and monitor the environmental and social risks of its operations in a structured and consistent manner.

Benefits of using an ESMS?



- Reduce costs
- Avoid delays and risk of fines
- Protect Your License to Operate
- Avoid and minimize H&S risks to workers and the communities
- International competitiveness
- Minimize legal and financial risks
- Reduce reputational risks

Case Study



Case Study



What's in an ESMS?

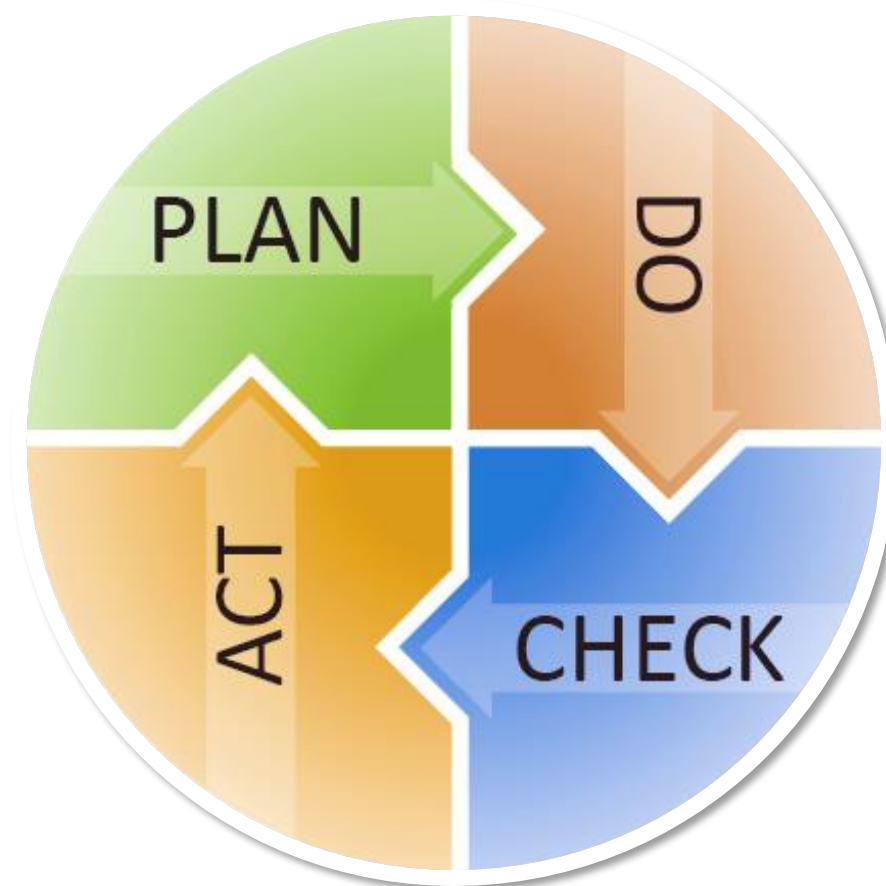
- Processes and practices reflecting your company's policies
- Assess and controls risks
- Followed consistently
- Reviewed and improved continuously

Identifying and analyzing the risks and objectives

What is important for you as an organization and what are you going to do about it?

Implementing the improved solution

What will you change if results are not what you expected?



Developing and implementing a potential solution

What actions will you take?
Who, what, where, when, and how?

Measuring how effective the solution was, and analyzing whether it could be improved

Did you see the change you expected after implementing the actions?

What's in an ESMS?





What's in an ESMS?

1. POLICY – Commitment that your company has made to managing environmental and social risks and impacts.

Requires senior management sign off.

Shared with all staff and stakeholders.

What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – assess the potential negative E&S impacts to identify appropriate strategies to address them.

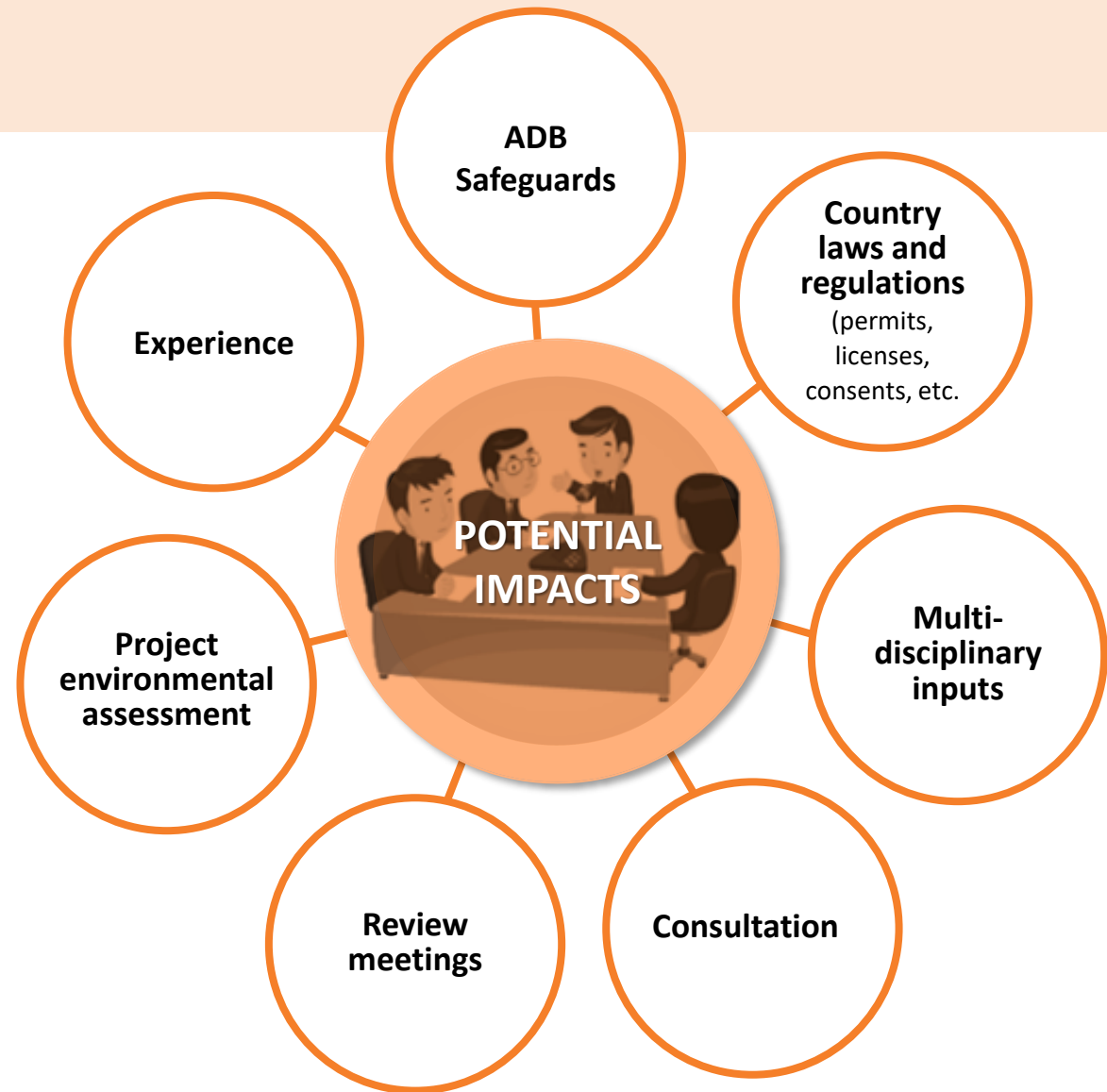
Must be done **before** and **during** construction.

Likelihood and value		Consequence and value			
		Catastrophic (5)	Major (3)	Moderate (2)	Minor (1)
Certain	(5)	High		Medium	Low
Likely	(3)	High	Medium		Low
Unlikely	(2)	Medium		Low	
Rare	(1)	Low		Low	

What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – Key Steps

STEP 1: IDENTIFYING THE POTENTIAL IMPACTS



What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – Key Steps



What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – Key Steps

STEP 2 ASSESSING THE RISK

Risk needs to be considered in assessing the impacts of a project

Consider the risk of undertaking major construction work in the following situations:

- Above an urban water reservoir located inside a protected area
- In a site near no important environmental receptors

What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – Key Steps

STEP 2 ASSESSING THE RISK

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	High	High	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Medium	Medium	High	High	Extreme
Unlikely	Low	Medium	Medium	High	High
Rare	Low	Low	Medium	High	High

Risk = likelihood x consequence

What's in an ESMS?

2. RISK and IMPACT IDENTIFICATION – Key Steps

STEP 3: IDENTIFYING THE MITIGATION MEASURES

Construction activity	Risks (hazards to consider)	Likelihood that site or sensitive receptors will be affected	Consequence if site or sensitive receptors are affected	Risk score (likelihood x consequence)	Environmental management measures
		Score	Score		
Site surveying and vegetation clearance	Damage to vegetation beyond project footprint	3	3	9	Indicate limits of clearing on plan and on ground with highly visible markers
	Damage to important habitats and ecosystems	2	3	6	Monitor area for fauna prior to clearing, catcher to remove fauna for release elsewhere
	Erosion of exposed areas, sedimentation	5	3	15	Erect silt fences around perimeter of works area, install rock/check dams, sedimentation ponds and silt traps
	Loss of topsoil	3	2	6	Stockpiles covered – geotextile or re-vegetation/seeding

What's in an ESMS?

3. MANAGEMENT PROGRAMS – Develop action plans and improved procedures to avoid, minimize or compensate for the risks and impacts that were identified.

Prioritizing Your Actions

AVOID



MINIMIZE



COMPENSATE/OFFSET



What's in an ESMS?

4. ORGANIZATIONAL CAPACITY AND COMPETENCY

– requires:

- senior management commitment
- a team that is responsible for the implementation of the ESMS
- trained, committed people who follow the ESMS procedures

EXAMPLE OF AN ESMS TEAM



What's in an ESMS?

5. EMERGENCY PREPAREDNESS AND RESPONSE – develop an effective site specific response to prevent and mitigate any harm to your workers, community and the environment in an emergency



What's in an ESMS?

6. STAKEHOLDER ENGAGEMENT – systematic engagement = builds trust, credibility and local support.

Develop a project-specific stakeholder engagement plan.

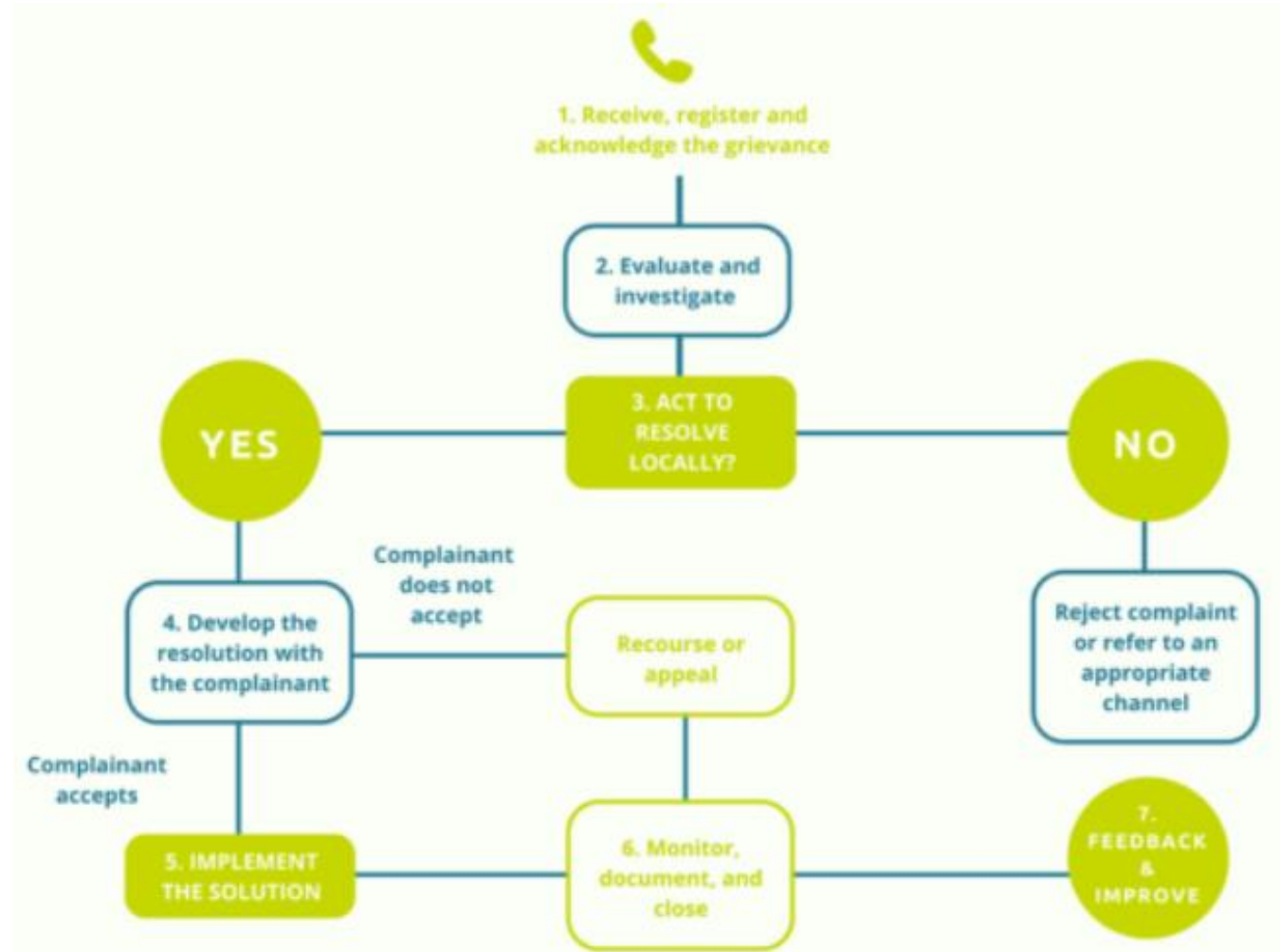


What's in an ESMS?

7. EXTERNAL COMMUNICATIONS AND GRIEVANCE MECHANISMS -

establish and maintain a publicly available and easily accessible channel for stakeholders to contact you.

This should include a grievance mechanism for affected stakeholders to contact you if they have an inquiry, a concern or a formal complaint.



What's in an ESMS?

8. ONGOING REPORTING TO AFFECTED COMMUNITIES - Keep affected communities informed of what you are doing to build and maintain a trust.

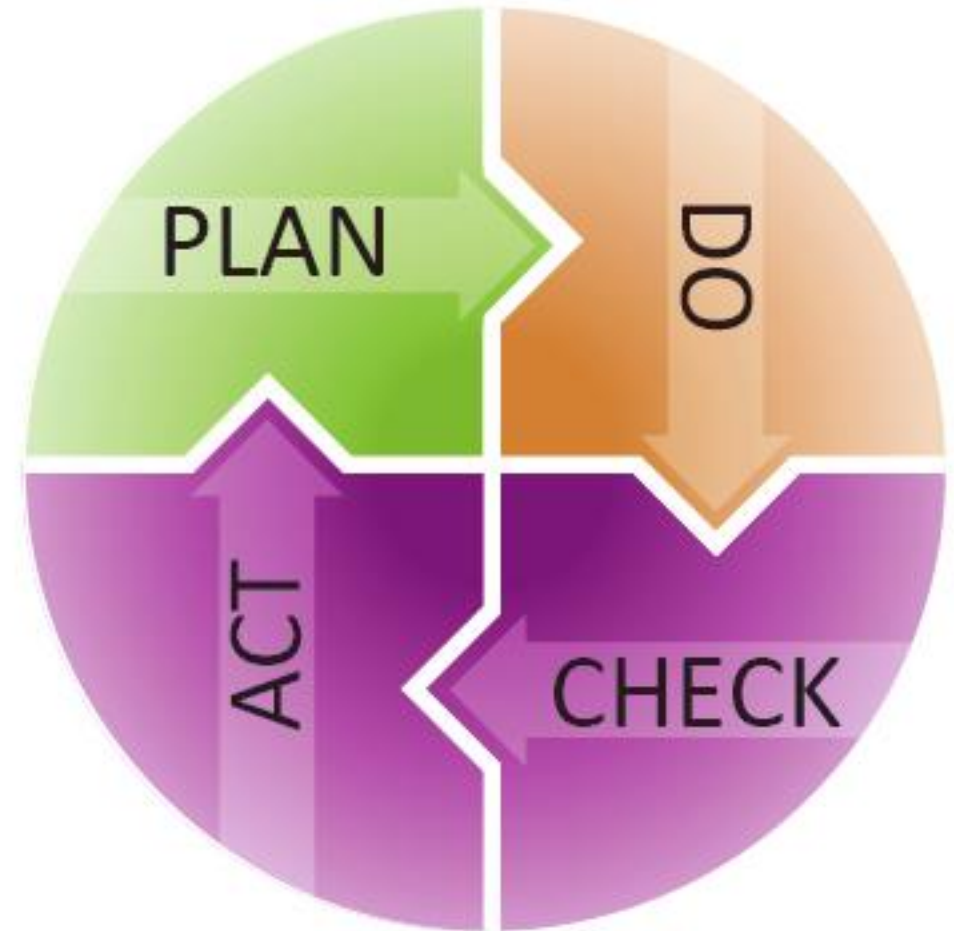


What's in an ESMS?

8. MONITORING AND REVIEW -
monitor the effectiveness of your
ESMS and your action plans and make
the necessary adjustments.

Monitoring is the **CHECK**
step of the PDCA cycle

Review is the **ACT**
step of the PDCA cycle



Key Takeaways

- A system to manage E&S risks is essential for the success of projects.
- It can avoid or reduce cost overruns, delays, and enhance support.
- Don't forget that contractors play a key role in managing project E&S risks.
- Using an ESMS protects your project.
- An ESMS needs senior management commitment, a qualified team, trained workforce, and adequate funding for proper implementation.



References



ADB ESF: <https://www.adb.org/who-we-are/environmental-social-requirements/environmental-social-framework>



IFC ESMS Handbook: <https://www.ifc.org/en/insights-reports/2014/esms-implementation-handbook-construction>