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ADB Safeguard Policy Review and Update: Climate Change

REGIONAL CONSULTATIONS

17, 19-20 May 2022



SAFEGUARD
POLICY REVIEW
AND UPDATE

ADB

Quick Reminders



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- ✓ If possible, join from a quiet, distraction-free area
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- ✓ Be conscious of time as per the agreed agenda

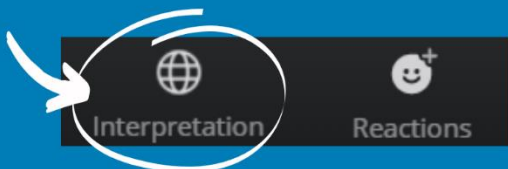




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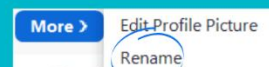
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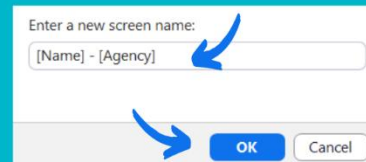
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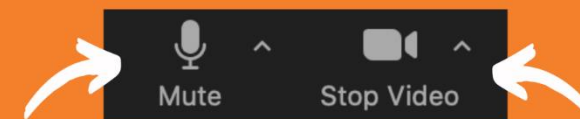


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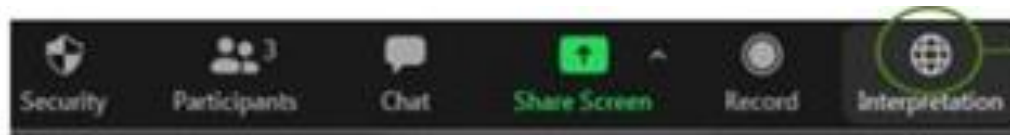
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Đề nghị nhấp chuột vào nút phiên dịch (Interpretation) trên thanh công cụ Zoom ở phía dưới màn hình của bạn.

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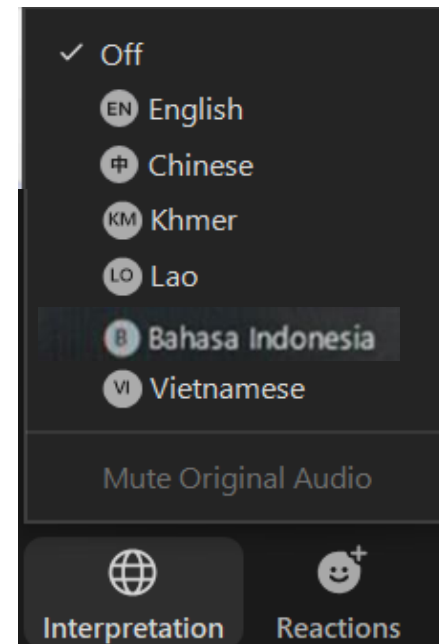
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رواں ترجمے کے لئے دستاب زبانیں

Осуществляется синхронный перевод!

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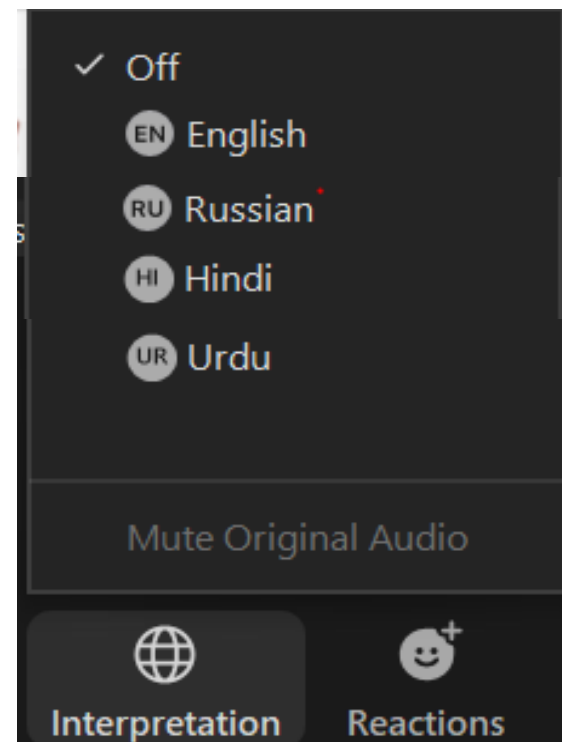
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The Safeguard Policy Review and Update Phase 2 consultations provide opportunities for stakeholders to express their views and opinions on ADB's environmental and social safeguards in the most meaningful and safest manner possible.

All stakeholders are encouraged to articulate their inputs and concerns during these consultation sessions. By joining these sessions (and as noted in paragraph 47 of the Stakeholder Engagement Plan) stakeholders are consenting to the video and audio recording of these consultations and their subsequent release. ADB will prepare consultation summaries and disclose them publicly. This will ensure the accuracy and transparency of proceedings.

Stakeholders wishing to exclude themselves from such recordings are asked to contact the Safeguards Policy Review and Update Secretariat at safeguardsupdate@adb.org within 2 weeks of this session to share their exceptions and exclusions.



The recordings and documentation allow the ADB to review, consider and respond to, if necessary, any comments and inputs made. Background materials on the thematic areas have been released in preparation for the consultations and dialogues.

All types of feedback are welcome. These will not be used for the purposes of retaliation, abuse, or any other kind of discrimination.

If you have any issues or concerns on the disclosure, recording, confidentiality, potential risks, abuse, or any kind of discrimination during the consultations, or wish to exclude yourself from the recording of events and discussions, please contact the Secretariat at safeguardsupdate@adb.org.

AGENDA



SAFEGUARD POLICY REVIEW AND UPDATE



- 1. Introduction** (5mins)
Azim Manji, Session Moderator and Stakeholder Engagement Team Leader, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- 2. Session 1:** Welcome and Overview of the Safeguard Policy Statement (2009) and Update Process (10 mins)
Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- 3. Session 2:** Overview of ADB's Climate Change Program (15 mins)
Noelle O'Brien, Chief of Climate Change and Disaster Risk Management Thematic Group concurrently Director (SDCD), Sustainable Development and Climate Change Department (SDCC)
- 4. Session 3:** Climate Change and Safeguards-Study Findings (15 mins)
Zehra Abbas, Principal Environment Specialist, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- 5. Break** (5 mins)
- 6. Session 4:** Moderated Discussion (75 minutes)
Moderated by Francesco Ricciardi, Environment Specialist, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- 7. Event Evaluation** (5 mins)
- 8. Wrap up** (5 mins)
Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)

Session I: Welcome Remarks

Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)



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Session 2: Overview of ADB's Operational Level Climate Change Program

- ADB's policy and strategy for climate change and safeguards

Session 3: Climate Change and Safeguards-Study Findings

- Objectives and methodology for analytical study on climate change and safeguards
- Current coverage of climate change in the Safeguard Policy Statement
- Benchmarking findings on safeguards and climate change
- Areas for further consideration and next steps

Session 2: Overview of ADB's Climate Change Program

Noelle O'Brien, Chief of Climate Change and Disaster Risk Management Thematic Group concurrently Director (SDCD), Sustainable Development and Climate Change Department (SDCC)



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OUTLINE



Chronology of addressing climate change in ADB

ADB's strategies and policies

- Operational Priority 3
- Planning Directions and Visions Statement
- Climate Change Financing and the \$100 billion ambition
- Delivering Paris Alignment
- Revised Disaster Emergency and Assistance Policy

Approach for climate and disaster resilience

- Holistic Approach to Enhance Resilience
- Three Key Strategies for Achieving Adaptation Finance Targets
- Climate Risk Management Framework

Recent initiatives

- NDC Advance Platform, Long-term Strategy and Just Transition



ADB's Policy Context for Climate Change and Safeguards: Chronology of addressing climate change in ADB



- **1980s-1990s:** integrated solutions to address climate change
- **2010:** Board paper on Addressing Climate Change in Asia and the Pacific: Priorities for Action
- **2014:** Commitments reiterated in mid-term review of ADB's Strategy 2020
- **2015:** Commitment to double climate finance from ADB's own resources from \$3 billion in 2014 to \$6 billion in 2020
- **2017:** Climate Change Operational Framework 2017-2030
- **2018:** ADB Strategy 2030
- **2019:** Commitment to full alignment of sovereign operations with goals of Paris Agreement by 1 July 2023 and non-sovereign operations by 1 July 2025
- **2021:**
 - Announcement of ambition to provide \$100 billion in climate finance 2019-2030
 - Disaster and Emergency Assistance Policy
 - Energy Policy

Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



Strategic Operational Priorities

1 Mitigation of climate change increased

2 Climate and disaster resilience built

3 Environmental sustainability enhanced

Operational Approaches

Clean and green energy
Circular Economy
Green Supply Chains



Green business and jobs

Quality Infrastructure
Sustainable transport & urban development



Clean air and water, waste management

Natural capital asset management
Climate-smart agri & sustainable land use



Climate and Disaster Resilience



Physical (climate-proof), eco-based, financial, social and institutional

Water-food-energy security nexus



Air and water pollution management

Natural capital and healthy oceans

Environmental Governance

Targets: **75%** committed operations (3-year rolling average) and **\$80 billion** of own resources (2019-2030, cumulative) will support climate actions

Increased climate finance ambition to **\$100 billion** by 2030
Full Paris Alignment by **Jul 2023** for sovereign operations and by **Jul 2025** for nonsovereign operations

Sub-pillars

- Access to climate finance increased
- Capacity of developing member countries enhanced
- Low-carbon infrastructure improved
- Renewable energy capacity increased
- Low-carbon development solutions implemented
- Integrated flood risk management measures supported
- Resilience building initiatives implemented
- Finance preparedness for post-disaster response enhanced
- Planning for climate change adaptation and disaster risk management improved
- Infrastructure assets made more resilient
- Pollution control and resource efficiency solutions promoted and implemented
- Conservation, restoration and enhancement of terrestrial, coastal and marine areas implemented
- Solutions to conserve, restore, and/or enhance terrestrial, coastal, and marine areas promoted and implemented
- Water-food-energy security nexus addressed

ADB will prioritize three key operational directions. These include:

A. Balancing COVID-19 Response with Support for a Green, Resilient, and Inclusive Recovery

1. Targeted COVID-19 response measures.
2. Flexibility and agility under an 'alternative' scenario.
3. **Supporting a green, resilient and inclusive recovery.**

ADB will mainstream climate and disaster resilience into its support for sectors and themes that have suffered in the current pandemic.

A **green, resilient, and inclusive recovery** will support development that is nature-positive, socially inclusive, builds long-term resilience and is aligned with the Paris Agreement, the Sendai Framework for Disaster Risk Reduction, the Sustainable Development Goals and the Convention on Biological Diversity.

B. Strengthening Project Quality and Readiness

C. Improving the Allocation and Effectiveness of Technical Assistance

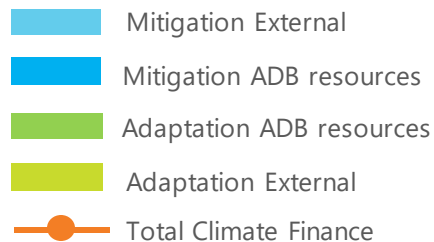
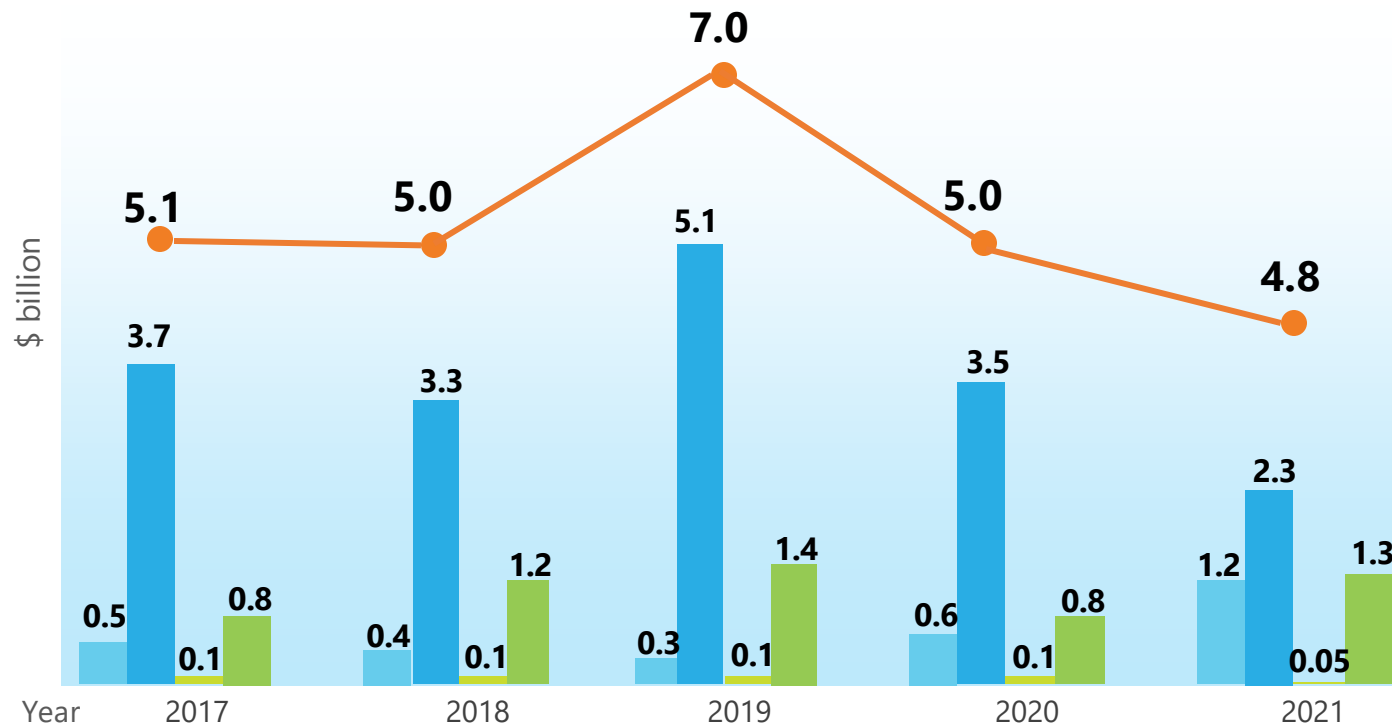
President's Vision Statement

Full alignment of ADB's sovereign operations with the goals of the Paris Agreement by 1 July 2023, and our nonsovereign operations to 85% by 1 July 2023 and fully by 1 July 2025;
Doubling our annual average climate adaptation finance (compared with 2015–2018), which will result in cumulative financing of \$9 billion from 2019 to 2024.



Climate Finance Commitments (2017–2021) and the \$100 billion ambition

Climate Finance Commitments (2017–2021)



2021 Climate Finance	Mitigation	Adaptation	TOTAL
ADB resources	2,274	1,280	3,553
External resources	1,164	49	1,213
TOTAL (In \$ millions)	3,438	1,328	4,766

Raising the 2019-2030 climate finance ambition to \$100 billion.

\$20 billion is added to provide support for the climate agenda in five main areas:

1. new avenues for climate mitigation;
2. a scale-up of transformative adaptation projects;
3. increase in climate finance in ADB's private sector operations;
4. support for a green, resilient, and inclusive recovery from COVID-19;
5. support to advance reforms in DMCs.

ADB Commitments: Aligning Operations to the Paris Agreement

- **ADB committed to full alignment of its new sovereign operations with the goals of the Paris Agreement by 1 July 2023, and its new non-sovereign operations to 85% by 1 July 2023 and fully by 1 July 2025**

1

Alignment with mitigation goals

Operations consistent with national low-emissions development pathways and compatible with objectives of the Paris Agreement.

2

Adaptation and climate-resilient operations

Operations are aligned with climate-resilient development pathways and consistent with the objectives of the Paris Agreement

3

Accelerated contribution to the transition through climate finance

Further scale up climate finance, operationalize new approaches to support NDCs, and accelerate realization of ambitions agreed under UNFCCC and in line with science-based evidence identified by IPCC.

4

Strategy, Engagement and Policy Development

Develop new services to support clients put in place long-term strategies for low-emissions and climate-resilient development while ensuring consistency with SDGs.

5

Reporting

Develop tools and methods for characterizing, monitoring and reporting on Paris-aligned activities.

6

Align internal activities

Progressively ensure that internal operations, including facilities and other internal policies, are in line with the Paris Agreement.



Integration of climate change in Country Partnership Strategies



Climate finance targets



Target to peak emissions - by 2030 at the latest



Social cost of carbon a part of economic evaluation of projects



Climate and disaster risk screening mainstreamed



Exclusion lists - oil/gas exploration, fossil fuel extraction, commercial logging in primary forests



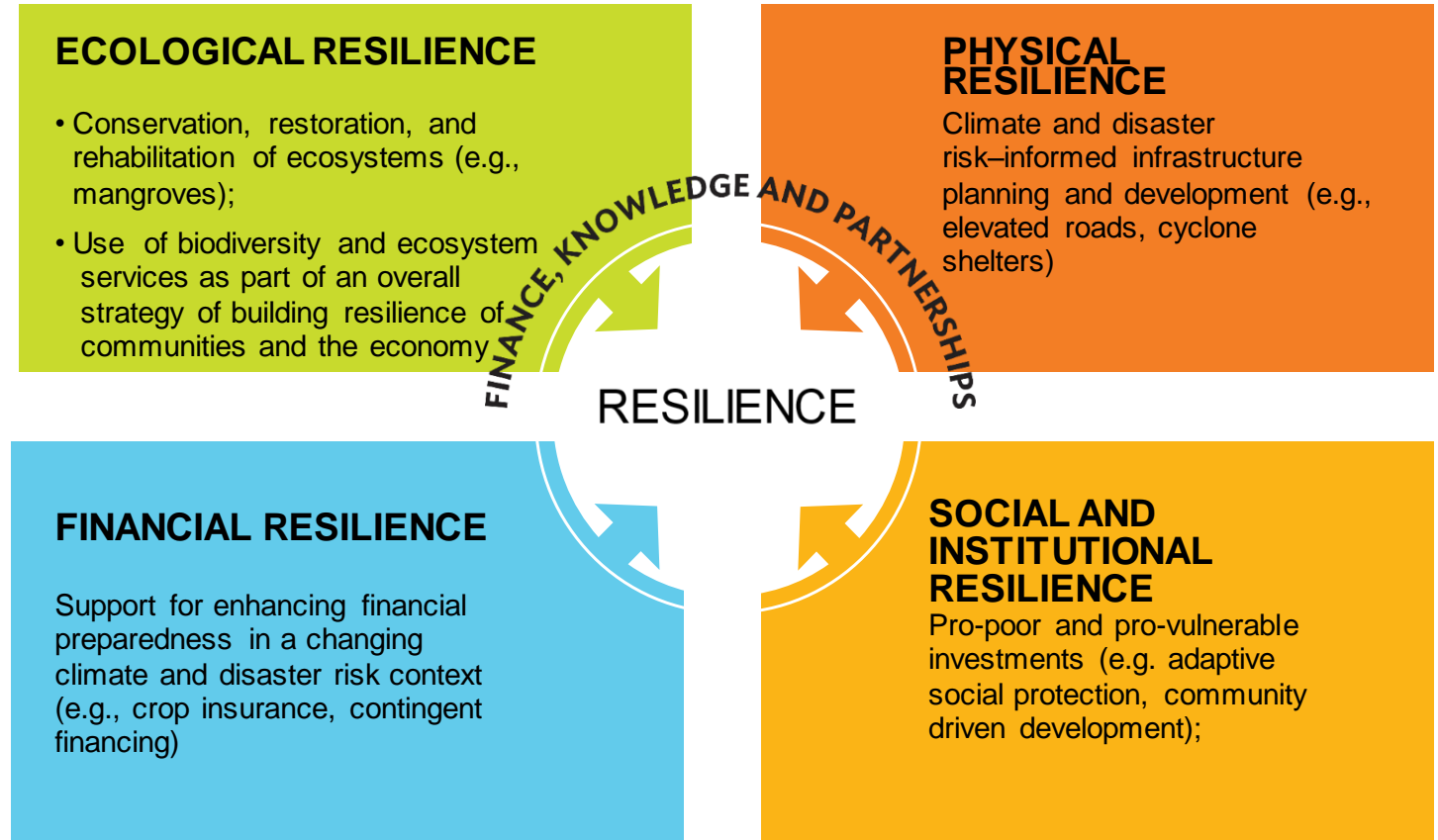
NDC Advance Platform

Elements of the MDB methodology will
rely and build on and be integrated with
ADB processes and tools

ADB engagement in DRM is guided by the **2021 Revised Disaster and Emergency Assistance Policy**, based on four principles:

1. risk management begins with risk reduction;
2. disaster and emergency risk management is an integral part of the development process;
3. ADB's developing member countries have differentiated risk profiles and, thus, opportunities for enhanced resilience; and
4. timely, carefully planned, and well-designed relief, early recovery, and reconstruction interventions and solutions reduce the near- and longer-term social, institutional, and economic impacts of disasters and emergencies and facilitate resilient recovery.

- Advance different aspect of resilience through **cross-sectoral investments** – beyond infrastructure in social, environmental and financial sectors.
- Build **system-wide resilience** through projects that recognize the independency of critical infrastructure.
- Investments that bring **transformational change** through resilience - e.g. risk-informed land use planning to inform selection of infrastructure projects.



1. Strengthen upstream engagement with DMCs on adaptation

- Support DMCs in **National Adaptation Planning**
- Support DMCs in undertaking **multi-hazard assessments** to inform pipeline (e.g., Tonga)
- Support for **Task-Force for Climate Related Financial Disclosure**


2. Scale up adaptation projects focusing on outcomes

- Support DMCs in developing and financing **adaptation** projects in infrastructure sector
- Strengthen private sector support in agribusiness for resilience
- Strengthen closer linkage between **adaptation and nature-positive investments**

3. Expand adaptation in non-infrastructure sectors

- Scale up adaptation in **social sectors** – education, health and social protection
- Climate-smart **agriculture and food security**
- Support **adaptation-related reforms** through policy-based lending

Example: New Program on Community Resilience to help scale up local investments in climate



Community Resilience Partnership Program


Supporting investments that reach scale while ensuring no one is left behind





What is the Community Resilience Partnership Program?

The Community Resilience Partnership Program (CRPP) is intended to help countries and communities in Asia and the Pacific scale up investments in climate adaptation, especially investments at the community level, that explicitly target the nexus between **climate change, poverty, and gender**. In doing so, the CRPP aims to support countries to meet their commitments to the Paris Agreement, the Sendai Framework for Disaster Risk Reduction, and the Sustainable Development Goals.

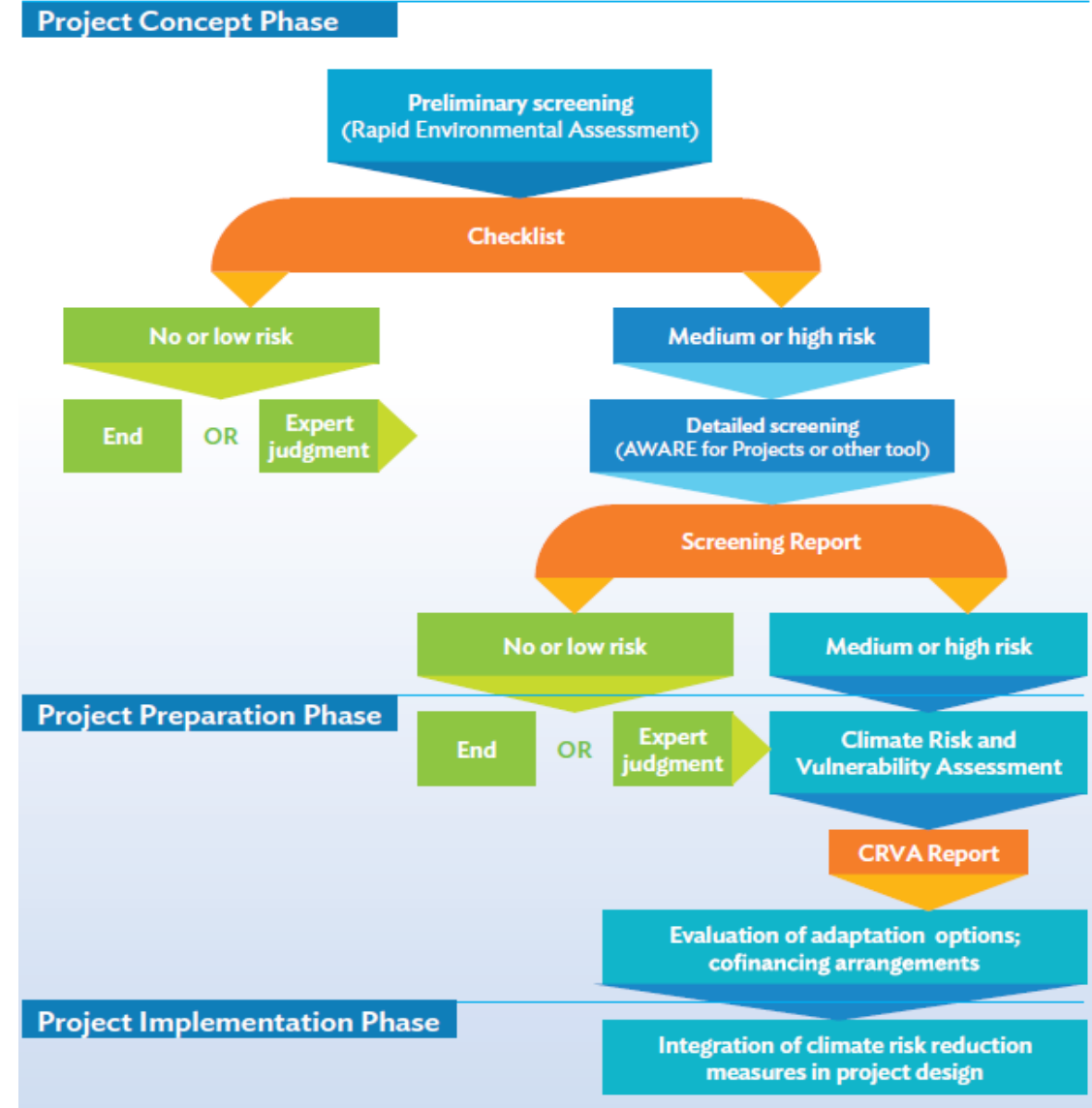
The CRPP in support of Global Calls on Adaptation and Resilience

- The CRPP responds to the COP26 goal of scaling up adaptation to protect communities and natural habitats, and mobilizing finance for climate adaptation measures that meet the needs of the poor and vulnerable communities.
- The CRPP is aligned with the priorities of the Global Commission on Adaptation and its principles for locally-led adaptation.



ADB    

- Since 2014, ADB has institutionalized the **Climate Risk Management (CRM)** framework to assess climate risk of projects at early stage of development.
- Every project goes through **Climate Risk Screening** process.
- Projects that are screened as “Medium” or “High” risk, have to undertake **Climate Risk and Adaptation Assessment** during project preparation to inform project design.
- Results of the screening and assessment are **documented and disclosed** in project documents – Report and Recommendations of the President and linked document.



NDC ADVANCE

- Supports DMCs to mobilize finance, develop policies and plans and build capacity to implement and monitor their NDCs.
- Includes building links between NDCs and ADB's operations at CPS and project level
- New stream of work focused on linking private sector finance and NDCs
- New proposed subproject on adaptation and NAPs

LTS SUPPORT

- LTSs promote **whole-of-economy transformations** towards low-GHG & resilient economies and consider broader sustainability & socio-economic goals.
- They include **long-term resilience pathways** with in-depth consideration of climate risks and impacts.
- LTS development necessitates participation of multiple levels of the government, civil society, private sector, and vulnerable groups to **ensure country ownership**.
- LTSs enable **long-term climate-informed strategic planning**, integrated across the economy, and provide understanding of future economic opportunities.
- LTSs will be essential to **scale up ADB's climate support** as a cornerstone of Paris Alignment. It will also facilitate ambition raising in DMCs.
- 33 DMCs are in various stages of committing to net zero, but only 8 have submitted LTS to UNFCCC (3 from PARD).
- Coordinating with other MDBs and DPs on LTS efforts.

JUST TRANSITION

- Just Transition focuses on the **impact on people of climate action**, recognizing the scale of transitions needed and ensuring no one is left behind.
- Just Transition entails multisector, multistakeholder participation and understanding of **country-specific context and constraints**.
- **Enabler of climate action and new economic opportunities**
- **DMCs need support** to develop policy and institutional framework for a Just Transition – ADB developing dedicated resources.
- Key agenda for **ADB's institutional approach** being developed; Needs to be core part of new ADB initiatives, firming up ADB's position as climate bank of the region.
- MDB **High-level Principles for Just Transition** and are collaborating on approaches.

Session 3:

Climate Change and Safeguards-Study Findings

Zehra Abbas, Principal Environment Specialist, Safeguards Division (SDSS),
Sustainable Development and Climate Change Department (SDCC)



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Objectives and Methodology of the Analytical Study



- Review ADB's current safeguard policy framework and document practices and challenges in the area of safeguards and climate change.
- Overview of ADB's operational Level Climate Change program
- Undertake a broad comparison of the requirements of safeguard frameworks used by other multilateral finance institutions (MFIs) – AIIB, EBRD, EIB, IFC, IDB, NDB, WB - and assess key differences in approaches to safeguards and climate change.
- Review related and emerging issues.
- Propose issues for further consideration in ADB's revised safeguards policy.

Safeguard Policy Statement 2009

Policy Principles Related to Climate Change



- **Safeguards Requirements I** of the SPS that relate to Environment include provisions on climate change.
- **Policy principle 2** on **environmental assessment** requires assessing risks and impacts on the environment, including climate change.
- **Policy Principle 9** on **pollution prevention** requires the borrower/client to promote the reduction of project-related GHG emissions in a manner appropriate to the nature and scale of project operations and impacts.

Safeguard Policy Statement 2009

Policy Provisions



- Promote reducing project-related GHG emissions appropriate to nature and scale of project impacts and risks
- Quantify direct and indirect emissions from a project
- Current significance threshold for a project's aggregate emissions is 100,000 tons of CO₂ equivalent per year
- Evaluate options to reduce or offset project-related GHG emissions during project design and operation

Benchmarking Findings on Safeguards and Climate Change



- 7 comparator MFIs: AIIB, EBRD, EIB, IFC, IDB, NDB, WB
- Only EIB has a stand-alone climate change safeguard standard
- All MFIs address climate change in the risk and impact assessment safeguard standard
- Climate change addressed as a cross-cutting issue in safeguards standards on pollution control, community health and safety, and biodiversity

Mitigation

- All 7 comparator MFIs have mitigation requirements related to:
 - GHG emission reduction
 - Low-carbon/decarbonized development and investment
 - Renewable energy
 - Thresholds for quantifying GHG emissions

Benchmarking Findings on Safeguards and Climate Change



Adaptation

- All comparator MFIs studied have adaptation requirements

Biodiversity and ecosystem services

- All comparator MFIs studied have requirements related to climate change impacts on biodiversity and/or ecosystem services

Resilience

- AIIB, EBRD, EIB, IDB, WB have resilience requirements

“Double materiality”

Assessing the impact of a project on climate change as well as that of climate change on the project

- EIB, IDB, NDB have double materiality requirements

Climate risk assessment

- EBRD, EIB, IDB have climate risk assessment requirements

Benchmarking Findings on Safeguards and Climate Change



Sequestration

- EIB has a requirement to report sequestration as well as GHG emissions

Transition

- EIB has a requirement to report transition risks

Other Findings

- Alignment with Paris Agreement and upstream planning
- Positive or prohibited investment activities list
 - EBRD and IDB exclude financing initiatives that contribute to climate change risks and impacts
 - ADB SPS has an exclusion list, but it does not include activities that have climate change repercussions, with the exception of exclusions related to commercial logging in primary forests.
 - ADB Energy Policy, 2021 has exclusions related to coal, oil/gas exploration, and limited investment in natural gas power generation.

Areas for Further Consideration

Climate change coverage in MFI safeguards

- Mitigation
- Adaptation
- Climate change impacts on biodiversity and ecosystem services
- Resilience
- Double materiality
- Climate risk assessment
- Sequestration
- Transition

Additional areas

- Review internal mechanisms for coordinating climate risk assessments to enhance their integration into the overall project risk and impact assessment process
- Review the use of double materiality
- Review the current threshold for project-level GHG emissions
- Strengthen existing procedures and mechanisms for portfolio-level GHG accounting
- Link project-level monitoring of GHG emissions to the country partnership strategy and NDC implementation plans through the ETM

Session 4:

Moderated Discussion:

Francesco Ricciardi, Senior Environment Specialist, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)



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Sequence for Q&A



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1st sequence – Open for statements and sharing of perspectives and recommendations (raised hands to speak)

2nd sequence – Questions sent in advance (through Zoom registration)

3rd sequence – Questions posted on the chat box and participants raising hands will be called in batches

Guiding Questions For Discussion



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Time remaining for the break

05:00



1. What are your recommendations on integration of climate change in the new safeguards policy? In particular, on inclusion of climate risk assessment and enhancing current requirements for assessment and management of GHG emissions.
2. Are there good practices outside of MFIs that ADB should be looking at with respect to safeguards and climate change?
3. How could ADB better work with its developing member countries and clients and affected communities and CSOs in its approach to safeguards and climate change?

Quick Poll



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Please rate your satisfaction with today's session:

- 5** – Highly satisfied
- 4** – Somewhat satisfied
- 3** – Neutral
- 2** - Somewhat dissatisfied
- 1** – Very dissatisfied

Quick written feedback via www.menti.com

Please Click the link on the chat box.

Wrap Up and Synthesis

Bruce Dunn, Director, Safeguards Division, Sustainable Development and Climate Change Department (SDCC)



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THANK YOU!

GET INVOLVED

Please send us
your feedback and
suggestions



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