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# ADB Safeguards Policy Update:

## *In-Country Stakeholder Consultation with Government*

### Implementing Safeguards in Fragile and Conflict-Affected Situations and Small Island Developing States

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Tonga, 18 August 2022



SAFEGUARD  
POLICY REVIEW  
AND UPDATE



# Opening Prayer

Kaivei Hoeft, Chief Accounting Officer, Tonga Ministry of Finance



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# Rationale for the Upcoming Session

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).

- I. Opening Prayer (5 mins)**  
Kaivei Hoeft, Chief Accounting Officer, Tonga Ministry of Finance
- II. Technical Announcements and Acknowledgement of Participants/ Rational for the Upcoming Session (10 mins)**  
Balwyn Fa'otusia, Senior Country Officer, Pacific Department (PARD)
- III. Session 4: FCAS & SIDs Approach to Safeguards (40 mins)**
  - I. 4(a) Differentiated Approaches to Implementation: FCAS & SIDs**  
Rosalind McKenzie, Principal Operations Coordination Specialist, Pacific Department (PARD)
  - II. 4(b) The Shared Approach: A differentiated approach for the management of Environmental and Social Risks in the Pacific**  
Taniela Faletau, Safeguards Specialist, Pacific Department (PARD)
- IV. Questions, Answers and Discussion (20 mins)**
- V. Screen Break (10 mins)**
- VI. Session 4 (c): Policy Direction to Address FCAS/SIDs Issues (20 mins)**  
Irina Novikova, Principal Social Development Specialist (Safeguards), Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- VII. Questions, Answers and Discussion (20 mins)**
- VIII. Session 5: Discussion (40 mins)**  
Ferila Brown, Senior Safeguards Officer, Pacific Department (PARD)/ Balwyn Fa'otusia, Senior Country Officer, Pacific Department (PARD)
- IX. Wrap Up and Closing Remarks (10 mins)**  
Bruce Dunn, Director, Safeguards Division (SDSS), Sustainable Development and Climate Change Department (SDCC)
- X. Event Evaluation (5 mins)**

# Differentiated Approaches to Implementation: Fragile and Conflict-Affected Situations (FCAS) and Small Island Developing States (SIDS)

**Rosalind McKenzie**

Principal Operations Coordination Specialist, FCAS



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# Fragile and Conflict-Affected Situations (FCAS) and Small Island Developing States (SIDS)



**Geographic challenges**

**High vulnerability to natural hazard and climate change**

**Concentrated economies; vulnerable to exogenous shock**

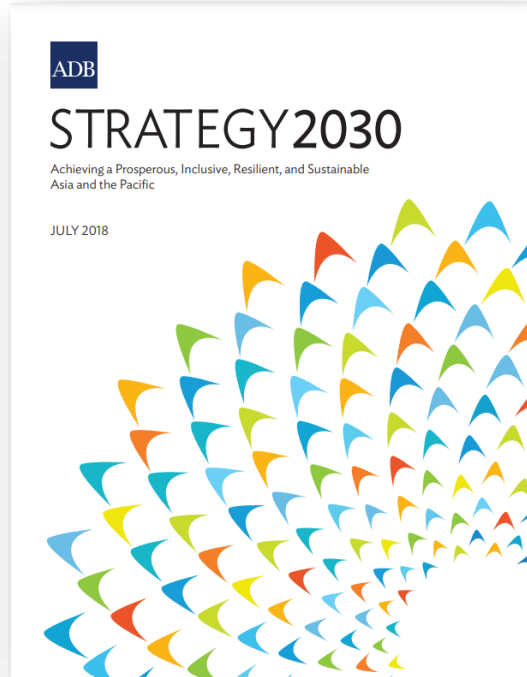
**Political instability and/or conflict**

**Weak governance, social and infra service provision**



# ADB Strengthened Response to FCAS and SIDS

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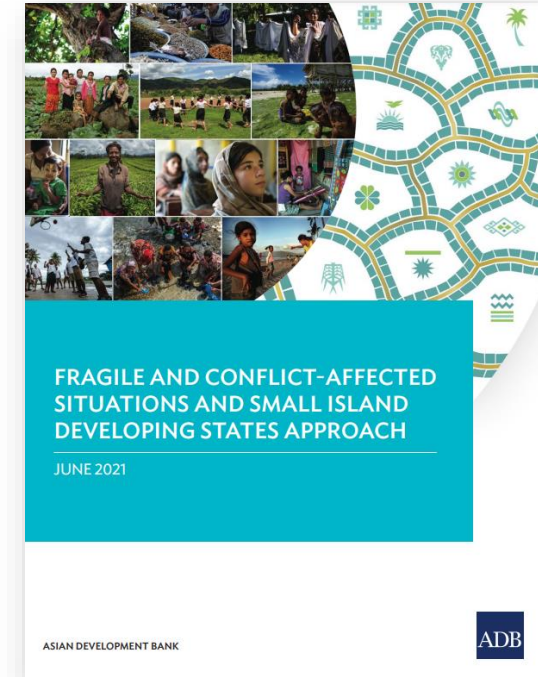
- **Differentiated approaches for FCAS and SIDS**

- Tailored business approaches
- Strengthen human resources
- Predictable long-term financing



- **Building a resilient Pacific**

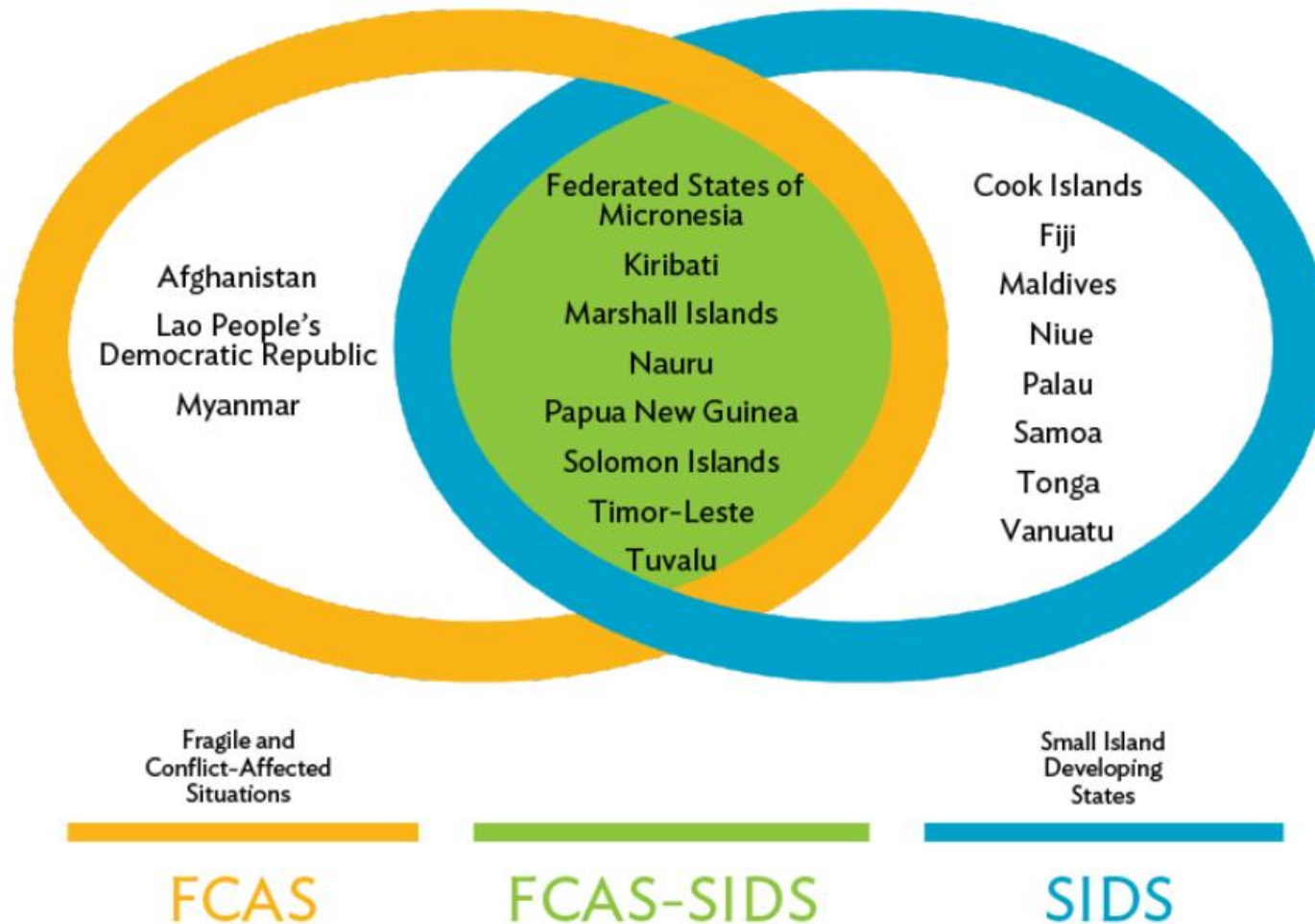
- Prepare for and respond to shocks
- Deliver quality sustainable services
- Support inclusive growth



- Improve **responsiveness of ADB standard process, procedure**

- Increase **institutional capacity**
- Enhance **context-specific understanding of DMCs**

# ADB FCAS-Classified DMCs and the SIDS



- [Country Performance Assessment \(CPA\)](#).
- MDB harmonized FCAS classification system.
- Based on ADB CPA and [World Bank CPIA](#).
- Average rating of 3.2 or less.
- UN and/or a regional peacekeeping or peace-building mission has been present during the previous 3 years.

“Small Island Developing States (SIDS) are a distinct group of 38 UN Member States and 20 Non-UN Members/Associate Members of United Nations regional commissions **that face unique social, economic and environmental vulnerabilities.**”

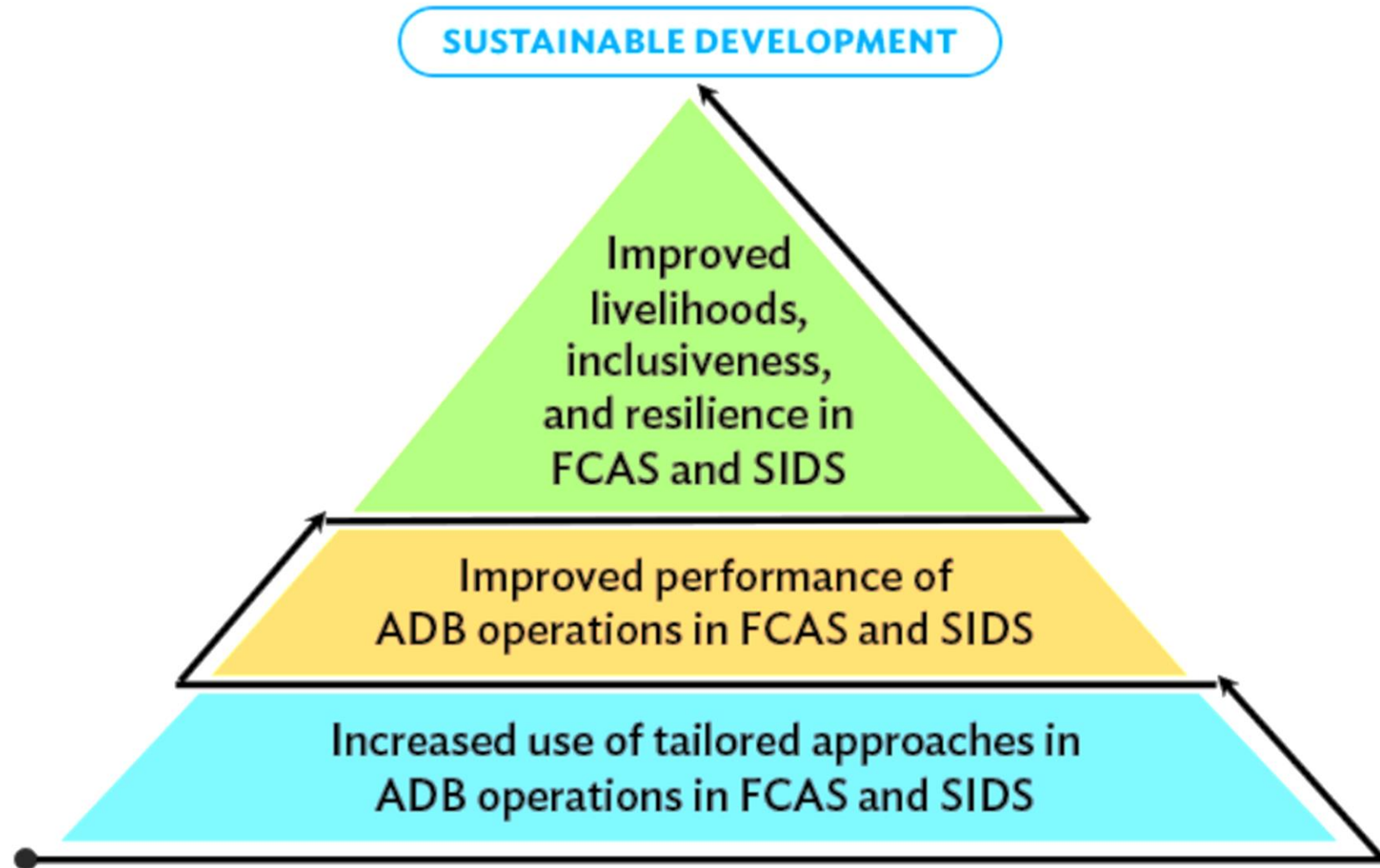
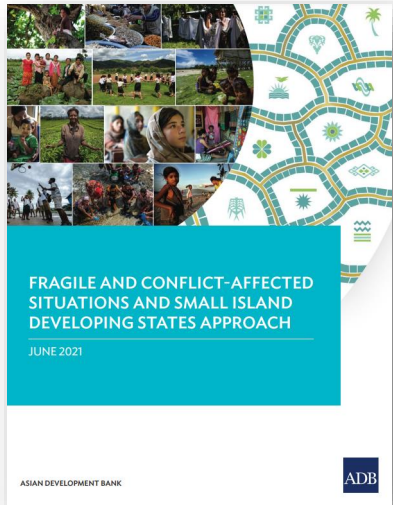
– [United Nations, Office of the High Representative for the LDCs, LLDCs, and SIDS](#)



## Tailored Approaches to Implementation

- Focus on increasing efficiency, building resilience, and ensuring sustainable benefits.
- Make climate actions comprehensive (national-level) rather than project-based.
- Highlight capacity support and introduce supplementation.
- Use an integrative approach to country knowledge, project design, safeguards, implementation, and portfolio management, informed by fragility and governance assessments.
- Introduce procurement and operational innovations relevant to SIDS and FCAS.

# ADB FCAS and SIDS Approach, 2021-2025 (FSA)



# Three Pillars of FSA



## Pillar 1

Flexible business processes to improve responsiveness in fragile contexts

### KEY ACTION AREAS

- Adoption of risk-based strategic planning and business processes
- Use of project modalities that are responsive to the needs of FCAS and SIDS
- Context-appropriate project preparation, design, and implementation procedures in use
- Integration of digital technologies
- Improved monitoring and reporting systems that are responsive to the needs of FCAS and SIDS



## Pillar 2

Strengthened analytics, knowledge, and institutional capacity

### KEY ACTION AREAS

- Enhanced ADB organizational coordination for work in FCAS and SIDS
- Strengthened knowledge and analytics
- Improved effectiveness of ADB staff in applying contextual knowledge and skills in FCAS and SIDS
- More responsive ADB operations
- Stronger human resource policies and incentives
- Expanded partnerships and coordination



## Pillar 3

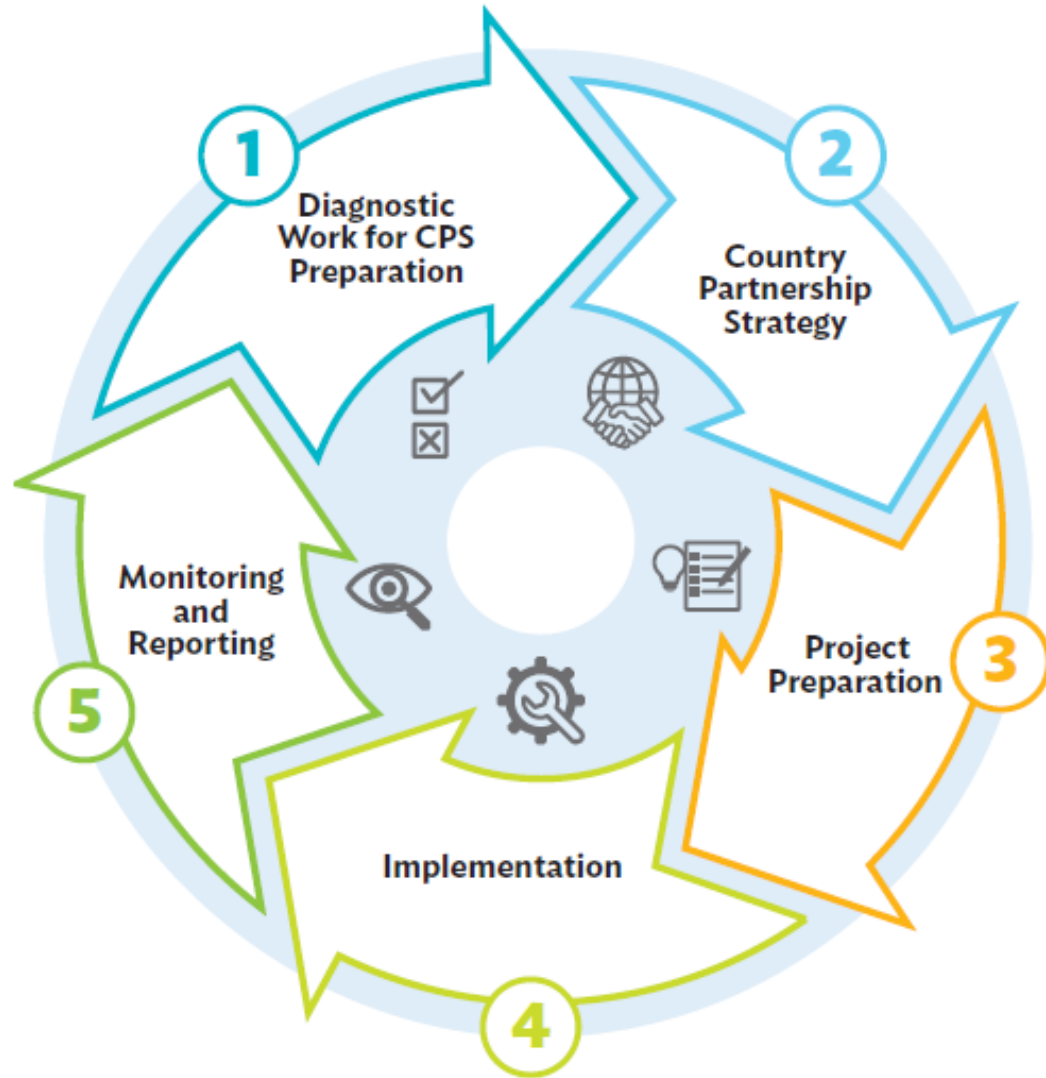
Context-specific interventions

### KEY ACTION AREAS

- Completed multidimensional fragility and resilience assessments
- Completed watching briefs on potential context-sensitive situations

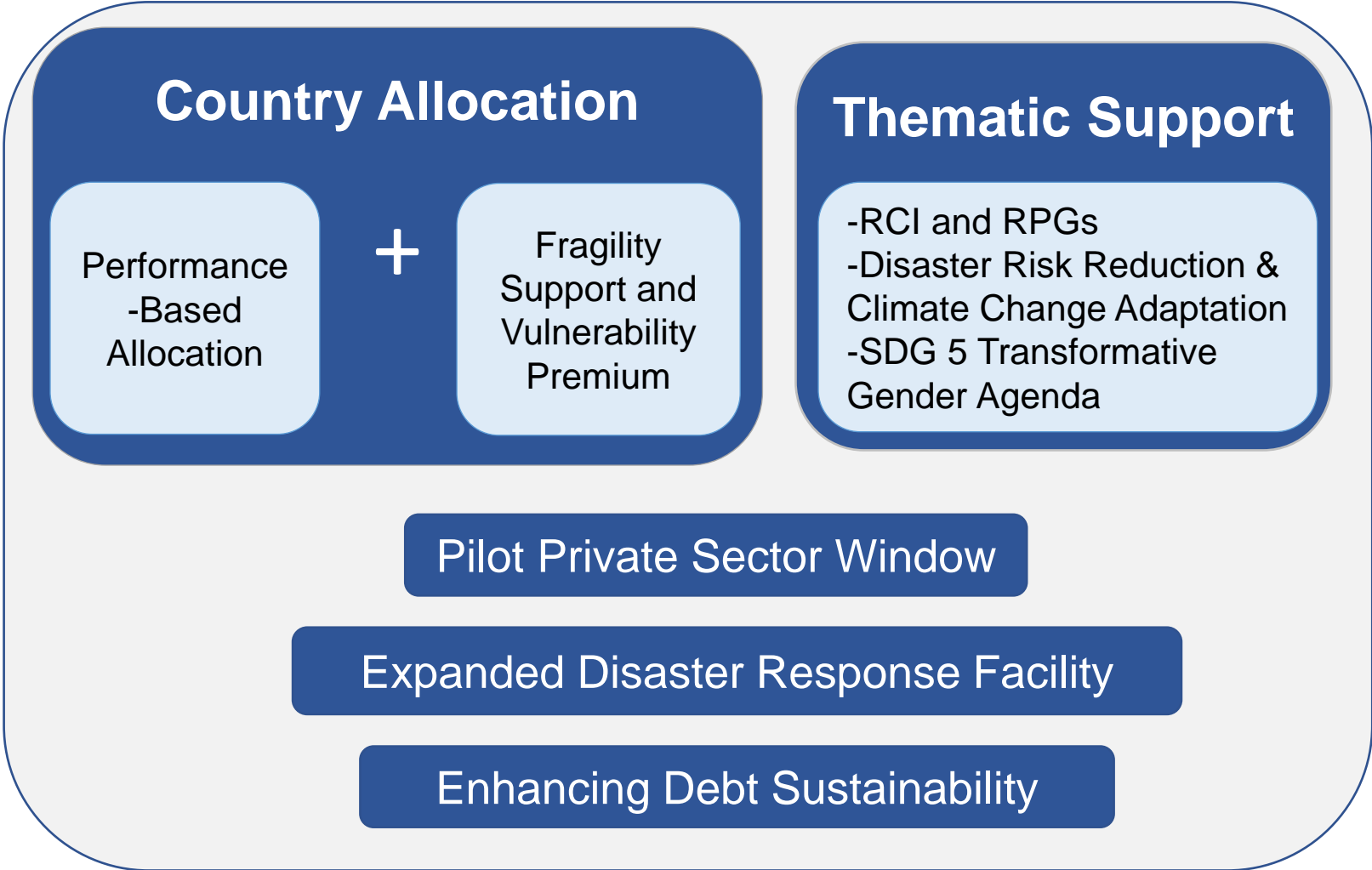


# Pacific Approach and FSA: Applying Differentiated /Tailored Approaches



- |          |   |  |
|----------|---|--|
| <b>1</b> | <ul style="list-style-type: none"> <li>• Fragility and resilience assessment</li> <li>• Governance risk assessment</li> </ul>   | <ul style="list-style-type: none"> <li>• Other sector and thematic analysis</li> </ul>   |
| <b>2</b> | <ul style="list-style-type: none"> <li>• FRA findings integrated into risk-based programming</li> </ul>   | <ul style="list-style-type: none"> <li>• COBP and updates</li> </ul>   |
| <b>3</b> | <ul style="list-style-type: none"> <li>• Concept and design incorporate FRA (at sector or local level)</li> <li>• Modalities that are responsive and adaptable in FCAS and SIDS context</li> <li>• Improved project readiness</li> <li>• Context-specific capacity assessments</li> </ul> | <ul style="list-style-type: none"> <li>• Security risk assessment where conflict is present</li> <li>• DMF incorporates specific FCAS and SIDS indicators</li> <li>• Targeted communication strategy</li> <li>• Integrating digital technology</li> </ul>                  |
| <b>4</b> | <ul style="list-style-type: none"> <li>• Strengthened ADB administration (including technical support -when required)</li> <li>• Strategic and context-specific capacity support for EA/IA</li> </ul>   | <ul style="list-style-type: none"> <li>• Increased flexibility of procedures in FCAS and SIDS to respond and adapt to context changes</li> <li>• Integrating digital technologies</li> <li>• Quarterly portfolio review and semiannual or annual project review</li> </ul> |
| <b>5</b> | <ul style="list-style-type: none"> <li>• Joint (ADB and DMC) review and reporting on context and portfolio performance indicators, and action plan progress (quarterly and annual)</li> <li>• Use of third parties and digital technology in monitoring</li> </ul>                        | <ul style="list-style-type: none"> <li>• Joint (ADB and DMC) decisions on program modification, adjustment, and/or adaptation</li> <li>• Core input into FSA annual reporting to Management (on FSA results monitoring and ADF commitments)</li> </ul>                     |

# ADF I3 Grant Allocation Framework (2021-2024)



- Economic Vulnerability Premium.
- Thematic pool – priority access for FCAS and SIDS.
- Private sector window – focus on flexibility for Group A countries.
- Expanded disaster and pandemic response facility.
- TA Special Fund 7.



**The SHARED APPROACH:  
A differentiated approach for the management of  
environmental and social risks in the Pacific**

**Taniela Faletau**

Safeguards Specialist, Pacific Regional Department (PARD), ADB



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# A Shared Approach for Management of Environmental and Social Risks and Impacts



Multiple donors....all in furious agreement and best intentions



Layers of “same-same; but different” policies



Small governments and micro-PMUs

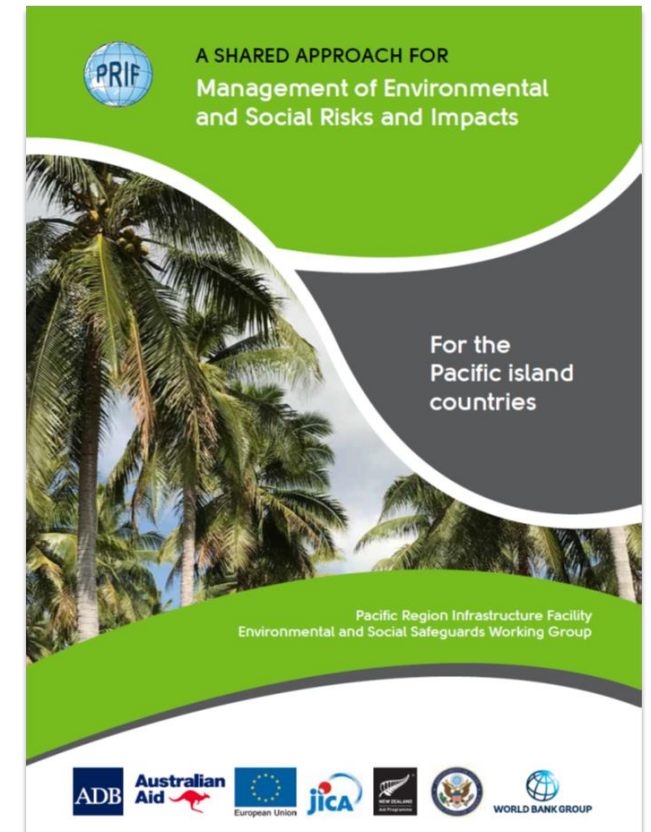


Building a process for “capacity sharing”



Use what we already have

## The “Backstory”



# How to address the challenges?

- WB prepared “simplified procedures” (templates and instruments) - very worthwhile but WB-focused
- What was needed was a project delivery management tool, a “front of house” tool rather than something that was project ‘preparation’ driven
- PRIF - coordinating mechanism established in 2008 - to provide technical assistance, research and knowledge products on key infrastructure issues
- Established the Env. and Social Safeguards Working Group (ESSWG) for PRIF partner safeguard experts to share knowledge and best practice, and work collaboratively to build capacity for improved safeguard implementation
- The ESSWG developed the “Shared Approach” 2015 – 2019
- Early drafts benefitted from detailed review by ADB, DFAT, JICA, World Bank and US Dept of State

# Purpose of Shared Approach

```
graph TD; A[Provide an agreed, robust approach to managing environmental and social risks and impacts of infrastructure development in the PICs] --> B[Improve the efficiency and effectiveness with which the PICs and PRIF development partners undertake measures to address environmental and social risks and impacts]; B --> C[Streamline collaboration to manage environmental and social safeguards in infrastructure projects];
```

Provide an agreed, robust approach to managing environmental and social risks and impacts of infrastructure development in the PICs

Improve the efficiency and effectiveness with which the PICs and PRIF development partners undertake measures to address environmental and social risks and impacts

Streamline collaboration to manage environmental and social safeguards in infrastructure projects

# Objectives of the Shared Approach

- **Use methods and procedures** - to develop and implement a common set of methods and procedures to identify and assess potential risks and impacts, devise appropriate mitigation measures, and monitor the effectiveness of their implementation in projects supported by PRIF development partners;
- **Support CSS** - to provide coordinated assistance to strengthen and improve CSS and implementation of CSS in the PICs; and
- **Share knowledge** - to share knowledge and good practice, and work collaboratively to build institutional and technical capacity for improved environmental and social safeguard implementation throughout the PICs. Linked to other platforms and initiatives such as PLP

# Features of the Shared Approach

Shared Approach recognizes three closely linked factors that influence the effectiveness, and consequences, of development activities in the Pacific:

- The scarcity of, and deep attachment to, land and natural resources
- The importance of traditional leadership and decision-making practices
- The importance of community in designing and implementing development projects

**4 annexes have been developed to recognize these special issues:** Land: A Special Approach in the Pacific; Stakeholder Engagement: Consultation, Disclosure and Grievance Redress; Indigenous Communities in the Pacific Context'; and Special Issues for Contractors in the Pacific

# Benefits of the Shared Approach

The PICs will benefit from application of the Shared Approach in the following ways:

- More efficient and effective project delivery by applying GIIP to the unique conditions in the PICs
- Use of a “common” lexicon and terminology for tools and instruments as well as common procedures /processes
- An improved counterpart understanding of development partner processes through adoption of common methods and procedures
- Strengthens and assist the PICs to apply their own CSS

# What it is and what it isn't

Shared Approach is an agreement to use common approaches, terminologies and procedures more firmly based in country systems.

As of 2021, it has been approved for use by PRIF development partners.

It is **not**:

- An alternate safeguard policy
- A substitution of development partners' policies
- A modification of, or amendment to, existing development partners' policies



# In summary

## Background

- PRIF mandate
- Development of a common approach for management of environmental and social risks and impacts in the Pacific.
- The Shared Approach: to adopt common terminologies and establish common methods and procedures suitable to the SIDS context.
- Important linked factors

## Challenges in Safeguards Implementation

- Constrained administrative and technical capacity of clients
- Geographic remoteness, climate change and natural hazards risk
- Diversity of indigenous and social structures and complex land tenure systems

## Differentiated Approaches in Safeguards Implementation

- Promoting and supporting **harmonized business practices** among development partners.
- Agreeing on procedures for **shared review and clearance of documents** as well as conducting joint review missions & sharing capacity development inputs and activities.
- Benefits include increased efficiencies from shared reviews, clearance responsibilities, and capacity development initiatives.

# Questions, Answers and Discussion



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**10:00**

**Screen Break**



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# Policy Direction to Address FCAS/SIDS Issues

**Irina Novikova, Principal Social Development Specialist, Safeguards Division, Sustainable Development and Climate Change Department (SDCC)**



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# Analytical Study Methodology and Processes:

## **Analytical Study Objective:**

- Study objective is to provide informed recommendations for the update of requirements related to FCAS and SIDS contexts

## **Analytical Study Methodology:**

- Desk based document review - IED Report, FSA, Pacific Approach, and Shared Approach
- Benchmarking with other MFI polices - Comparative analysis with EBRD, IFC, IDB, World Bank
- Stakeholder consultations and workshops - ADB staff, developing member countries (DMCs), Private Sector clients and organizations, civil society organisations.

# Findings of Benchmarking of Safeguard Requirements in MFIs Applicable to FCAS and SIDS

## Integrated Environmental and Social Impact Assessment (Standard 1)

- MFIs have experienced a general shift towards assessment of contextual risk factors, including those related to conflict and fragility,
- Contextual risks are to be reflected in overall project risk categorization among other factors.
- Some MFIs extend such assessments to human rights due diligence, covering impacts on internally displaced persons and refugees and gender-based violence, and develop specialized tools for conflict analysis.

# Findings of Benchmarking of MFI Safeguard Requirements Applicable to FCAS and SIDS contexts

## **Fragility, conflict and security considerations in MFI standards on community health and safety (Standard 4)**

- Community health, safety and security risks and impacts on project-affected communities are required to be assessed, avoided and minimized.
- Compounding effects of climate change and natural hazards are to be included into such assessments as well.
- Many MFIs have explicit requirements related to project's impacts on ecosystem services which may exacerbate vulnerability of affected communities.
- A set of well-aligned requirements in standard 4 concerns the risks related to the use of security personnel to affected communities and workers on project sites.

# Findings of Benchmarking of MFI Safeguard Requirements Applicable to FCAS and SIDS contexts

## Treatment of gender-based violence (GBV), forced and child labour and trafficking in persons

- High level of alignment on policy provisions and/or guidance related to GBV risks in projects.
- There are detailed stipulations on prohibitions related to trafficking in persons and prohibited forms of labour, such as forced and child labour (under standard 2).

## Requirements for consultations and GRM

- ADB and all comparator MFIs have provisions that require meaningful consultation to be undertaken in an atmosphere free of intimidation or coercion, as well as free of manipulation, interference, discrimination, and reprisals (for comparator MFIs).
- Selected MFIs also issued specific guidance materials on the issue of retribution and reprisals in projects



# Key issues for further consideration

## Enhanced Policy and Guidance

1. Adoption of an integrated risk-classification and integrated environmental and social impact assessment.
2. Incorporation of contextual risks in project risk categorization, to account for risks related to fragility, conflict, violence, and insecurity, and further linked to country fragility and risk assessment. Consider a range of mechanisms centered around identifiable safeguards readiness and risk criteria, and the use of different operational modalities.
3. Developing tools and guidance on social risk analysis, the application of the replacement principle, the delivery of consultations and the GRM in FCAS and/or SIDS environment.

# Key issues for further consideration

## Enhanced Policy and Guidance (continued)

4. Develop clear requirements on application of voluntary modes of land acquisition such as voluntary land donation, leases, land pooling and land swapping, and willing buyer-willing seller arrangements to support land acquisition in SIDS.
5. Develop requirements to address fragility, conflict and security considerations to mitigate risks to community health, safety and security, and impacts on ecosystem services. Develop requirements and guidance on project-related impacts to communities related to GBV and SEAH, and use of security personnel.
6. Review applicability of other MFI's guidance handling allegations of reprisals, retaliation, and retribution.

# Key issues for further consideration

## Shared Approach

1. Increase application of the Shared Approach including coordinated investment in, and delivery of, capacity development.
2. Consider formalizing in ADB's new safeguards policy the development and use of the common/shared approaches in other contexts beyond the Pacific.

## Procurement

1. Revisit procurement arrangements, especially in the context of SIDS and FCAS  
SIDS: pre-qualification performance criteria, lowest cost bid approach, community engagement skills, use of local and regional contractors.
2. Need for identification, and inclusion of, social mediation costs as part of contract.
3. Address capacity needs for civil works contractors: e.g., the need for community liaison and social specialists to be recruited to work with communities

# Questions, Answers and Discussion



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# Session 2: Moderated Discussion:

Moderated by:

Ferila Brown, Senior Safeguards Officer, Pacific Department (PARD)

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



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# Questions for Consideration

1. What do you expect from the SPS Update to better address safeguards challenges in FCAS and SIDS contexts?
2. What additional issues need to be covered?
3. What changes would you like to see?

# Wrap Up and Closing Remarks

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



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# Event Evaluation



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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

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



# Thank You

