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Challenges and Approaches to Achieving Safeguards Readiness

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Why is Safeguards Readiness Important?

1. Avoids project start up delays and facilitates timely project completion
2. Helps identify and address risks related to securing project sites and reduce safeguard-related complaints during project implementation
3. Helps reduce risk of price escalation and contractor claims for idle time



Levels of Safeguards Readiness

High: Sites required for the Project are available allowing immediate implementation upon loan approval. If land acquisition is involved, Section 12 of the LAA has been notified, land acquisition and resettlement plan (LARP) approved by ADB has been fully implemented, monitored and verified, and there are no IR legacy issues or unresolved compensation claims

Medium: At least 50% of Project sites are available allowing part of the project activities to commence upon approval. If land acquisition is involved, at least Section 5 has been notified, funds for land acquisition deposited with Revenue Dept, Almost final DP list available, valuation acceptable to ADB completed, and implementation-ready LARP approved by ADB. In case of IR legacy issues, an implementation-ready corrective action plan (CAP) approved by ADB is prepared.

Low: Project sites are not final or unknown. Only draft LARP based on conceptual design or preliminary alignment is prepared. There are legacy issues that remain unaddressed.

Challenges to Achieving Safeguards Readiness

- Heavily dependent on the support and capacity of the Revenue Districts and their understanding of International Financing Institutions (IFIs) standards and requirements
- Requires sites to be fixed/finalized and availability of detailed design
- Requires advance planning for obtaining funds for land acquisition needed to trigger at least Section 5 of the LAA
- Sites that were acquired previously or existing facilities that have unresolved IR legacy issues
- Incomplete / outdated land records that affect finalization of actual DPs

Challenges to Achieving Safeguards Readiness

- Requires early mobilization of staff/experts needed to prepare the LARP and undertake meaningful consultations
- EA's limited capacity to arrange funds for land acquisition and IVS cost
- Gaps between ADB SPS requirement to compensate at replacement cost and the government procedures under LAA
- Reluctance of EAs to address difference in the IVS-determined rates and the DPAC/LAC assessments



Financing Tools to Help Achieve Safeguards Readiness

ADB can provide project readiness tools such as Project Readiness Facility (PRF), Small- Expenditure Financing Facility (SEFF) and Framework Transaction Technical Assistance (F-TRTA) to help design the ensuing project and undertake more intensive safeguards due diligence activities prior to loan approval.

PRF supports one or more ensuing ADB financed projects to ensure high project implementation readiness. PRF can be used to undertake due diligence, detailed engineering design, safeguards pre-implementation work, advanced procurement actions, pilot-testing, capacity building, and limited project start-up activities



Approaches to Achieving Safeguards Readiness

- Allowing the use of loan proceeds to cover the land acquisition costs up front through retroactive financing of LARP-preparation/implementation costs. ADB reimburses from the loan proceeds the cost after reconciliation/verification.
- Opening of escrow account for the payment against cases with legal and administrative impediments and meager compensation amounts
- Developing and agreeing on an approach with LAC/RD at an early stage for facilitating compensation payments for cases with legal and administrative impediments



Approaches to Achieving Safeguards Readiness

- For projects-subproject involving land acquisition, the PC-1 for land acquisition is approved preferably before or immediately after publication of LAA Section-4 notification to secure adequate funds for:
 - completing land acquisition process (issuance and publication of LAA notifications)
 - depositing funds for land acquisition cost in the district treasury to support timely publication of LAA Section-5 notification
 - deployment of additional staff & resources to support the LAC/RDs for completing land acquisition process