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# **Asian Infrastructure Investment Bank**

## **Environmental and Social Framework**

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DR. SOMNATH BASU  
SENIOR SOCIAL DEVELOPMENT SPECIALIST  
ASIAN INFRASTRUCTURE INVESTMENT BANK

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## **A Commitment to Sustainable Development**

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*In addressing the development challenges of Asia, AIIB is committed to the principles of sustainable development in the concept, design and implementation of its Operations*

## Overall Approach

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- ❖ Seeks Broad Compatibility with Other MDBs
- ❖ Uses Established Principles and Practices
- ❖ Provides Opportunities for Innovation
- ❖ Promotes Effective Implementation
- ❖ Provides for Advisory Support for Operations

## Elements of the Framework

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- ❖ ***Vision Statement.*** The Vision Statement provides an overview of the aspirations of AIIB concerning environmental and social sustainability and the role of the Bank in meeting the challenge of sustainable development in Asia
- ❖ ***AIIB Environmental and Social Policy.*** The mandatory requirements that apply to AIIB are set out in the Environmental and Social Policy

## Elements of the Framework

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❖ ***Environmental and Social Standards.*** The mandatory requirements that apply to the Client and Operations are set out in three Environmental and Social Standards:

- **Standard 1:** Environmental and Social Assessment and Management
- **Standard 2:** Involuntary Resettlement
- **Standard 3:** Indigenous Peoples

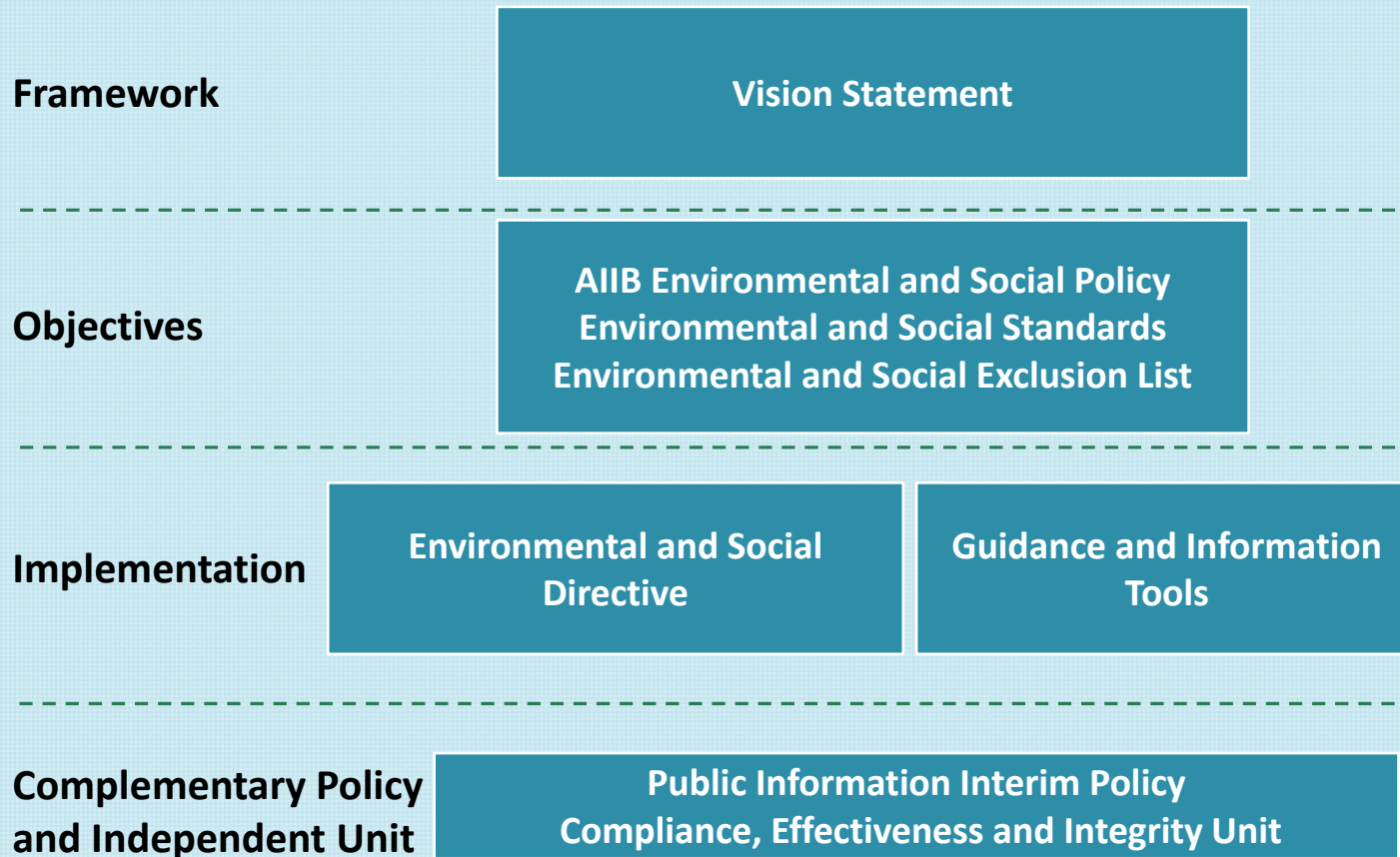
## Elements of the Framework

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- ❖ ***Environmental and Social Exclusion List.*** Appendix 1 to Environmental and Social Policy
- ❖ ***Environmental and Social Directive.*** The mandatory requirements for both AIIB and the Client for implementation of the Policy and Standards are provided in the Environmental and Social Procedures (*Under Preparation*)
- ❖ ***Guidance and Information Tools.*** Non-mandatory guidance and information tools will support AIIB and the Client in implementation of the Policy and Standards (*Under Preparation*)

# AIB: Environmental and Social Framework

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# **Environmental and Social Framework: AIIB Environmental and Social Policy**

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## AIIB – Environmental and Social Management System

- ❖ Supports decision making
- ❖ Provides for screening and categorization of Operations
- ❖ Analyzes potential risks and impacts
- ❖ Identifies actions to avoid, minimize, mitigate and/or offset impacts
- ❖ Includes provisions for disclosure of information and public consultation
- ❖ Supports integration of environmental and social management measures into design, implementation and evaluation of projects

## Screening and Categorization

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- ❖ All projects are screened to review their potential environmental and social risks and impacts – AIB uses four categories: A, B, C and FI
- ❖ Their categorization will be based on a combined review of both environmental and social risks and impacts
- ❖ Categorization is proportional to significance of potential environmental and social risks and impacts
- ❖ In reviewing the social risks and impacts of a project, special attention should be given to the vulnerability of various types of potentially affected people

*AIB uses a single environmental and social categorization for projects*

## Coverage of Environmental and Social Assessment

Conduct an environmental and social impact assessment (ESIA) to identify potential direct, indirect, cumulative, and induced physical, biological, socio-economic, and cultural resources risks and impacts

# Impact Assessment Instruments

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**Approach**

**Integrated Environmental and  
Social Assessment Process**

**Policy, Plan or  
Program**

**Strategic, Sectoral or Regional  
Environmental and Social  
Impact Assessment**

**Operation**

**Environmental and Social  
Impact Assessment (ESIA)**

**Environmental and Social  
Management Plan (ESMP)**

**Specialized Instruments**

**Cumulative Impact Assessment (CIA)  
Environmental and Social Audits  
Environmental Planning**

## Environmental and Social Management Plans

- ❖ The ESMP consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to avoid adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures
- ❖ Preparation of an ESMP includes:
  - ❖ Identifying the set of responses to potentially adverse impacts
  - ❖ Determining requirements for ensuring that those responses are effective and timely
  - ❖ Describing the means for meeting those requirements including in the budget and schedule for the Operation

## Strengthening and Use of Country and Corporate Systems

- ❖ AIB considers that strong country and corporate systems are crucial to the management of environmental and social risks and impacts and will assist in strengthening those systems through a variety of mechanisms in both the public and private sector
- ❖ AIB believes that in many cases, the best way to strengthen country and corporate systems is to use them at the operational level, with adequate support to achieve objectives
- ❖ It will, therefore, selectively support Operations using country systems and corporate systems, following review to assess their proposed application
- ❖ In strengthening systems and using them in Operations, AIB will coordinate closely with other multilateral development banks, bilateral donor organizations and relevant centers of expertise

## Development Partner Policies

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- ❖ When co-financing an Operation with other financial institutions, AIIB seeks to cooperate with them with a view to adopting a common approach to appraisal, requirements, monitoring and reporting regarding the Operation - Where such requirements differ, typically the most stringent requirement will be applied
- ❖ AIIB may agree, on a case-by-case basis, to the application to an Operation of the environmental and social policies and procedures of multilateral development banks and bilateral development organizations who are co-financing the Operation, provided that AIIB is satisfied that they are consistent with AIIB's Articles of Agreement and broadly consistent with the ESP and the ESSs, and that acceptable monitoring procedures are in place - In such cases, AIIB may rely on the co-financier's determination as to whether the co-financier's policies and procedures have been complied with

## Other Features of the Framework

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- ❖ Operational Level Grievance Redress Systems
- ❖ Use of Independent Advisory Panels for Complex Operations
- ❖ Inclusion in Financing Agreements and Contracts
- ❖ Provisions for Remedies

AIIB Independent Oversight Mechanism:  
Compliance, Effectiveness and Integrity Unit



## Current Engagements

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- ❖ National Motorway M-4 (Shokot Kahnewal Section) in Pakistan, Co-financed with the ADB
- ❖ Distribution system Upgrade and Expansion in Bangladesh, AIIB
- ❖ Dushanbe-Uzbekistan Border Road improvement in Tajikistan, Co-financed with the EBRD
- ❖ National Slum Upgrading in Indonesia, Co-financed with the World Bank

## Planned for Board Consideration

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- ❖ Tarbela 5 Hydro power extension project in Pakistan, Co-financed with the World Bank
- ❖ Mingyan CCG Power Plant project in Myanmar, Co-financed with IFC (Non – sovereign)

# Contact

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Somnath Basu  
Senior Social Development Specialist  
[sbasu@aiib.org](mailto:sbasu@aiib.org)