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# ADB Safeguards Policy Update:

## *In-Country Stakeholder Consultation with Government*

Tonga, 17 August 2022



SAFEGUARD  
POLICY REVIEW  
AND UPDATE



Sustainable Development and Climate Change Department (SDCC)  
Safeguards Division (SDSS)



# Opening Prayer

Kaivei Hoeft, Chief Accounting Officer, Tonga Ministry of Finance



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# Technical Announcements and Acknowledgement of Participants

Balwyn Fa'otusia, Senior Country Officer, Pacific Department (PARD)



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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](mailto: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](mailto:safeguardsupdate@adb.org).

1. Provide a briefing on review and update of ADB's Safeguard Policy Statement, 2009 (SPS):
  - Objectives and approach for the policy update
  - Overview on findings from benchmarking and analytical studies;
  - Highlights of feedback received from regional consultations;
  - Policy directions and issues for the new environmental and social policy.
2. Seek feedback lessons from SPS policy implementation and recommendations on new policy directions.

- **Opening Prayer** (5 mins)  
Kaivei Hoeft, Chief Accounting Officer, Tonga Ministry of Finance
- **Technical Announcements and Acknowledgement of Participants** (5 mins)  
Balwyn Fa'otusia, Senior Country Officer, Pacific Department (PARD)
- **Welcome Remarks** (5 mins)  
Nissanka A. Salgado, Head of Project Administration Unit, Subregional Office, Pacific Department (PARD)
- **Opening Remarks** (5 mins)  
Kilisitina Tuame'api, Chief Executive Officer, Tonga Ministry of Finance
- **Session 1: Brief Overview and Background of the ADB Safeguard Policy Update – Presentation and Q&A (short clarifications)** (20 mins)  
Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- **Session 2 (a): Safeguard Policy Directions and Recommendations for Environmental Safeguards: Findings from Analytical Studies and Feedback from Phase 2 Regional Stakeholder Consultations** (20 mins)  
Zehra Abbas, Principal Environment Specialist, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- **Questions, Answers and Discussion** (20 mins)

- **Screen Break** (10 mins)
- **Session 2 (b): Safeguard Policy Directions and Recommendations for Social Safeguards: Findings from Analytical Studies and Feedback from Phase 2 Regional Stakeholder Consultations** (20 mins)  
Madhumita Gupta, Principal Social Development Specialist (Safeguards), Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- **Question, Answers and Discussion** (20 mins)
- **Session 3: Discussion** (40 mins)  
Moderated online: Ferila Brown, Senior Safeguards Officer, Pacific Department (PARD)/ Facilitated in-country: Balwyn Fa'otusia, Senior Country Officer, Pacific Department (PARD)
- **Wrap Up and Closing Remarks** (10 mins)  
Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)



# List of Acronyms and Abbreviations

- **CH** - cultural heritage
- **CLS** - core labor standards
- **COSH** - Community and occupational safety and health
- **CSOs** - civil society organizations
- **EIA** – environmental impacts assessment
- **ESS** - environment and social standards
- **FCAS** - fragile and conflict-affected situations
- **FPIC** – free, prior and informed consent
- **GBV** – gender-based violence
- **GHG** - greenhouse gas emissions
- **GRM** - grievance redress mechanism
- **IP** – Indigenous People
- **IR** – involuntary resettlement
- **LA** - land acquisition
- **LUR** - land use restrictions
- **LWC** - labor and working conditions
- **MFI** - multilateral financial institutions
- **PIAL** – prohibited investment activities list
- **SEAH** - sexual exploitation, abuse and harassment
- **SEID** - stakeholder engagement and information disclosure
- **SEP** - stakeholder engagement plan
- **SIDS** - small island developing states
- **SOGIESC** - sexual orientation, gender identity and expression, and sex characteristics
- **SPS** - Safeguard Policy Statement (2009)
- **WB EHS** – World Bank Group Environment Health and Safety Guidance

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# Welcome Remarks

Nissanka A. Salgado, Head of Project Administration Unit, Pacific Subregional Office, Pacific Department (PARD)



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# Opening Remarks

Kilisitina Tuame'api, Chief Executive Officer, Tonga Ministry of Finance



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# Session 1: Overview on Policy Update Process and Status

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



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# Objectives of Safeguard Policy Update

- **Modernize and enhance existing Safeguard Policy Statement (SPS)**, addressing key policy gaps and addressing emerging issues and risks, and vulnerabilities for affected people and the environment.
- **Adapt the policy for different financing approaches**, including sovereign and non-sovereign financing and different financing modalities
- **Improve efficiency of safeguard business processes**, seeking opportunities for streamlining and greater clarity on requirements for ADB and borrowers
- **Increase convergence and harmonization** with policies and system of other multilateral financial institutions and cofinanciers.
- **Improve implementation outcomes from safeguards**, with increased support for strengthening country systems and client capacities, and enhanced monitoring and oversight.

# Safeguards Policy Review and Update

## Approach and Methodology

**Policy update time frame:** August 2020 to October 2023

### Implementation phases:

- 1. Policy update planning** (August 2020–June 2021):
  - [Background Information Paper](#) (November 2020).
  - [Stakeholder Engagement Plan](#) (April 2021, updated July 2021)
- 2. Analytical Studies** (December 2020–June 2022):
  - Policy architecture, benchmarking standards / thematic issues
  - Review implementation experience
- 3. Policy preparation** (April 2022–October 2023):
  - Working Paper for ADB Board consideration (March 2023)
  - Final ADB Board approval of R-Paper (October 2023)
- 4. Policy roll out** (2023–2024):
  - Policy effectiveness from 2024 (date to be confirmed)
  - Implementation guidance, staff instructions, good practice notes,
  - Training and capacity building for staff and clients



**Stakeholder  
Engagement &  
Consultation**





# Stakeholder Engagement Plan (SEP) and Schedule

## OBJECTIVES



Promote diverse participation and an inclusive process



Build interest and ownership in safeguards and update process



Ensure active participation through open, safe & iterative process



Communicate process, content, and outcomes with clarity

## PROCESS

PHASE 1  
(June 2020–May 2021)

- ✓ Initial outreach
- ✓ Preparation of a Stakeholder Engagement Plan (SEP)
- ✓ Preliminary information sessions with DMCs and CSOs

PHASE 2  
(Nov 2021–October 2022)

- ✓ Publish analytical studies
- ✓ Regional consultations (all DMCs & CSOs)
- ✓ Private sector client consultations
- ✓ DMC country consultations (11 DMCs)
- ✓ Project-affected people consultations (11 projects)

PHASE 3  
(Dec 2022 – October 2023)

- ✓ Consultations on draft and final policy



# Analytical Studies and Regional Consultations Topics

## Completed Consultations: Nov. 2021- April 2022

1. Policy Architecture
2. Indigenous Peoples
3. Resource Efficiency and Pollution Prevention
4. Labor and Working Conditions
5. Community and Occupational Health and Safety
6. Land Acquisition and Involuntary Resettlement
7. Biodiversity and Sustainable Natural Resource Management
8. Cultural Heritage
9. Stakeholder Engagement, Information Disclosure, and Grievance Redress Mechanisms
10. Lessons from Accountability Mechanism
11. Environmental and Social Impacts and Risk Assessment
12. Safeguards in Fragile and Conflict-Affected Situations (FCAS) & Small Island Developing States (SIDS)
13. Country Safeguard Systems (CSS)
14. Focus Group Discussions with Private Sector Clients
15. Climate Change
16. Gender and Safeguards
17. Sexual Exploitation, Abuse and Harassment (SEAH)
18. Sexual Orientation and Gender Identity and Expression, and Sex Characteristics (SOGIESC)

[See: Full list of Regional Consultations](#)

## Planned Consultations

1. [Safeguards in Different Financing Modalities and Private Sector \(Sept 2022\)](#)

RESULTS

DIVERSITY & INCLUSION

1,880 participants (including Private Sector Clients)

55 of 68 member countries represented

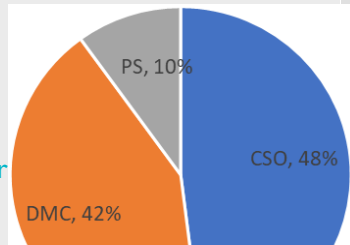
participants from 9 other countries outside the ADB network

56 private sector client companies

51% MALE 49% FEMALE



793 DMCs, 899 CSOs & 188 private sector participants



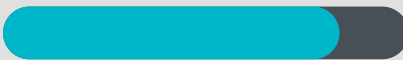
ACCESSIBILITY & QUALITY OF INFORMATION

all 17 consultations have had the PowerPoint slides and summary papers disclosed and translated into 4 languages prior to the consultation event

Consultations simultaneously interpreted in 9 languages



94% reported that presentations & other materials provided were sufficient and understandable

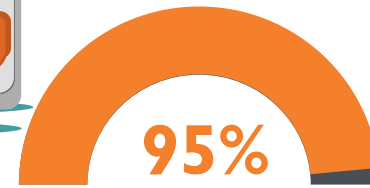


83% reported that they received materials with sufficient time to review



TRANSPARENCY

94% reported that they understood how their feedback, would be used in the process



95% felt safe and secure to voice their insights and to ask questions

87% of participants reported that they were either very satisfied or satisfied with the overall quality of sessions

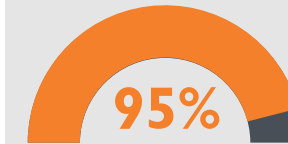


Post-event survey respondents (N=250)

RESPONSIVENESS

595 questions / comments received during/after consultations

95% responded to or consulted with or through various channels / formats



95% said their questions were satisfactorily answered by ADB

91% of participants were satisfied with the online platform used for consultations



Acronyms: CSOs = civil society organizations; DMCs = developing member countries, PS = Private Sector

# High Level Summary of Stakeholder Feedback

## SPS Update Regional Consultations

### DMCs

- Current SPS is benchmark for good practice
- Need closer alignment with country safeguard systems (CSS), avoid duplication, costs
- Greater consistency between MFI policy and procedures would reduce transaction costs
- Greater integration between environmental and social issues important, yet capacity is challenge.
- Need improved guidance & enhanced capacity support from early stages for country and project

### CSOs

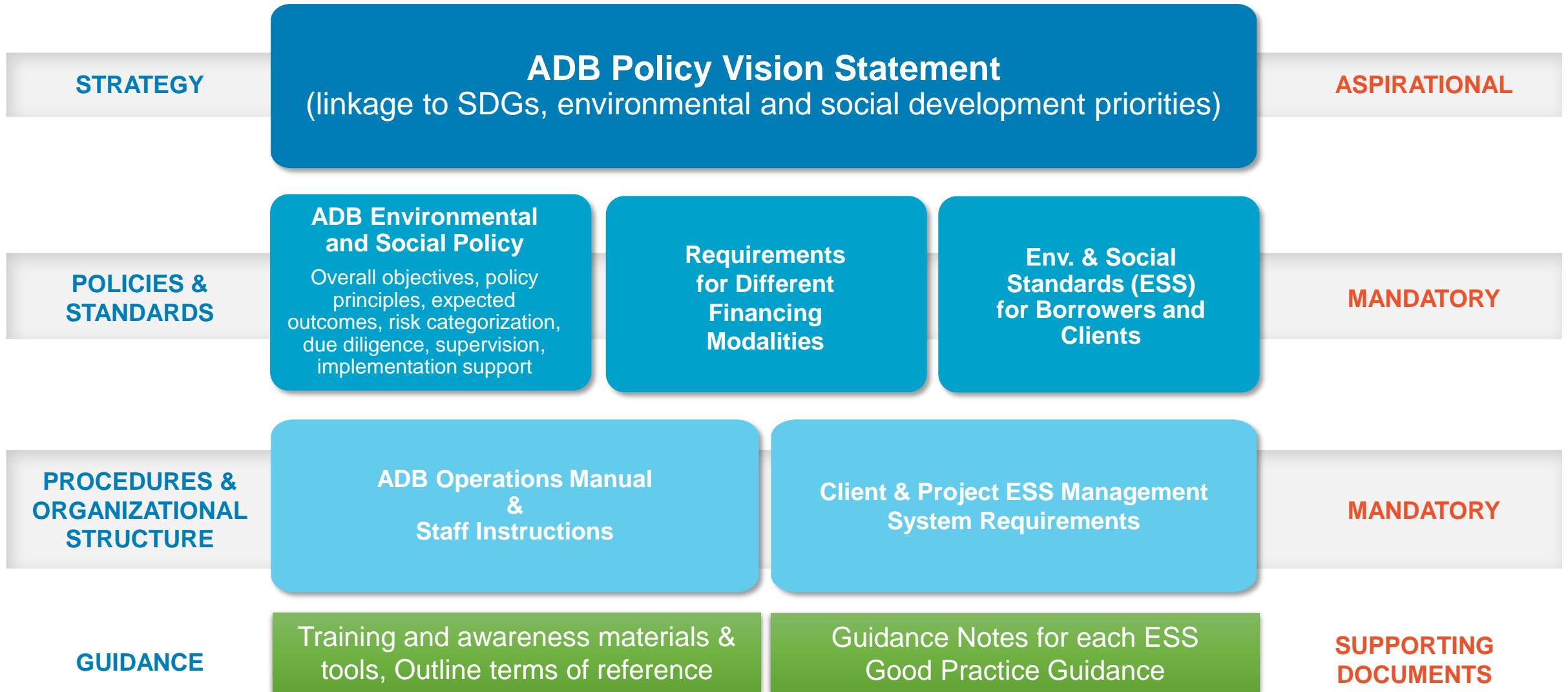
- Don't water down safeguards
- Concerns on use of CSS without equivalence and acceptability.
- Enhance stakeholder engagement and disclosure.
- Need safe space and address risks of retaliation.
- Concerns on safeguards for financial intermediaries
- Some key issues – climate change, gender, vulnerable & disadvantaged groups, biodiversity, labor issues, Indigenous People's, human rights

### Private sector

- Convergence with IFC Performance Standards and Equator Principles
- Closer alignment with CSS and requirements
- Simplify disclosure requirements in alignment with other MFIs (e.g., reduce 120-day disclosure for EIAs)
- Greater clarity & guidance on requirements; ADB technical support during preparation and implementation

# ADB's Proposed Policy Architecture Model

## Environmental and Social Policy



# Environmental and Social Policy Standards (ESS)

Policy objectives, scope and requirements for borrowers and clients



 <p><b>1</b> Assessment &amp; management of environment and social risks and impacts</p> <p>ENV, IR, IP</p>	 <p><b>2</b> Labor and working conditions</p> <p>New</p>	 <p><b>3</b> Pollution prevention and resource efficiency</p> <p>ENV</p>
 <p><b>4</b> Health, Safety and Security</p> <p>ENV</p>	 <p><b>5</b> Land acquisition and involuntary resettlement</p> <p>IR</p>	 <p><b>6</b> Biodiversity and sustainable natural resource management</p> <p>ENV</p>
 <p><b>7</b> Indigenous Peoples</p> <p>IP</p>	 <p><b>8</b> Cultural heritage</p> <p>ENV</p>	 <p><b>9</b> Stakeholder engagement and information disclosure</p> <p>ENV, IR, IP</p>

Notes: Mapping new policy structure to previous SPS policy areas: ENV: Environment, IR: Involuntary Resettlement, IP: Indigenous People



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## Session 2(a):

# Progress and Directions with Policy Architecture and Environmental and Social Standards

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



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# Screening and Classification of Environmental & Social Risks

## Analytical Study Findings and Policy Direction



### Main Study Findings

- ADB follows significance based categorization (A, B & C) separately for environment, involuntary resettlement and Indigenous Peoples' safeguards.
- Comparator MFIs follow an integrated classification based on impacts and risks across all safeguard standards.
- E.g. World Bank has a four-tier risk classification system (low, moderate, substantial and high risk);
- MFIs review safeguard categories or risk ratings during implementation & link to requirements for supervision & monitoring.

### Policy Direction

- » ADB and borrower/client to undertake an integrated environmental and social risk screening, categorization and assessment that considers:
  - **Direct and indirect** adverse impacts of a project
  - **Inherent** risk factors in different sectors
  - **Vulnerability and sensitivity** in the operating environment, e.g. biodiversity and natural habitats, natural disasters, and climate change, presence of vulnerable or disadvantaged groups etc.
- » ADB to also consider additional context and performance issues:
  - **Contextual risk factors**, e.g., fragility and conflict; governance; third party risks; and human rights issues
  - **Performance related risk:** Management systems, capacity, resources, commitment
- » Adopt a dynamic four-tier risk-based categorization that is regularly reviewed throughout a project's lifetime.



# Assessment & Management of Environmental & Social Risks

## Analytical Study Findings and Policy Direction

### Main Study Findings

- In the SPS, there is an imbalance in how environmental and social issues are addressed in the assessment process.
- Interrelated social and environmental impacts and risks not captured adequately.
- MFIs promote more adaptive risk management throughout the project life cycle.

### Policy Direction

- » Environmental and social assessment, commensurate with the impacts and risks.
- » More integrated assessment process, including focus on climate risks, gender, and range of vulnerable and disadvantaged groups.
- » Follow principle of adaptive risk management, balancing pre-project approval requirements with actions to be taken later based on risk level.
- » Integrate environmental and social commitment plans into legal agreements.
- » Strengthen ADB performance monitoring and capacity support, particularly during implementation.



# Assessment & Management of Environmental & Social Risks

## Due Diligence Requirements and Procedures

### Due Diligence Requirements for the Borrower

- **Environmental and social impact assessment (ESIA)** of the proposed project, including stakeholder engagement.
- **Stakeholder engagement** and disclosure of appropriate information in accordance with the provisions of the standard on stakeholder engagement.
- **Monitoring and reporting** on the environmental and social performance of the project against the environmental and social standards (ESSs) and management plan/s.
- **Environment and Social Commitment Plan (ESCP)**, and agreement between ADB and the Borrower. Will set out measures and actions required for the project to meet the ESSs over a specified timeframe (to be part of the legal agreement).

### Environment and Social Commitment Plan

Requires the Borrower to plan or take specific measures and actions over a specified timeframe to manage the impacts and risks of the project.

The Borrower will carry out all project activities, and relevant plans in accordance with the ESCP.



# Pollution Prevention and Resource Efficiency

## Analytical Study Findings and Policy Direction

### Main Study Findings

- Climate: Greenhouse gas emissions (GHG) – significance threshold – MFIs moving towards lower thresholds (100,000 tons to 25,000 tons CO<sub>2</sub> eq/year).
- Increase focus on hazardous waste and water issues
- Range of emerging issues and new international conventions & commitments (e.g., mercury, plastics)

### Policy Direction

- » Continue requirements for applying international good practice standards (e.g., updated World Bank Environmental Health and Safety Guidelines)
- » Consider thresholds for GHGs & benchmarking for resource efficiency
- » Assess water use and water balance (with thresholds)
- » Emerging issues to consider further, e.g.:
  - Ultrafine air pollutants
  - Circular economy and microplastics,
  - Hazardous wastes





# Pollution Prevention and Resource Efficiency

## Additional Requirements and Due Diligence

- » Assess GHG emissions for all projects. Monitor and report on GHG which are assessed to emit more than 25,000 tons CO<sub>2</sub> equivalent per year.
- » Benchmark energy intensity against best available techniques
- » Conduct water use and water balance assessment for projects with predicted significant long term operational water use.
- » Undertake assessment and management of soils where significant soils impacts expected.
- » For contaminated sites, undertake a health and safety risk assessment of existing pollution (on site).





# Health, Safety and Security (HSS)

## Analytical Study Findings and Policy Direction

### Main Study Findings

- Current SPS provisions are not comprehensive or consolidated
- Need to address risks across project cycle
- Gaps in a range of areas:
  - Project security risks to communities and workers
  - linkage of pollution risks to human health and environment.
  - Climate change and other vulnerabilities to affected communities
  - Traffic and road safety

### Policy Direction

- » Risk assessment and management systems for workers and community
- » Consideration of health impact assessment
- » Requirements on monitoring and reporting, including on fatalities and major incidents; including indicators for tracking and reporting.
- » Assess project security threats to workers and project-affected communities
- » Allocate budget resources for implementation, personal, training, monitoring and equipment



# Health, Safety and Security

## Additional Requirements and Due Diligence

### Requirements

- » Community and Workers' Risk Assessment and Management Plan\*, with coverage based on screening:
  - Security risk for workers and communities.
  - Sexual abuse and harassment risks to workers and affected communities.
  - Climate change and disaster risk assessment for projects in sensitive locations
  - Life and Fire safety audits for new and refurbished facilities prior to use.
  - Reporting on major incidents such as fatalities and accidents.

*\*Note, assessment needed only for projects based on screening of relevant issues, with scale of assessment and management needs commensurate issues and risks.*



### Main Study Findings

- Increased international focus on biodiversity loss and nature positive investment
- SPS generally aligned with other MFIs, however there is a need for clearer requirements and guidance for:
  - » baseline data collection and assessment
  - » determination of critical habitat,
  - » development in protected and internationally-recognized areas,
  - » assessing ecosystem services
  - » determining biodiversity offsets

### Policy Directions

- » Enhance focus on avoidance of impacts.
- » Consider to include World Heritage Sites and Alliance of Zero Extinction sites as exclusion zones (with exception for conservation)
- » Strengthen protection for critical habitats with net gain requirement. Include “free flowing rivers” as additional critical habitat trigger?
- » Use of offsets to be screened carefully to ensure implementable.
- » Assess ecosystems services and their use values as part of project due diligence
- » Consider sustainable management of primary supply chains
- » Consider emerging issues - risks of zoonotic diseases, animal welfare & genetically modified organisms (GMOs)



- » **Alternatives Assessment** required to demonstrate that all options have been assessed, particularly for projects where Critical Habitat is triggered (beyond existing requirements)
- » **Critical Habitat Assessment** required where identified at the screening stage
- » **Ecosystem services and/or ecological flows (e-flows) assessment** required where identified at the screening stage.
- » **Biodiversity Action Plan** prepared for projects in critical habitat to establish net gain
- » **Biodiversity Offsets**, where needed, will require confirmation on the feasibility of implementation and preparation of a biodiversity offset management plan.
- » **Supply chain risks assessment** and management required as part of the environmental assessment.



### Main Study Findings

- The SPS largely aligned with other MFIs,
- SPS does not consider:
  - » Intangible Cultural Heritage (CH) and visual impacts to CH
  - » Crosscutting aspects with biodiversity & Indigenous Peoples; and user access to CH sites.
  - » Criteria to trigger archaeological fieldwork
  - » Contractor requirements to apply protection measures
  - » Community consultation to identify CH
  - » Legally protected CH

### Policy Direction

- » Include intangible cultural resources and visual impacts
- » Screen for CH and undertake assessment and management planning
- » Monitoring and reporting needed to strengthen CH site management plans
- » Establish coordination with national CH bodies/archeological department to share project level CH findings



# Questions, Answers and Discussion



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# Screen Break



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## Session 2(b): Progress and Directions with Policy Architecture and Environmental and Social Standards

Madhumita Gupta, Principal Social Development Specialist, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)



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# Labor and Working Conditions (LWC)

## Analytical Study Findings and Policy Direction

### Main Study Findings

- Current provisions scattered between SPS, ADB Social Protection Strategy (2001), & Core Labor Standards (CLS) Handbook
- Current provisions largely aspirational and lack clear requirements for borrowers/clients
- Comparator MFIs have separate standard for LWC, & operational-focused guidance notes
- Range of policy gaps compared to other MFIs

### Policy Direction

- » Align with the LWC standards of comparator MFIs, with focus on CLS and working conditions.
- » Specific requirements on:
  - Different worker types (direct workers, contract workers, primary supply workers & community workers)
  - Equal employment opportunity
  - Sexual exploitation abuse and harassment (SEAH)
  - Labor-influx management
  - Grievance Redress Mechanisms (GRM) for workers and policy position against reprisals
  - Occupational health and safety
- » Labor management planning commensurate with risk
- » Address conditions of contracts are cascaded to subcontractors



### Main Study Findings

- No significant gaps between ADB and MFIs for involuntary resettlement (IR) objectives and scope.
- Some MFI objectives have explicit mention of avoidance of forced eviction.
- Some MFIs have requirements for:
  - » Voluntary land transactions & voluntary land donations,
  - » Requirements for non-land acquisition livelihood impacts.
  - » Use of frameworks for projects without full impact assessments prepared before project approval;

### Policy Direction

- » Cover both involuntary & voluntary forms of land acquisition (LA) & land use restrictions (LUR)
- » Strengthened livelihood restoration requirements due to IR
- » Clarity on livelihood impacts & asset losses not caused by land acquisition.
- » Valuation of assets to be based on principle of replacement cost
- » Separation of voluntary land acquisition from negotiated settlements under eminent domain
- » Provisions on forced evictions. Enhance focus on vulnerable and disadvantaged groups, and gender.
- » Link planning with the readiness of project technical design.
- » Develop guidance on how to address legacy issues.





# Land Acquisition and Land Use Restriction (LA/ LUR)

## Additional Requirements and Due Diligence

- **IR categorization** – remove numerical threshold - impact categorization through integrated risk-based approach.
- **Social impact assessment**, census and socio-economic survey strengthened and linked with project design and implementation.
- **Voluntary land acquisition** requirements clarified in terms of due diligence and documentation.
- **Valuation of lost assets** by valuation experts based on replacement principle and recognized valuation standards.
- **Associated facilities, cumulative social impacts and/or legacy issues** require mitigation of LA/LUR related risks and impacts, within the Borrower/Client's influence and control.
- **Mitigation of project-induced impacts** like adverse socio-economic impacts on assets, incomes and livelihoods, not directly resulting from LA/LUR will follow the requirements of standard 5.
- **Land Acquisition Frameworks** allowed only as an exception with detailed justification based on scoping
- **Project finance for filling gaps** between national legislation and practices for LA/LUR and SPS requirements.
- **Engagement of third-party monitoring experts** directly through ADB to enhance due diligence for projects with significant risks.
- **Undertake compliance monitoring** of LARP implementation before start of civil works, and completion monitoring of LARP implementation at the time of project closure





### Main Study Findings

- Current SPS IP safeguards are generally well aligned with other MFI policies.
- ADB requires the criterion of ‘vulnerability’ in addition to distinctiveness criteria for IP identification purposes, which is not the case with other MFIs.
- ADB requires consent of IPs through Broad Community Support, while other MFIs require Free Informed and Prior Consent (FPIC).

### Policy Direction

- » **Vulnerability** Criterion for IP identification will be dropped, this could result in more projects requiring application of IP safeguards.
- » **Collective attachment** concept broadened to include: areas of seasonal use or occupation and nomadic and seasonal livestock and grazing routes.
- » **Strengthening Social Impact Assessment**, including provisions on intangible impacts and contextual risks
- » **Consultation**: Improve consultation, participation & information disclosure and address intersectionality of gender and IP issues
- » **Grievance Redress Mechanisms**: Improve GRM and integrate IP justice systems where appropriate
- » **Introduce FPIC with scope of application requirements broadened** from the:
  - » commercial development of natural resources to “adverse impacts on”;
  - » commercial development of cultural resources to “significant impacts” and
  - » physical displacement of IP” to “relocation of IP”
- » **Ensure appropriate policy fit for different regions, including the Pacific.**



# Indigenous Peoples (IPs)

## Associated Changes and Due Diligence

### Due Diligence Requirements

- **Introduction of FPIC and broadening scope:** would require additional due-diligence for consultation and participation of IP communities, and the documentation of outcomes. In comparison to BCS, broadening around the three specific circumstances could imply that any project in the IP areas, may require seeking FPIC.
- **Compensating IP communities** for adverse impacts will require earmarking of additional budget
- **IP Dispute resolution system** through a participatory approach will require more time and resources

### Monitoring, Capacity Building and Resources.

- **Budget allocation** with additional resources will be specified for implementing IP standards.
- **Capacity building** will be needed to implement these requirements for both ADB staff and DMC counterparts. Additional resources, time budget and technical expertise will be required.



# Stakeholder Engagement and Information Disclosure (SEID)

## Analytical Study Findings, Policy Direction and Due Diligence

### Study Findings

- ADB requirements are scattered across different safeguard areas and lack clarity on requirements.
- Recently updated MFIs have SEID requirements integrated in one policy standard.
- ADB has no specific requirements for stakeholder engagement plans.
- Enhance meaningful consultation & engagement across the project cycle

### Policy Direction

- » Clarity on stakeholder engagement, information disclosure and GRM requirements; with dedicated budget.
- » Strengthen focus on gender, vulnerable and disadvantaged groups.
- » Establishing GRMs using existing formal and informal mechanisms, provision for anonymous complaints.
- » Provision against intimidation and reprisals
- » Develop verifiable indicators to monitor key SEID components
- » Considering aligning disclosure requirements with MFIs; e.g., 60-day EIAs disclosure for Cat A. 30 days for Cat B, social assessments before ADB appraisal.

### Due Diligence Requirement

- » Develop a stakeholder engagement plan and GRM proportionate to the nature and scale of the project, with meaningful consultation throughout the project cycle.

# Questions, Answers and Discussion



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## Session 3: Discussion

**(i) What are your views on the findings and key recommendations on the policy direction?**

**(ii) What are the key challenges and implementation issues in Tonga?**





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# Wrap Up and Closing Remarks

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



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## Get involved

Please send us your feedback and suggestions:

### WEBSITE

<https://www.adb.org/who-we-are/about/safeguard-policy-review>

### FACEBOOK PAGE

<https://www.facebook.com/ADBsafeguardreview>

### E-MAIL

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# Thank You



# ADDITIONAL REFERENCE SLIDES

# Independent Evaluation Department (IED)

## Recommendations



- 1. Modernize the SPS**, increasing its relevance and customizing it for both sovereign and private sector financing, by building on evidence from the SPS implementation experience and recent safeguard policy updates at other multilateral financing institutions (MFIs).
- 2. Adopt a new approach in the policy to strengthening borrower systems**, with a view to a more systematic improvement and pragmatic use of country systems.
- 3. Introduce a new safeguard implementation framework**, including an updated oversight structure and reporting lines that are strengthened and contribute to more consistent safeguard outcomes across ADB.
- 4. Underpin the safeguards policy and implementation framework** with sufficiently detailed policy guidance (e.g., Operations Manual and Staff Instructions) and a range of operational guidance documents and good practice notes with established mechanisms for regular reviews and updates.
- 5. Assess the necessary staffing complement** to deliver the safeguards implementation framework and strengthen skills, empowering staff to deliver better safeguard outcomes.

✓ [ADB Management endorsed all recommendations](#)

# MFI Policy Comparative Analysis: Policy Structures

- **Performance Standards Model:** AfDB, EBRD, IDB, IFC, World Bank, and Equator Principle Financial Institutions align with this approach:
  - **Overarching policy statement** - institutional commitments to sustainability.
  - **Borrower requirements** stated in 8–10 performance standards.
  - **Roles and responsibilities** for MFI and borrower clearly delineated.
  - **Guidance** for borrowers and clients provided to support each standard.
- **Principles-based approach:** AIIB and ADB have umbrella safeguard policy statement, scope and objectives, followed by policy principles and requirements across Environment, Involuntary Resettlement, and Indigenous Peoples safeguards.
- AIIB requirements recently updated and expanded, converging with other MFIs in many areas.
- **Thematic Coverage:** Both models cover similar thematic topics with some variations.
- Performance standard model, tends to be clearer on requirements and with more adaptive management.



## Climate change

- *ADB as a climate bank should consider climate change safeguards holistically, both adaptation and mitigation.*
- Ongoing review of ADB's climate change program and planning for portfolio alignment with the Paris Agreement linked to country programming and national determined contributions and long-term strategies.
- Assessment and management of project level GHG emissions and lower thresholds (eg 20,000 tons CO2 eq)
- Assessment and management of project level climate risks linked to ESS1 and other standards

## Gender safeguards and SOGIESC\*

- Need to strengthen assessment and management of gender risks in projects, and ensure meaningful consultation
- Special attention needed to sexual exploitation, abuse and harassment (SEAH), SOGIESC inclusion and risks, and intersectionality issues.
- Considering options for a separate safeguard for gender or have it integrated in other standards.

\***SOGIESC** - sexual orientation, gender identity and expression, and sex characteristics

## Use of country safeguards systems (CSS)

- *CSOs cautioned against use of CSS without equivalence and acceptability, DMCs highlighted need for focus on CSS strengthening, use and capacity building.*
- Support regular diagnostics on CSS linked to country partnership strategies.
- Continue focus on strengthening CSS at country, sector and project levels. Options for use of policy-based lending or results-based lending to strengthen systems.
- Possible use of CSS at project level only if system can ensure safeguard outcomes and manage risks.

## Digital technologies

- ADB working group developing risk screening and guidance development on ethical use of digital technologies.

## Financing modalities

- Application of the safeguards to different updating Appendix 4 of the SPS.

## Update the Prohibited Investment Activities List

- Reviewing current PIAL for any changes, including on asbestos.