

African Development Bank Group  
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*Via electronic mail*

May 14, 2022

**Re: Recommendations and Comments on the Integrated Safeguards System**

To whom it may concern:

Thank you for the opportunity to participate in the public consultation on the African Development Bank's Integrated Safeguards System (ISS). Accountability Counsel is a legal non-profit organization that supports communities experiencing adverse impacts from internationally financed projects. As we amplify local communities' demands for redress for environmental and social harms, we call upon AfDB to live up to its "do no harm" mandate by ensuring that the new ISS (1) reinforces AfDB's updated accountability framework, and (2) commits to enabling effective remedy for harms to communities that occur despite preventative efforts.

In order to be truly effective for promoting sustainable development, the ISS standards must be robustly implemented and subject to meaningful accountability. The AfDB's Independent Recourse Mechanism (IRM) is the primary mechanism by which communities can hold AfDB accountable for negative environmental and social impacts of its operations. From 2019-2021, IRM underwent an extensive external review and public consultation [process](#) that resulted in a stronger [framework](#) with improved accessibility and effectiveness for communities.

Our submission consists of two parts: (1) general recommendations for ensuring that the new ISS works in tandem with the updated IRM Operating Rules and Procedures (ORPs) and builds on the improved framework, and (2) redline comments on the draft ISS highlighting opportunities for AfDB to incorporate the provision of effective remedy throughout the life cycle of every project.<sup>1</sup>

There is growing recognition among multilateral development banks (MDBs) that project-affected communities suffer serious environmental and social impacts despite the Bank and Borrower's best efforts to identify, avoid, reduce, and mitigate them. When those unintended

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<sup>1</sup> Our redline edits of the ISS are not exhaustive and focus primarily on the introductory sections, the Environmental and Social Policy, and Operational Safeguards 1,9, and 10.

harms occur despite preventative efforts, MDBs have historically focused on bringing harmful projects back into compliance with E&S safeguards but have stopped short of providing effective remedy for any residual impacts to the communities. As a result, affected communities are left worse off by MDB financing - an unacceptable outcome for institutions with mandates to “do no harm.”

Recently, the extensive United Nations report [Remedy in Development Finance](#) confirmed that when MDB projects cause or contribute to harm, communities rarely get effective remedy. In response to an external [review](#) highlighting its poor track record on providing remedy, the IFC is currently [developing a framework](#) for enabling remedy throughout its operations. AfDB should take this opportunity to acknowledge that effective environmental and social risk management must include the provision of remedy for residual impacts. Otherwise, the Bank risks producing an ISS that lags behind best practices at peer institutions.

As detailed below, the IRM’s procedures already give it authority to facilitate remedy for communities. The next steps AfDB should take to enable a comprehensive remedial framework are: (1) incorporating remedy as an integral piece of E&S risk management throughout the ISS, beginning with a revision of the mitigation hierarchy to clarify that where risks and impacts cannot be avoided, reduced, or mitigated, they must be *remedied* in a manner not limited to compensation or offsetting; and (2) establishing a remedy fund so that the Bank can contribute to remedial measures in proportion to its contribution or linkage to harm. This focus on remedy will require Borrowers to set aside funds at the beginning of the project (whether through ring-fencing, escrow, insurance, a trust fund, etc.) to ensure that adequate resources are available to provide remedy if necessary.<sup>2</sup>

### **Recommendations for strengthening the new ISS:**

#### **1. Correct all references to the IRM to accurately describe its mandate and functions.**

The draft ISS provides an incomplete description of IRM’s mandate and functions. This undermines the ability of AfDB clients and affected communities alike to understand the role of the IRM in the larger AfDB accountability framework.

- a. **Mandate.** Where the current draft ISS describes the IRM, it omits the mechanism’s key role of facilitating remedy.<sup>3</sup> The final ISS should include the IRM’s full mandate as stated in its ORPs:

<sup>2</sup> Concerns about Borrowers being unable or unwilling to shoulder additional costs to ensure that remedy is available must be evaluated in light of the alternative: continuing to force project-affected communities to bear the costs of unintended environmental and social harm. If the provision of remedy for potential adverse impacts of a project is not financially or technically feasible even with support from the Bank, then a risk-based approach naturally demands that the Bank not finance such a project.

<sup>3</sup> Draft ISS, para. 73

The IRM was established for the purpose of providing people adversely affected by an Operation financed by the African Development Bank, the African Development Fund, the Nigeria Trust Fund and other Special Funds administered by the Bank (collectively the ‘Bank Group’) with an independent mechanism through which they can request the Bank Group to comply with all its own policies and procedures. **The IRM provides people adversely affected by an Operation financed by the Bank with an independent mechanism through which they can seek redress and hold the Bank to account to ensure that it complies with its own policies and procedures related to sustainability.** The mechanism is, therefore, available when an individual or a group of affected persons believe that they have been harmed or could be harmed by a Bank Group-Financed Operation.<sup>4</sup>

- b. **Functions.** The IRM performs three essential functions: compliance review, problem solving, and advisory.<sup>5</sup> However, the draft ISS fails to mention problem solving and advisory, creating the misconception that IRM’s only role is to evaluate Bank compliance with its own policies.<sup>6</sup> The final ISS should describe each of the IRM’s functions in accordance with the ORPs:

Compliance Review: “The purpose of a Compliance Review is to examine whether the Bank Group has complied with its policies and procedures applicable to the concerned project/operation and, if in cases of non compliance, whether such non-compliance has caused or may cause harm to the Complainants and/or the environment.” (ORP VII.a.58)

Problem Solving: “The objective of a Problem-Solving exercise is to restore effective dialogue between the Complainants, and other relevant Parties with a view to resolving the issue/issues underlying a Complaint.” (ORP VI.a.44)

Advisory: “The advisory function... will provide independent opinions on systemic issues, technical advice on any operations and policies of the Bank Group, and to support efforts of staff and Management to strengthen the positive social and environmental impact of Operations financed by the Bank Group.” (ORP 1.b.8)

<sup>4</sup> IRM Operating Rules and Procedures (ORP), para. I.a.3, emphasis added

<sup>5</sup> ORP para. I.b.6: “The role of the IRM is to perform Compliance Review, Problem-Solving and advisory functions.”

<sup>6</sup> Draft ISS, paras. 16, 72-73

2. **Strengthen information disclosure and information about the IRM for communities and clients.**

- a. **Include the client disclosure requirement from the new ORPs in the ISS.** In order to use the IRM, communities must know that it exists. The *IRM External Review Report* rightly notes that outreach on the existence of the IRM is not solely the job of the mechanism.<sup>7</sup> AfDB management and clients also have a role, and clients in particular have logistical advantages for conducting effective and efficient outreach to local communities about project-related information, including information about the IRM. The IRM's ORPs require AfDB clients and sub-clients (including Financial Intermediaries) to disclose the availability of the IRM to project-affected communities.<sup>8</sup>

The ISS is the primary public document setting out clients' environmental and social obligations and should thus also codify this requirement for disclosing information about the accountability mechanism. Our redline comments on OS9 and OS10 include suggested provisions for detailing both clients' and sub-clients' disclosure obligations.

Further, all projects should be required to show evidence that they have made an effort to inform stakeholders about the existence of the mechanism.

- b. **Loan agreements should refer to the possibility of IRM investigations when there is a compliance review, and the ISS should publicly enshrine this requirement.**

To ensure effectiveness of IRM compliance reviews, loan agreements should inform clients about the possibility of IRM investigations and require their cooperation. The agreements should also inform clients that IRM may recommend suspension of disbursements for projects it finds to have the potential to cause serious, irreparable harm.<sup>9</sup> The ISS should state that loan agreements will contain this information.

<sup>7</sup> [IRM External Review Report, para. 125](#). Please note that to our knowledge, the AfDB has not posted the final report online. We are therefore citing to the second revised draft of the report.

<sup>8</sup> ORP para. I.a.4: "Management shall make significant efforts to make the IRM better known among affected communities and Borrowers/Clients and shall mainstream information about the IRM in community consultations, and in Bank policies and procedures and Operations documents. Any AfDB Borrowers/Clients and sub-clients (including Financial Intermediaries) shall be required to disclose the existence of the IRM to project-affected communities."

<sup>9</sup> ORP para. III.f.27: "[I]f at any time during the processing of a Complaint, the Director is of the opinion that serious, irreparable harm shall be caused by the continued processing or implementation of the Bank Group-Financed Operation, the Director may make an interim recommendation to the Boards of Directors and the President to suspend further work or disbursement."

3. **The ISS should enable remedy in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs).** Per the UNGPs and other global standards, actors that cause or contribute to harm must contribute to remedy. While it is essential that clients remediate social and environmental harm, the AfDB also has a responsibility to contribute to remedy where it has contributed to harm through its financing.<sup>10</sup>
  - a. **The ISS should revise the mitigation hierarchy to clarify that Bank operations should seek to avoid, mitigate, and *remedy* adverse impacts of its operations.** The draft ISS sets out a mitigation hierarchy providing that where adverse impacts are unavoidable, harms will be compensated (or offset, in the case of environmental harms).<sup>11</sup> However, rather than focusing narrowly on compensation, the mitigation hierarchy should provide that unavoidable harms will be *remedied*, clarifying that a range of remedial measures besides compensation could be provided.<sup>12</sup> These additional measures should include restitution, rehabilitation, satisfaction, and guarantees of non-repetition, and they should be designed in consultation with the affected communities.<sup>13</sup>
  - b. **As a part of this ISS review, the AfDB should commit to developing a remedy fund to ensure that resources are available to provide timely and effective remedy.** Local communities seeking redress through IRM processes have too often found meaningful remedy delayed or unforthcoming. The *IRM External Review Report* highlighted several barriers to effective remediation of grievances, including a lack of constructive engagement by Bank management. Even when an IRM compliance review investigation confirms local communities' claims of harm and the AfDB responds by developing a remedial action plan, positive change on the ground for communities can be impeded by lack of follow-through on providing the resources necessary for implementation.

A remedy fund is a critical tool for enabling IRM to facilitate remedy in cases of AfDB non-compliance as required in its ORPs:

If IRM finds the Bank to be non-compliant, Management shall:

- (a) Prepare a Management Action Plan based on the recommendations of the Compliance Review within sixty (60) Business Days of submission of the Compliance Review Report.

<sup>10</sup> Office of the UN High Commissioner on Human Rights, [Remedy in Development Finance: Guidance and Practice](#) (2022)

<sup>11</sup> Draft ISS pg. 31, para. 23

<sup>12</sup> [Remedy in Development Finance, pg. 40](#): "Mitigation hierarchies...should be updated to provide for remedy (not only offsetting or compensation) for impacts to people in situations in which avoidance and mitigation are not effective."

<sup>13</sup> Center for International Environmental Law, [Remediating Harm: Lessons from International Law for Development Finance](#), pg. 9 (2022)

(b) Include in the Management Action Plan clear time-bound actions for returning the Bank to compliance and achieving remedy for affected populations. (ORP VII.h.69)

The effectiveness of IRM problem-solving initiatives, which can potentially produce agreements to abate and remedy harm, can also be hampered by the absence of a remedy fund. The lack of readily available resources can derail a problem-solving initiative and prevent the parties from achieving a meaningful agreement. And even when agreements are reached through problem solving, a lack of resources can delay the implementation of those agreements, leaving community members waiting for additional months or years to receive agreed remedies.

As discussed in the external review report for the IRM, the issue of resourcing remedy is a key topic of discussion at development finance institutions.<sup>14</sup> Currently, the IFC is developing a remedy framework. Additionally, the United Nations' recent *Report on Remedy in Development Finance* recommended that institutions set up financing mechanisms for remedy.<sup>15</sup> The AfDB should develop a remedy fund framework through a robust, transparent, and public consultation process with a broad range of stakeholders, including affected communities and civil society.

### **Additional Recommendations from the External Review of the IRM**

Although most of the recommendations in the *IRM External Review Report* focused on actions that the IRM should take to strengthen its operations, the report also included some recommendations geared towards AfDB's management to strengthen the Bank's responsiveness to communities' grievances. While the new procedures for the IRM have been finalized and are currently in operation, no public information is available on the implementation of the recommendations for management. The AfDB should address these recommendations in ISS and/or other relevant policies:

- **Management needs to take a closer look at the patterns of repetitive grievances in complaints. (External Review Report, para. 258, p. 73)** Looking at the IRM's caseload through August 2021, infrastructure projects have generated the greatest number of complaints from communities, with complaints alleging inadequate consultation and disclosure, property damage, loss of livelihoods, physical and/or economic displacement, lack of due diligence, and community health and safety, among other issues. As the IRM has confirmed non-compliance in some of these cases,<sup>16</sup> the AfDB must strengthen

<sup>14</sup> [IRM External Review Report, paras. 19-28](#)

<sup>15</sup> [Remedy in Development Finance, pg. 86](#)

<sup>16</sup> Data about all complaints filed with the IRM is available via the [Accountability Console](#).

safeguards and their implementation around infrastructure projects, which carry significant risks of harm to communities.

- **Management should designate a focal point within the Environment and Social Safeguards and Compliance Department (SNSC) to act as a liaison between Management and IRM. (para. 289, p. 78)**
- **Management should clarify Management roles and responsibilities regarding IRM (paras. 63-73, pp. 25-27)**
- **Management should implement the changes that affect them in the new ORPs. (para. 295, p. 79)**
- **Management and staff should *inter alia* provide full access to project-related information and respond frankly to questions posed by IRM.<sup>17</sup> (para. 88, p. 31)**
- **Management must ensure that MAPs clearly set out who is responsible for implementing each action. (para. 69, p. 26)**
- **Management must work together with IRM to establish, maintain and update a list of operational policies and procedures of the Bank Group relevant to the work of IRM. (para. 74, p. 27)**
- **Management should establish a Management Action Responsibility System - an electronic database tracking whether and how IRM recommendations were implemented. (para. 73, p. 27)**

Thank you again for this opportunity to engage on the ISS review. Please feel free to contact us with any questions.

Sincerely,

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<sup>17</sup> Management is required to cooperate with IRM. ORP para. IX.j.94: "When conducting any inquiry, assessment or review for a Problem-Solving exercise or a Compliance Review, the IRM Director, staff and consultants shall have full access to relevant Bank Group staff and files, including electronic files, cabinets and other storage facilities and Bank Group staff and consultants shall be required to cooperate fully with the IRM."



Accountability Counsel's redline comments on the ISS are below. Note that these comments are not exhaustive. Rather, they focus on opportunities to enable remedy throughout the ISS by providing concrete examples of language that should be added to the ISS's introductory sections, the Environmental and Social Policy, and Operational Safeguards 1, 9, and 10. The inclusion of remedy-enabling language should not be limited only to these sections in the final ISS.

For brevity's sake, some pages have been omitted.

## Overview<sup>1</sup> of the African Development Bank Group's Integrated Safeguards System

1. In 2013, the African Development Bank adopted an Integrated Safeguards System (also referred to as the "2013 ISS") which established the Bank Group's commitment to sustainable development, consolidating and building upon the Environment (2004) and Involuntary Resettlement (2003) safeguard<sup>2</sup> policies, as well as cross-cutting policies and strategies on Gender (2001), the Civil Society Engagement Framework (2012) and the AfDB Climate Change and Green Growth Strategic Framework: Projecting Africa's Voice (2021). This consolidated approach also built upon the Bank's sector policies such as Forestry (1993), Agriculture and Rural Development (1999), Water (2021), and the Strategy for Quality Health Infrastructure in Africa 2021-2030 (2021).
2. The key aims underlying the ISS were to:
  - Better align the safeguards with the Bank's new policies and strategies.
  - Adopt Good International Industry Practice.
  - Adapt the safeguards to an evolving range of lending and investment products.
  - Work towards greater harmonization of safeguards with those of other multilateral finance institutions.
  - Tailor safeguards approaches to the nature and needs of different Borrowers with varying capacities.
  - Improve internal processes and resource allocation.
3. The 2013 ISS, which was approved by the Board of Directors in 2013 and became operational in 2014, has four inter-related components:
  - An Integrated safeguards Policy Statement.
  - Five Operational safeguards on (i) Environmental and Social Assessment; (ii) Involuntary Resettlement, Land acquisition, Population Displacement and Compensation; (iii) Biodiversity and Ecosystem Services (iv) Pollution Prevention and Control, Hazardous Materials and Resource Efficiency and; (v) Labour Conditions, Health and Safety.
  - Environmental and Social assessment Procedures.
  - Integrated Environmental and Social Impact assessment Guidance Materials.
4. The ISS was the subject of a review following five years of implementation, as stipulated by the Bank's Board of Directors and this included an evaluation carried out by the Bank's Independent Development Evaluation. This review, completed in August 2019, evaluated the extent to which the ISS meets its



safeguards objectives. The evaluation report and Management's Response (which included a commitment to update the ISS) were approved by the Board in late 2019. The aims and objectives of the update are consistent with those that framed the development of the first version of the 2013 ISS. Since that time, significant updates and revisions to safeguards frameworks have been carried out by most of the Multilateral Financial Institutions (MFIs), along with a significant number of bilateral

<sup>1</sup> This overview does not form part of the ISS and is for information only.

<sup>2</sup> The term 'safeguards' is used in this ISS in a generic sense to mean any policy, standard or other document that describes ways in which environmental and social risks and impacts can be identified and addressed.

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development partners and private sector financial institutions. Updating of the ISS will allow for AfDB's ISS to converge once again with the safeguards of the other MFIs in line with the aim for greater harmonization amongst development partners.

5. Since the Board of Directors approved the 2013 ISS, policy review and updating has been carried out by the Islamic Development Bank (IsDB), World Bank (WB), European Bank for Reconstruction and Development (EBRD) (twice), and review and revision processes are underway in the Inter-American Development Bank (IADB) and Asia Development Bank (ADB). New MFIs such as the Asia Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) have also adopted environmental and social frameworks similar to the World Bank/IFC model. Many bilateral development agencies, export credit agencies and the Equator Principles institutions have also made considerable progress in convergence of their environmental and social governance policies and requirements towards those of the MFIs, principally the IFC and the World Bank.
6. The review and update has presented the opportunity to address both new emerging issues and elevated concerns and demands around existing issues. Key amongst these are (i) the need to enhance governance, transparency, accountability and reporting; (ii) stakeholder engagement; (iii) inclusion and discrimination; (iv) sexual exploitation, abuse and harassment (SEAH) (v) gender based violence (GBV); (vi) the mass influx of labour; (vii) modern slavery; (viii) fragility, conflict and post-conflict situations; (ix) contextual risks and impacts such as land use conflicts, human rights; the Sustainable Development Goals and (x) natural and man-made climate change events and disasters such as increasing frequency of extreme and adverse weather events (flooding, drought, global warming, ocean warming, polar ice melt and glacier retreat) and (xi) epidemics and pandemics.
7. In common with other MFIs, the Bank's increased focus on many of these issues has resulted in organizational growth and specialization in the way issues such as gender, climate change, conflict and disaster/emergency response are addressed within the institution in an impactful and resource efficient manner.
8. The updated ISS:
  - Continues to mainstream the safeguards approach to the preparation, appraisal and approval processes of Bank-supported operations.
  - Provides appropriate safeguard approaches to new Bank policies and strategies and innovative financing mechanisms.
  - Further integrate consideration of environmental and social risks and impacts into Bank operations, promoting sustainability and long-term development in Africa.
  - Improves the convergence between the Bank's safeguards framework with the approach taken by other MFIs.
  - Improves the consistency of the Bank's approach to key thematic issues, environmental and social assessment and stakeholder engagement activities by adopting 10 Operational Safeguards.
  - Broadens the coverage of environmental and social risks and impacts to address recent emerging issues in line with other MFIs.

- Differentiates and clarifies the respective roles and responsibilities of the Bank and its Borrowers in meeting the Bank's environmental and social requirements and standards.
- Provides more direction and clarity on the Bank's environmental and social requirements for the projects, activities and initiatives of its Borrowers.

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- Increases the Bank's alignment and support to Regional Member Countries in meeting the Sustainable Development Goals (SDGs).
- Assists Regional Member Countries and Borrowers in strengthening their own safeguards systems and their capacity to manage environmental and social risks.

9. The updated Integrated Safeguards System (ISS) comprises:

- The *African Development Bank Group's Vision for Sustainable Development*, which sets out the Bank Group's approach and aspirations regarding environmental and social sustainability.
- The *African Development Bank Group's Environmental and Social Policy* that sets out the Bank's commitments and the relevant principles and requirements that the Bank must follow regarding projects, activities and initiatives that it supports.
- *Ten Environmental and Social Operational Safeguards (OS)*, together with supporting Annexes, which set out the mandatory requirements that apply to the projects, activities and initiatives of Borrowers.
- *Environmental and Social Guidance Notes (ISS Guidance notes)* which provide technical guidance for the Bank and its Borrowers on specific methodological approaches, Good International Industry Practice (GIIP) and standards relevant to meeting the requirements of the Operational Safeguards. Bank's ISS Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety (EHS) Guidelines that were adopted by the MFI Working Group on Environment. The guidance notes provide advisory information<sup>7</sup>.

10. The *Ten E&S Operational Safeguards (OS)* set out the requirements for Borrowers relating to the identification, assessment, and remediation of environmental and social risks and impacts associated with operations supported by the Bank. The Bank believes that the application of these safeguards, by focusing on the identification and management of environmental and social risks and impacts, as well as setting the expectation that effective remedy should be provided for adverse impacts, will support Borrowers' goal of protecting communities and the environment from unintentional harm, as well as in achieving their goal to reduce poverty and increase prosperity, in a sustainable manner, for the benefit of the environment and communities. The E&S Operational Safeguards will support Borrowers: (a) in achieving good international practice relating to environmental and social sustainability; (b) in fulfilling their national and international environmental and social obligations; (c) enhance non-discrimination, transparency, participation, accountability and governance; and (d) enhance the sustainable development outcomes of projects, activities and other initiatives through ongoing stakeholder engagement.

11. The *Ten E&S Operational Safeguards* establish the standards that Borrowers will meet, as appropriate, in projects, activities and initiatives supported through Bank financing throughout the life cycle of operations, as follows:

- **E&S Operational Safeguard 1:** Assessment and Management of Environmental and Social Risks and Impacts.
- **E&S Operational Safeguard 2:** Labour and Working Conditions.
- **E&S Operational Safeguard 3:** Resource Efficiency and Pollution Prevention and Management.

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- **E&S Operational Safeguard 4:** Community Health, Safety and Security.
- **E&S Operational Safeguard 5:** Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement.

<sup>3</sup> See the disclaimer that prefaces all guidance materials.

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- **E&S Operational Safeguard 6:** Habitat and Biodiversity Conservation and Sustainable Management of Living Natural Resources.
  - **E&S Operational Safeguard 7:** Vulnerable Groups.
  - **E&S Operational Safeguard 8:** Cultural Heritage.
  - **E&S Operational Safeguard 9:** Financial Intermediaries.
  - **E&S Operational Safeguard 10:** Stakeholder Engagement and Information Disclosure.
12. E&S Operational Safeguard 1 (**OS1**) applies to all projects, activities and other initiatives for which Bank financing is sought. OS1 establishes the importance of: (a) the Borrower's existing environmental and social framework in addressing the risks and impacts of the project; (b) an integrated environmental and social assessment to identify the risks and impacts of a project, activity or other initiative; (c) effective stakeholder engagement through disclosure of relevant information, consultation and effective feedback; (d) management of environmental and social risks and impacts, including climate risk and adaptation, by the Borrower throughout the life-cycle of operations; and (e) planning from the beginning of the project cycle for the prompt and effective remediation of unintended environmental and social risks and impacts. The Bank requires that all environmental, social risks and impacts, including climate vulnerability and adaptation, of the operations be addressed as part of the environmental and social assessment conducted in accordance with OS1.
13. **OSs 2 to 10** complement **OS1** and set out the obligations of the Borrower in identifying and addressing environmental and social risks and impacts that may require particular attention. These Operational Safeguards establish objectives and requirements to maximize positive impacts and to avoid, minimize, reduce and mitigate risks and adverse impacts, and where significant residual impacts remain, to **remedy** such impacts. Operational Safeguard 5 covers involuntary resettlement (previously covered by OS2 under the 2013 ISS, which had replaced and superseded the Involuntary Resettlement Policy of 2003).
14. The Bank will incorporate all procedural requirements related to its commitments and responsibilities under the Environmental and Social Policy into Bank operational activities and processes.
15. The **Bank's Policy on Disclosure and Access to Information** reflects the Bank's commitment to transparency, accountability and good governance, and applies to the entire ISS. It includes the disclosure obligations that relate to the Bank Group's operations.
16. The **ISS includes provisions on grievance redress and accountability**. Project-affected parties will have access, as appropriate, to project grievance mechanisms, local grievance mechanisms, and the Independent Recourse Mechanism (IRM). Project-affected people **may** utilize the available project grievance redress mechanism (GRM), as the first step, in seeking resolution for their grievances; they may also bring their concerns directly to the Bank's attention. The Bank will engage with the borrower to address the concerns. Stakeholders may also submit their complaint to the IRM to request **one or both of: (1) an independent review to determine whether harm has occurred as a direct result of Bank's non-compliance with its own policies and procedural requirements, and (2) a dispute resolution process aimed at producing an agreement between the stakeholders and the Borrower for how to remedy the grievances.**

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### A. An African Vision for Sustainable Development

1. In 2013, the African Development Bank Group reached an important milestone with the approval of the Bank's Integrated Safeguards System by the Bank's Board of Directors (also referred to as the "2013 ISS"). For the first time, this established a comprehensive framework to address the wide variety of environmental and social challenges faced by Member countries on their pathways to economic development. Since that time much has changed. Climate change, continued biodiversity and habitat loss, natural disasters, extreme poverty, inclusion and pandemics have brought additional challenges. These are being targeted in many ways and in particular, by the establishment of Sustainable Development Goals under the auspices of the United Nations which frame development interventions. The African Development Bank, along with its development partners continues to evolve and progress its assistance to both the public and private sector whilst also tackling these global environmental and social problems. The Bank's strategy for 2013-2022 'At the Centre of Africa's Transformation' sets out the corporate goals of inclusive growth and green growth. Inclusive growth seeks to break down barriers to inclusion, bringing prosperity to all by unlocking the potential of the private sector, championing gender equality and increasing the involvement and engagement and access of communities to the benefits of development. Through green growth, the Bank seeks pathways to a more sustainable development that eases pressure upon natural assets and better manages environmental and social risks and impacts. Green growth priorities include building resilience to climate change and adverse climate events and natural disasters, providing sustainable infrastructure, supporting and creating ecosystem services and making more efficient and sustainable use of natural resources.
2. To intensify its efforts to meet these goals and address more directly the SDGs, the Bank took additional steps in 2015 by establishing the 'High 5s', a gender strategy as well as, in subsequent years, new lending and investing instruments such as program-based lending and a revised non-sovereign operations policy in 2018.
3. The Bank's updated Integrated Safeguards System provides a stronger, broader framework to support Bank efforts to realize its strategy, aims and goals in a sustainable and integrated manner. It responds directly to new challenges that have arisen such as those witnessed in fragile and conflict states and small countries, as well as providing pragmatic and risk-based approaches to addressing the environmental and social risks, impacts and opportunities presented by Bank operations. This includes a focus on ensuring that effective remedy is provided to individuals and communities experiencing adverse social and environmental impacts, despite the best preventative efforts of the Bank and the Borrower. This recognition of the importance of remedy extends the Bank's risk-based approach to ensure that the risk of adverse impacts is never externalized to project-affected people, who often have few resources and are generally less equipped to bear the risk of unintended impacts. The updated ISS also provides a framework for addressing challenges related to application of E & S safeguards in situations of disasters and emergencies, such as during Ebola outbreaks and the Covid-19 pandemic where addressing the full requirements of the ISS is not possible.
4. The Bank values working with other development partners to help realize the SDGs and its aims and goals. The Bank is committed to maximising operational efficiency and minimising costs for its borrowers in complying with environmental and social safeguards. Accordingly, the Bank supports harmonising the implementation of its safeguards with other development partners in the context of co-financing. The updated ISS aligns well with the policies and requirements of its development partners in Africa thus offering the potential for a leaner more efficient appraisal of co-financed operations based upon a common approach.
5. The Bank recognizes that the achievement of sustainable development is dependent on effective collaboration with everyone who has a stake in the development outcome of projects and other activities and initiatives, including public and private sector development partners. The Bank is committed to the use and development of country and borrower's environmental and social frameworks to avoid unnecessary duplication of effort, build national capacity and achieve development outcomes that are materially consistent with the objectives of the Integrated Safeguards System. The Bank is committed to open dialogue, safe public consultation free of reprisal, timely and full access to information, and responsive grievance mechanisms.

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6. Inspired by this vision, the African Development Bank Group is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources. This is reflected in the various Bank Group sector strategies <sup>4</sup>for the coming decade. These strategies recognize that all economies, particularly developing ones, still need to grow, but they need to do so sustainably, so that development interventions and income-producing opportunities are not pursued in ways that limit or close off opportunities for future generations. It recognizes that climate change is affecting the nature and location of projects, and that Bank Group operations should reduce their impact on the climate by supporting lower carbon emissions development trajectories. The AfDB works on climate change because it is a fundamental threat to development in our lifetime. Even more importantly, the Bank is committed to supporting its borrowing countries to manage their economies by investing in climate resilience while ending poverty and boosting shared prosperity.
7. Equally, social development and inclusion are critical for all of the AfDB's development interventions and for achieving sustainable development. For the Bank Group, inclusion means empowering all people to participate in, contribute to and benefit from, the development process. Inclusion also encompasses policies to promote equality and non-discrimination by improving the access of all people, including those who are impoverished or disadvantaged, to services and benefits such as education, health, social protection, infrastructure, affordable energy, employment, financial services and productive assets. It also embraces action to remove barriers against those who are often excluded from the development process and to ensure that the voice of all can be heard. The Bank recognises that poverty, environmental degradation and gender inequalities are often strongly interrelated and so the Bank pays special attention to reducing gender inequality and poverty by carrying out an assessment of gender issues for every project. It uses the findings as the basis for project design and compensation plans that lead to enhanced gender equality.
8. In this regard, the AfDB's activities support the realization of human rights expressed in the Universal Declaration of Human Rights, the UN Charter and the African Charter of Human and Peoples' Rights. Through the projects, activities and initiatives it finances, and in a manner consistent with the Agreement establishing the African Development Bank Group<sup>5</sup>, the AfDB seeks to avoid adverse impacts and will continue to support its member countries as they strive to progressively achieve their human rights commitments. Nonetheless, the AfDB recognizes that not all adverse impacts can be anticipated or avoided, and that gaps in the implementation of environmental and social safeguards may result in unintended harm. For that reason, the Bank's commitment to supporting the realization of human rights includes ensuring that effective remedy is provided to individuals and communities adversely affected by Bank operations.
9. The AfDB uses its convening ability, financial instruments, and intellectual resources to embed this commitment to environmental and social sustainability across all its activities, which range from the Bank's global engagement in issues such as climate change, disaster risk management, and gender equality, to ensuring that environmental and social considerations are reflected in all sector strategies, operational policies, and country dialogues.
10. At the operational level, institutional aspirations translate into enhancing development opportunities for all, particularly the poor and vulnerable, and promoting the sustainable management of natural and living resources. Therefore, within the parameters of a project, the Bank seeks to:
  - Avoid or mitigate adverse impacts to people and the environment, and remedy those adverse impacts that occur despite preventative efforts;
  - Conserve or rehabilitate biodiversity and natural habitats, and promote the efficient and equitable use of natural resources and ecosystem services;
  - Promote worker and community health and safety;
  - Ensure that there is no prejudice or discrimination toward project-affected individuals or communities and give particular consideration to vulnerable groups, including highly vulnerable

<sup>4</sup>For example, *Toward a Green, Clean and Resilient World for All: An African Development Bank Group Environment Strategy 2012-2022*.<sup>5</sup> Especially Article III, Section 5 (b) and IV, Section 10.

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minority groups, especially where adverse impacts may arise or development benefits are to be shared;

- Address project-level impacts on climate change and consider the impacts of climate change on the selection, siting, planning, design and implementation and decommissioning of operations; and
- Enhance stakeholder engagement through meaningful consultation, participation and accountability.

11. The Bank Group's vision and actions go beyond a 'do no harm'<sup>6</sup> approach and towards enhancing development gains. Where the Borrower's environmental and social assessment has identified potential development opportunities associated with a project or activities, the Bank will discuss with the Borrower the feasibility of including these opportunities in the operation. Where appropriate, such opportunities may be utilized to promote further development.
12. The Bank is also committed to working with Borrowers to identify strategic initiatives and goals to address national development priorities, where appropriate, as part of country engagement. In supporting such development priorities, the Bank Group will seek cooperative relationships with Borrowers, donors and other international organizations. The Bank continues to place value on maintaining dialogue on environmental and social issues with donor governments, international organizations, countries of operation and civil society. The updated ISS provides a strong basis for this, along with the Bank's policies on disclosure, consultation and engagement with civil society.
13. The Bank recognizes the importance of extractive industries in African economies and its evident linkages to environmental and social sustainability. The Bank has also mainstreamed the Extractive Industries Transparency Initiative (EITI) in its own sector operations since 2006 and has supported RMCs' participation in the EITI process to ensure sound extractive industry practices and sustainable development. The Bank Group will continue to catalyse multiple stakeholder engagement in the EITI process, using the Bank-hosted Africa Legal Support Facility to provide legal assistance to RMCs to negotiate complex extractive resource contracts.

<sup>6</sup>'Do no harm' refers to a strong focus on minimizing adverse impacts arising from projects rather than also considering ways and opportunities to bring about benefits.

## B. The African Development Bank Group's Environmental and Social Policy

### I. Objectives and Principles

1. Mindful of the Bank's long-term strategic approach to inclusive and green growth, the Bank Group<sup>7</sup> is committed through its operations<sup>8</sup> to supporting Borrowers<sup>9</sup> in the development and implementation of projects, other activities and initiatives that are environmentally and socially sustainable. In addition, the Bank is committed to enhancing the capacity of country and Borrower's environmental and social frameworks to assess and manage the environmental and social risks<sup>10</sup> and impacts<sup>11</sup> of their projects<sup>12</sup>. To this end, the Bank has defined the E&S Operational Safeguards (OSs), which are designed to maximise positive impacts and to avoid, minimize, reduce, mitigate or ~~remedy~~ the adverse environmental and social risks and impacts of projects, including those related to climate change. The Bank will assist Borrowers in their application of the OSs to projects, in accordance with this Environmental and Social Policy (Policy).

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2. To implement this Policy, the Bank will:

- (a) Mainstream environmental, social and climate change considerations into Country Strategy Papers (CSPs) and Regional Integration Strategy Papers (RISPs);
- (b) Screen all projects against the environmental and social exclusion list<sup>13</sup>;
- (c) Undertake its own due diligence of proposed projects, proportionate to their nature and the potential significance of the environmental and social risks and impacts associated with them;
- (d) As and where required, support the Borrower to carry out early and continuing engagement and meaningful consultation with stakeholders,<sup>14</sup> in particular affected communities, and in providing project-based grievance mechanisms;
- (e) Assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental, social and climate-related<sup>15</sup> risks and impacts of the project;
- ~~(f) Assist the Borrower in planning for how to finance remedy for potential environmental and social risks associated with the project, based on the conclusions of the aforementioned risk assessments;~~
- ~~(g) Agree with the Borrower on the conditions under which the Bank is prepared to provide support to a project as set out in all applicable Environmental and Social documents, provisions and the Financing agreement; and~~
- ~~(h) Monitor the environmental and social performance of a project in accordance with all applicable Environmental and Social documents, provisions and the Financing agreement.~~

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3. The environmental and social risks and impacts that the Bank will take into account in its due diligence shall be those associated with the projects including the following:

<sup>7</sup> 'Bank Group' means the constituent member entities of the AfDB that include the Bank and Fund. Herein, the term 'bank' is used to refer to the bank or other entities within the AfDB group. However, both 'bank' and 'fund' may be used separately where a distinction between the two needs to be made. <sup>8</sup> 'Operations' is used to refer to projects, programmes and other operations financed by the Bank Group (Bank's Operations Manual). An AfDB 'operation' is the financial and/or non-financial assistance provided by the Bank in support of a Borrower towards the realization of their projects, programs or other activities or initiatives. <sup>9</sup> In this Policy, unless the context requires otherwise, the term 'Borrower' means a borrower, (sovereign and non-sovereign), private sector client, or grant-recipient of Bank support (financing or other forms of assistance).

<sup>10</sup> Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. <sup>11</sup> Environmental and social impacts refer (i) to any quantitative and / or qualitative, positive or negative, direct or indirect modification of the physical, natural, socio economic and cultural features of the project's receiving environment; and (ii) the impacts on the health and well-being on community and workers, in the project influence area and as result of the implementation of the activities of the project to be supported.



<sup>12</sup> Project means Borrower's activities and initiatives supported through all Bank financial and non-financial assistance.

<sup>13</sup> The Policy on Expenditure eligible for Bank Group Financing includes a list of items. These together with additional ones are listed in OS1 Annex 4. <sup>14</sup> Further requirements for Borrowers on stakeholder engagement are set out in OS10.

<sup>15</sup> Climate risks, mitigation and adaptation objectives are dealt with comprehensively within the Bank Group strategy on Climate change.

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- (a) **Environmental risks and impacts**, including: (i) those identified in the E&S Operational Safeguards, cross-cutting policies and strategies and Environmental, Health, and Safety Guidelines (EHSGs) such as noise, vibration, soil integrity, hydrogeology, visual and landscape impacts;<sup>16</sup> (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change<sup>17</sup> and other trans-boundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services and the use of living natural resources, such as fisheries and forests; and
- (b) **Social risks and impacts**, including: (i) impacts on peoples way of life, their culture and communities (including from a legacy perspective); (ii) threats to human security through the escalation of personal, communal or inter-state conflict, crime or violence; (iii) risks that project impacts fall disproportionately on individuals or groups who, because of their particular circumstances, may be vulnerable;<sup>18</sup> (iv) any prejudice or discrimination toward individuals or groups in providing access to development resources and (project) benefits, particularly in the case of those who may be vulnerable; (v) negative economic and social impacts relating to the involuntary land acquisition or restrictions on land access and use; (vi) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vii) impacts on the health, safety and well-being of workers and project-affected communities, including threats and retaliation against those who voice concerns about, or opposition to, projects; and (viii) risks to cultural heritage.

### 4. Projects supported by the Bank shall meet the requirements of all the following E&S Operational Safeguards, as applicable:

- OS 1: Assessment and Management of Environmental and Social Risks and Impacts. •
- OS 2: Labour and Working Conditions.
- OS 3: Resources Efficiency and Pollution Prevention and Management.
- OS 4: Community Health, Safety and Security.
- OS 5: Land Acquisition, Restrictions on Access to Land and Land Use, and Involuntary Resettlement.
- OS 6: Habitat and Biodiversity Conservation and Sustainable Management of Living Natural Resources.
- OS 7: Vulnerable Groups.
- OS 8: Cultural Heritage.
- OS 9: Financial Intermediaries.
- OS 10: Stakeholder Engagement and Information Disclosure.

5. The E&S Operational Safeguards are designed to help Borrowers to manage the risks and impacts of their projects, and improve their environmental and social performance, through a risk and outcomes based approach. The desired outcomes are described in the objectives of each OS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the nature and scale of the project and proportionate to the level of environmental and social risks and impacts.

<sup>16</sup> The Bank prepares guidance and technical notes on environmental, health, safety, social, security, gender and climate issues. The Bank may also refer to guidance and guidelines prepared by other multilateral financial institutions such as the World Bank Group Environmental, Health, and Safety Guidelines (EHSGs). These Bank and other documents provide general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the Bank's website and the following link: [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines).

<sup>17</sup> The Bank Group requires an assessment of vulnerability to climate change as part of its project appraisal process for public and private sector operations; any mitigating measures that result from that assessment are included in the operation with measures that result from the larger environmental and social assessment itself. <sup>18</sup> **Vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

Depending on the specific context of the project, vulnerable groups may include, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, groups who are marginalized on the basis of ethnicity, religion, language as well as sexual orientation and gender identity, and highly vulnerable rural minorities including groups referred to as indigenous peoples in some contexts.

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### II. Scope of Application

6. This Corporate Policy and the OSs apply to all Bank Group’s funded operations regardless of the type and source of financing<sup>19</sup>. The Bank will only support operations that are consistent with, and within the boundaries of the Bank’s Articles of Agreement and are expected to meet the requirements of the OSs in a manner and within a timeframe acceptable to the Bank. If the Bank finds that the environmental or social impacts of any operations proposed for its financing are not likely to be addressed adequately, the Bank may choose not to proceed with them.
7. For the purpose of this Policy, the term “project” refers to Borrower’s activities and initiatives supported through all Bank financial and non-financial assistance, as defined in the relevant Financing agreement(s) between the Borrower and the Bank. Projects may include new facilities or activities and/or existing facilities or activities, or a combination of the same. Projects may include subprojects.
8. Where the Bank is jointly financing a project with other multilateral or bilateral funding agencies, it will cooperate with such agencies and the Borrower in order to agree on a common approach for the assessment, management, and remediation of environmental and social risks and impacts of the project. A common approach will be acceptable to the Bank, provided that such approach will enable the project to achieve objectives materially consistent with those of the OSs<sup>20</sup>. The Bank will require the Borrower to apply the common approach to the project. The Bank will also coordinate with such agencies so that the Bank and the Borrower may be able to disclose one set of operation-related materials for stakeholder engagement.
9. This Policy also requires the application of the OSs to Associated Facilities to the extent that the Borrower has control or influence over such Associated Facilities<sup>21</sup>.
10. For the purpose of this Policy, the term “Associated Facilities” means facilities or activities that are not funded by the Bank but which in the judgement of the Bank are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.
11. Where:
  - (a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;
  - (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Bank may agree to apply the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the Associated Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the those of the ISS.

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### III. Bank Commitments, Requirements and Responsibilities

#### III.1 Bank’s general Commitments and Responsibilities

12. The Bank will conduct environmental and social due diligence of all operations proposed for support. The purpose of the environmental and social due diligence is to assist the Bank in deciding whether to

<sup>19</sup> This includes technical assistance supported by the Bank whether provided through a stand-alone operation or as part of an operation/project. The requirements set out in paragraphs 11 to 15 of OSI will be applied to technical assistance activities as relevant and appropriate to the nature of the risks and impacts. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent with the OSs. Activities implemented by the Borrower following the completion of the technical assistance that are not financed by the Bank, or activities that are not directly related to the technical assistance, are not subject to this Policy.

<sup>20</sup> In determining whether the common approach, or the requirements referred to in this Policy and the OSs are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed under the common approach will be included in the ESMP.

<sup>21</sup> The Bank will require the Borrower to demonstrate the extent to which it cannot exercise control or influence over the Associated Facilities by providing details of the relevant

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provide support for the proposed operation and, if so, the way in which environmental and social risks and impacts will be addressed in the assessment, development and implementation of the operations.

13. The Bank's environmental and social due diligence will be appropriate to the nature and scale of the operation, and proportionate to the level of environmental and social risks and impacts, with due regard to the mitigation hierarchy<sup>22</sup>. The due diligence will assess whether the operation is capable of being developed and implemented in accordance with the OSs.
14. The Bank will require Borrowers to conduct environmental and social assessment of projects proposed for Bank support in accordance with OS1.
15. The Bank's due diligence responsibilities will include, as appropriate: (a) reviewing the information provided by the Borrower relating to the direct, indirect, cumulative, and residual risks and impacts of the project, including any associated facilities environmental and social risks and impacts of the operations<sup>23</sup> and requesting additional and relevant information where there are gaps that prevent the Bank from completing its due diligence; and (b) providing guidance to assist the Borrower in developing appropriate measures consistent with the mitigation hierarchy to address environmental and social risks and impacts in accordance with the OSs. The Borrower is responsible for ensuring that all relevant information is provided to the Bank so that the Bank can fulfill its responsibility to undertake environmental and social due diligence in accordance with this Policy.
16. Where the Bank is approached to provide support for (i) a project that is under implementation ; (ii) where the project has already received national permits, including the approval of environmental and social impact assessments or (iii) where existing enterprises, activities and initiatives are to be supported, the Bank's due diligence will include a gap analysis against the OSs to identify whether any additional studies, mitigation and remedial measures or requirements are necessary to meet Bank requirements.
17. Depending on the potential significance of environmental and social risks and impacts, the Bank will determine whether the Borrower will be required to retain independent third-party specialists to assist them in the environmental and social due diligence on the project.
18. The Bank recognizes that the total cost of the project includes the full cost of all resettlement activities, factoring in the loss of livelihood and earning potential among the affected population. The Bank will support borrower's efforts on projects involving involuntary resettlement including direct financing of the investment costs of resettlement, either as a component of the project or as a standalone project. In exceptional circumstances, the Bank may also provide assistance to the executing agencies in formulating and implementing resettlement policies, strategies and specific plans.
19. For large-scale or complex Resettlement Action Plans, the Bank may require the Borrower to retain an independent third-party resettlement specialist to support the Borrower in implementing the resettlement action plan.
20. Where groups are identified as vulnerable, the Bank will require the Borrower to implement appropriate differentiated measures so that adverse impacts do not fall disproportionately on these vulnerable groups, and so that they are not disadvantaged in sharing development benefits and opportunities such as roads, schools, and health care facilities. The heightened risks to vulnerable groups will be taken into account when setting aside funds and resources for remedy.
21. The Bank will require the Borrower to prepare and implement projects so that they meet the requirements of the OSs in a manner and a timeframe acceptable to the Bank. In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the environmental and social risks and impacts, the timing for development and implementation of the project, the capacity of the Borrower and other entities involved in developing and implementing the specific measures, and actions to be taken by the Borrower to address such risks and impacts.

**Commented [AC2]:** Note the suggested reframing of the mitigation hierarchy in OS1, para. 23

**Commented [AC3]:** Under the revised mitigation hierarchy, these measures would include determining an appropriate method for setting aside adequate funds to remedy potential environmental and social impacts in accordance with the nature, scale, and level of risk associated with the project.

<sup>22</sup> The mitigation hierarchy is defined in OS1, paragraph 23.

<sup>23</sup> For example, pre-feasibility studies, scoping studies, national environmental and social assessments, licenses and permits.

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22. Where the Bank has agreed that the Borrower may plan or take specific measures or actions to avoid, minimize, reduce, mitigate or remedy specific risks and impacts of the project over a specified timeframe, the Bank will require that the Borrower commits to not carrying out any activities or taking any actions that may cause material adverse environmental or social risks or impacts until the relevant plans, measures or actions to address them, including the setting aside of adequate funds and resources to remedy potential impacts, have been completed as agreed with the Bank.
23. If the project comprises or includes existing facilities or existing activities that do not meet the requirements of the OSs at the time of approval by the Bank, the Bank will require the Borrower to adopt and implement measures satisfactory to the Bank so that the material aspects of such facilities or activities meet the requirements of the OSs within a timeframe acceptable to the Bank. In determining satisfactory measures and an acceptable timeframe, the Bank will take into account the nature and scope of the project and the technical and financial feasibility of the proposed measures.
24. Where relevant, the Bank will require the Borrower to apply the Bank's *ISS Guidance Notes*<sup>24</sup>. When host country requirements differ from the levels and measures presented in the EHSGs, the Bank will require the Borrower to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the EHSGs are appropriate in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the Bank will require the Borrower to provide full and detailed justification for any proposed alternatives through the environmental and social assessment. This justification must demonstrate, to the satisfaction of the Bank that the choice of any alternative performance level is consistent with the objectives of the OSs and the applicable EHSGs, and that the Borrower understands that implementing a lower performance level may require them to increase the funding and resources set aside to remedy potential environmental or social harm.
25. The Bank supports the use of the Borrower's environmental and social framework (E&S Framework) in the assessment, development and implementation of projects supported by the Bank, provided this is likely to address the risks and impacts of the project, and enable the project to achieve objectives materially consistent with those of the OSs<sup>25</sup>. The use of all, or part, of the Borrower's E&S Framework will be agreed between the Bank and the Borrower, following completion of the Bank's assessment.
26. Where the Bank becomes aware of a change in the Borrower's E&S Framework that may materially adversely affect the project, the Bank will discuss the change with the Borrower. If, in the opinion of the Bank, such change is inconsistent with this section and the Financing agreement between both parties, the Bank will have the right to require the necessary remedial revisions to meet the requirements of the OSs and take such other measures as the Bank deems appropriate, including applying the Bank's remedies.
27. The Bank is committed to ensuring, at any time during the operations life cycle, protection of all stakeholders against reprisals, SEAH, GBV or discrimination on the ground of sexual orientation and gender identity. Specific Directives to Bank staff will be issued on application of these commitments.
28. Project documents can be submitted to the Board only after such project documents are accompanied by the Environmental and Social Compliance Note (ESCON) cleared by the Bank's E&S Safeguards and Compliance function.

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Commented [AC4]: AfDB should also develop protocols for how to address reprisals, SEAH, GBV, and discrimination when they happen. The Bank should commit to using its leverage over the client/host country to (1) put a stop to these abuses and (2) ensure that the affected stakeholders get effective remedy. These types of harm are particular examples where measures such as restitution, satisfaction, rehabilitation, and guarantees of non-repetition may need to be combined with compensation to fully remediate the harm.

### III.2. Bank's Environmental and Social Due Diligence

#### III.2.1. Environmental and social risk classification

29. The Bank Group will classify all operations (including those involving Financial Intermediaries (FIs) and non-sovereign entities) into one of three E&S classifications<sup>26</sup>: *High Risk (Category 1)*, *Moderate Risk (Category 2)* or *Low Risk (Category 3)*. In determining the appropriate project's E&S risk

<sup>24</sup> E&S Guidance Notes (ISS Guidance Notes) includes specific methodological approaches, Good International Industry Practice (GIIP) and standards relevant to meeting the requirements of the E&S Operational Safeguards. Bank Guidance Notes are supplemented where necessary by the World Bank Group Environmental, Health and Safety Guidelines (EHSG) that were adopted by the MFI Working Group on Environment and contain the performance levels and measures that are normally acceptable and applicable to projects.

<sup>25</sup> The decision to use all, or parts, of the Borrower's ES Framework will not relieve the Bank of any of its due diligence obligations set out in Section III of this Policy. <sup>26</sup> See definitions of each category in the Glossary.

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classification, the Bank will take into account relevant issues, such as the project's E&S categorization as per country's legislation, the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts; and the capacity and commitment of the Borrower (including any other entity responsible for the implementation of the project) to manage the environmental and social risks and impacts in a manner consistent with the OSs. Other areas of risk may also be relevant to the delivery of environmental and social mitigation measures and outcomes, depending on the specific project and the context in which it is being developed. These could include legal and institutional considerations; the nature of the mitigation and technology being proposed; governance structures and legislation; and considerations relating to stability, conflict or security. The Bank will then prepare a categorization memorandum to reflect the project risk classification, and the types and number of the E&S documents that the borrower will prepare and disclose prior to appraisal.

30. The Bank will review the risk classification assigned to operations on a regular basis, including during implementation<sup>27</sup>, and will change the classification where necessary, to ensure that it continues to be appropriate. Any change to the classification will be disclosed on the Bank's website.

### III.2.2. Special Project Types

#### Single Project Undertakings<sup>28</sup>

31. Where Bank support is sought for a Borrower's undertaking that involves a single project or defined use of proceeds (including restructuring, refinancing or retroactive financing), the Borrower will carry out environmental and social studies on the undertaking in accordance with OS1.
32. If the project involves new activities (such as construction of a dam or processing facility) the studies will assess the existing baseline conditions and potential risks and impacts as described in OS1. The assessment will address all the requirements of the OSs 1-10 as relevant.
33. If Bank support is sought for a project which involves existing facilities or business activities and/or associated facilities, the assessment will consider the environmental and social risks and impacts associated with such facilities and activities. This may take the form of an environmental and social audit, which amongst other things, will identify and consider legacy issues.
34. In reviewing request for support for *retroactive finance, refinancing or restructuring* the Bank will need to review the following information provided by the Borrower: (i) its Environmental and Social Management System and/or its Environmental and Social Management Plan and associated capacity; (ii) the environmental and social risks, impacts and liabilities associated with the project and new elements associated with restructuring; (iii) its regulatory compliance status; (iv) the progress made in addressing the requirements of project approval and permitting agencies or other financiers; and (v) a gap analysis of the project's environmental and social performance against OSs 1-10.

#### Undertakings involving Multiple Projects, Sub-projects or Programmatic Undertakings

35. For undertakings that involve initiatives directed at achieving specific well-defined objectives, based on the execution of a set of activities, the Bank will require the Borrower to:
  - Develop and implement an *Environmental and Social Management System* (ESMS) that, in form and substance is satisfactory to the Bank.

**Commented [AC5]:** These should be understood to include limits on civic participation and "legalized" reprisals against stakeholders who voice concern or opposition to projects (for example, laws criminalizing human rights defenders, journalists, environmental lawyers, etc.)

<sup>27</sup> Adaptive management of E&S risk along the project cycle

<sup>28</sup> The Bank may finance specific activities (Undertakings) by eligible private or public sector enterprises with senior or subordinated debt, lines of credit, agency lines, partial credit guarantees, partial risk guarantees, special purpose vehicles, capital market products, trade finance instruments, equity participation and quasi-equity (such as subordinated, mezzanine and convertible debt) instruments, etc.

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- Ensure that all activities, sub-projects and other initiatives of the undertaking co-financed by the Bank comply with the Environmental & Social Exclusion List as complementary to the Bank Group's *Negative List*.
- As part of the ESMS, conduct *Environmental and Social Due Diligence* (ESDD) on projects, sub-projects and other activities that the Borrower considers supporting or investing in.
- Require for sub-projects, investee companies and other activities co-financed by the Bank, *compliance with local and national requirements and with the relevant requirements of Operational Safeguards 1-10* as determined during environmental and social due diligence or specified by the Bank.
- *Monitor and manage environmental and social risks and impacts, and remedy adverse impacts* associated with the loans, investments and other activities supported by the Borrower.
- *Report to the Bank promptly*<sup>29</sup> any *Materially Significant Adverse Events* that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments or other activities supported by the Bank Group.

### Public Projects Involving Multiple Subprojects

36. For Bank operations involving multiple subprojects<sup>30</sup>, that are identified, prepared and implemented during the course of the operation, the Bank will approve the project subject to the commitment<sup>31</sup> of the Borrower, which will be disclosed within the timeframe required in this ISS and reflected in the Financing agreement, to carry out the required due diligence and take appropriate steps for each subproject for the E&S risk mitigation, *designation of remedy funds*, and stakeholder engagement before the commencement of the physical works. The Bank will require the Borrower to carry out appropriate environmental and social assessment of *High Risk and Moderate Risk* subprojects and prepare and implement such subprojects in accordance with the national laws and the OSs.
37. If the environmental and social risk rating of a subproject increases to a higher risk rating, the Bank will require the Borrower to apply relevant requirements of the OSs<sup>32</sup> in a manner agreed with the Bank. The measures and actions agreed will be included in the appropriate action or management plan, and will be monitored by the Bank.

### Intermediated Financing (IF)

38. Where the Bank is providing support to an FI<sup>33</sup>, the Bank will require the FI to put in place and maintain an Environmental and Social Management System (ESMS) to identify, assess, manage, *monitor, and remedy* the environmental and social risks and impacts of FI subprojects on an ongoing basis. The ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. The Bank will review the adequacy of the ESMS.
39. The FI is required to have in place an adequately resourced ESMS, reviewed and cleared by the Bank, prior to conducting activities supported by Bank finance.

<sup>29</sup> Specified in the Financing agreements between the Bank and the Borrower but no more than three calendar days.

<sup>30</sup> Paragraphs 36 to 37 apply to a Bank-supported public operation or project with multiple subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar activities whose locations will not be known by the Bank's Board approval date.

<sup>31</sup> The commitment refers to the ESMP as defined in section III.2.3 and will include at minimum the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.

<sup>32</sup> The 'relevant requirements of the OSs' will relate to the reasons for which the risk rating has increased.

<sup>33</sup> Such support may be provided directly by the Bank to the FI, or from the Borrower to the FI. Financial intermediation also includes provision of financing or guarantees by FIs to other FIs.

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40. If the risk profile of a FI subproject increases significantly, the Bank will require the FI to (a) notify the Bank; (b) apply relevant requirements of the OSs<sup>34</sup> in a manner agreed with the Bank as set out in the ESMS; and (c) monitor the measures and actions agreed, and report to the Bank as appropriate.
41. The Bank will review a sample of ESIs produced for subprojects categorized as high-risk early in the project's life and thereafter, as and when required by the Bank.

#### III.2.3. Environmental and Social Management Plan (ESMP)

52. The Bank will agree an ESMP<sup>39</sup> with the Borrower. The ESMP will set out the material measures and actions required for the project to meet the OSs over a specified timeframe, and will include the setting aside of funds and resources to remedy potential environmental and social impacts commensurate to the nature, scope, and level of risk associated with the project. The ESMP will be binding and referred to in the Financing agreement. The ESMP cost is an integral part of the total cost of the project<sup>40</sup>.
53. The Bank will require the Borrower to implement the measures and actions identified in the ESMP diligently, in accordance with the timeframes specified in the ESMP, and to review the status of implementation of the ESMP as part of its monitoring and reporting.
54. Where circumstances arise during the implementation of operations, such as changes in project scope or unforeseen circumstances, that have a material effect on E&S risks and impacts and their management,

<sup>39</sup> The ESMP refers to all the E&S measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower. <sup>40</sup> The availability of the resettlement and compensation cost, part of the environmental and social management plan's (ESMP) costs included in the overall project cost, is evidenced either as: (i) included in the Bank financing (loan, grant, etc.); or (ii) a co-financing from another donor; or (iii) a counterpart funding, which is the less preferable option to consider, due to lessons learnt based on borrowers systematic failures to mobilize liquidity in time, thereby resulting in project delays and cost overrun. In the event of this latter option (counterpart funding) to finance the resettlement cost, the availability of the total resettlement cost amount in a dedicated project account is set as condition for effectiveness or first disbursement in the Financing agreement. Any operation inducing resettlement of people and that do not clarify the at least one of the abovementioned three financial liquidity option, is not ready for implementation.

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the Bank will require the Borrower to develop and implement an adaptive management plan and/or process. This will become an integral part of the ESMP and the Financing agreement.

#### III.2.4. Information Disclosure

55. The Bank will apply the African Development Bank 'Policy on Disclosure and Access to Information' with regard to all documents provided to it by the Borrower, subject to the confidentiality concerns described therein.
56. For all projects, the Bank will require the Borrower to provide sufficient information about the potential risks and impacts of a project or programme for the Borrower's consultations with its stakeholders. Such information will be disclosed in a timely manner, in an accessible place, and in a form and language understandable to project-affected parties and other interested parties as set out in OS10, so they can provide meaningful input into project design and mitigation measures, including potential remedy for unintended adverse impacts.
57. For all projects, upon review and clearance<sup>41</sup> of the E&S documentation, the Bank will require the Borrower to disclose said E&S documentation prior to appraisal and then authorize the Bank to do so within the same timeframe, regardless of the E&S category. The documentation will address, in an adequate manner, the key risks and impacts of the proposed project and project alternatives, the E&S management cost including funds reserved for remedy as an integral part of the project cost, and will provide sufficient detail to inform stakeholder engagement and Bank decision-making. For *High-Risk* projects, the Bank will disclose E&S assessment documentation prior to project appraisal, and at least one hundred and twenty (120) days before Board consideration.
58. When an assessment of the Borrower's E&S Framework has been completed, the Bank will disclose a summary of the assessment on its website.
59. The Bank will ensure that project E&S implementation reports are made available to the public in



accordance with the Bank's Disclosure and Access to Information Policy.

60. The Bank will maintain an Integrated Safeguards Tracking System (ISTS) as a mechanism through which environmental and social documentation of all operations is made accessible to the public at relevant stages of the project cycle. The basic purpose of the ISTS, is to facilitate the verification of project compliance with the requirements set out in the OSs, over the course of the project cycle. More specifically, the ISTS has a number of key functions:

- (a) *Repository function.* The ISTS acts as a repository for key environmental and social assessment information generated over the lifetime of the project. At each stage of the project cycle, fundamental environmental and social information relevant to that stage is inserted into the ISTS so that, over the project lifetime, the required information is compiled into one document, to be used to facilitate periodic compliance checks.
- (b) *Tracking function.* The ISTS is linked to the Bank's project management system and is thus used to directly monitor project compliance and performance. It is used to ensure that a project can advance from the project preparation phase to the project appraisal phase only if the OS requirements have been adequately fulfilled—a step that is verified by the Bank's E&S Safeguards and Compliance function. The ISTS is also used to ensure that project documentation can be submitted to the Board only after the relevant OS requirements have been adequately fulfilled. The appraisal reports, in that documentation, are accompanied by the Environmental and Social Compliance Note (ESCON) issued by the Bank's E&S Safeguards and Compliance function.

<sup>41</sup> Clearance in this context confirms that the Bank has exercised its due diligence in following the Bank's requirements in supporting the borrower and in obtaining and analyzing available information to determine that the project is materially consistent with the requirements of the Bank's ISS. Therefore, in agreeing to finance the project, the Bank may be found to have "contributed to" or to have had a "direct linkage" to the risks and impacts that ensue during the project's phases. Similarly, the Bank's clearance of E&S documentation confirms its oversight of risk management measures to be implemented by the Borrower. Where risk management measures fail to be properly implemented, the Bank may be found to have "contributed to" or have a "direct linkage" to any ensuing impacts.

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- (c) *Access to information function.* The ISTS provides a mechanism through which the public can access environmental and social assessment information. It contains links to the environmental and social documents over the project cycle, including all the reports reviewed and cleared during the implementation of the project. Environmental and social assessment documents are made public at relevant stages of the project cycle through the ISTS, which is disclosed on the AfDB websites.

### III.3. Consultation and Participation

61. The Bank recognizes the importance of early and continuing engagement and meaningful consultation with stakeholders. The Bank will require the Borrower to engage with stakeholders, including communities, vulnerable groups, or individuals affected by proposed projects, and with other interested parties, through information disclosure, safe consultation free of reprisal, and informed participation in a manner proportionate to the risks and impacts on affected communities. The Borrower will provide documentary evidence to the Bank on how these requirements have been met. The Bank will have the right to participate in consultation activities to understand the concerns of affected people, and how such concerns will be addressed by the Borrower as part of project design and in mitigation measures in accordance with OS10. The Bank will monitor, as part of its due diligence, the implementation of consultation and stakeholder engagement by the Borrower.
62. In order to determine the applicability of OS7, the Bank will require the Borrower to undertake a screening for vulnerable groups in accordance with OS7. Where 'Highly vulnerable rural minorities',<sup>42</sup> (HVRM) may be present, the criteria in paragraphs 18 and 19 of OS7 will be used, to determine whether the groups or peoples in question are present in, or have collective attachment to, the proposed project area(s). In conducting its due diligence, the Bank may seek the technical advice of specialists with expertise on the social and cultural groups in the project area. The Bank will also consult the people concerned, and the Borrower. The Bank may follow the Borrower host country's national processes during its screening for identification<sup>43</sup> of 'Highly vulnerable rural minorities', where these processes meet the requirements of OS7. Where 'Highly vulnerable rural minorities' are present in, or have a collective attachment to, the proposed project area, the Bank will require the Borrower/ to undertake a

**Deleted:** The Bank's clearance of E&S documentation does not confer legal and implementation responsibility on the Bank for the risks, impacts and management measures that may ensue during any phase of the project, that are the responsibilities of the Borrower. Rather, c

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process of meaningful consultation tailored to 'Highly vulnerable rural minorities' in accordance with OS7<sup>44</sup>. The outcome of the meaningful consultation will be documented. The Bank will undertake the necessary due diligence, ascertain the outcome of the meaningful consultation and this will contribute to the Bank's decision making as to whether to proceed with the proposed project or not.

63. The Bank recognizes that 'Highly vulnerable rural minorities' (some of which are referred to as 'Indigenous peoples' by their national legislation) may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources. In recognition of this vulnerability, the Bank will require the Borrower to obtain the Free, Prior and Informed Consent<sup>45</sup> (FPIC) of the affected HVRM when such circumstances described in OS7 are present<sup>46</sup>. There is no universally accepted definition of FPIC. It does not require unanimity and may be achieved even when individuals or groups within or among affected HVRM explicitly disagree. For the purposes of OS7, consent refers to the collective support of affected HVRM communities for the project activities that affect them, reached through a culturally appropriate consultation process. It may exist even if some individuals or groups object to such project activities. When the Bank is unable to ascertain that such consent is obtained from the affected HVRM, the Bank will not proceed further with the aspects of the project or activities and initiatives that are relevant to those highly vulnerable rural minorities for which FPIC cannot be ascertained. In such cases, the Bank will require the Borrower to reserve adequate funds and resources to ensure that remedy is available for any adverse impacts to highly vulnerable rural minorities caused by the project or activities and initiatives despite preventative efforts.

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<sup>42</sup> 'Highly vulnerable rural minorities' refers to specific socio-cultural minority groups, in rural areas, whose culture and life are vitally and sustainably dependent on natural resources and/or landscapes of their living environments, and whose cultures and quality of life are under threat whenever the features of these resources or landscapes are substantially deteriorated. This includes minorities qualified as Indigenous people under national legislation, forest dwellers, traditional pastoralists, hunter gatherers, nomadic groups, etc.

<sup>43</sup> In accordance with paragraphs 18 and 19 of OS7.

<sup>44</sup> See OS7, paragraph 32.

<sup>45</sup> *Free*: of intimidation or coercion; *Prior*: timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; *Informed*: advance provision of relevant, understandable, and accessible information, in the appropriate language; *Consent* does not mean "veto" or "unanimity" on the project before the Board consideration.

<sup>46</sup> Further details are set out in OS7, Section C.

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### III.4. Monitoring and Implementation Support

64. The Bank will provide implementation support regarding the environmental and social performance of the project, which will include reviewing the Borrower's monitoring reports on compliance of the project with the requirements of the Financing agreement, and carrying out implementation support visits. The Bank will monitor the environmental and social performance of the operations in accordance with the requirements of the Financing agreement, including the ESMS and/or the ESMP and design changes or unforeseen circumstances. The extent and mode of Bank monitoring with respect to environmental and social performance will be proportionate to the potential environmental and social risks and impacts, and will include the monitoring of any remedial measures being implemented to address adverse impacts. The Bank monitors implementation through (i) monthly and quarterly E&S implementation reports, prepared by borrowers, (ii) annual environmental and social audits prepared by an independent consultant of the borrower, (iii) and also during its own implementation support visits. The Bank will carry out implementation support visits on a risk driven basis but at least twice a year for high and moderate risk operations.
65. For projects presenting high environmental and social risks, the Bank will require the Borrower to appoint an independent third-party monitoring team to the project if there is a serious risk of non compliance with Bank environmental and social requirements, where conflicts may arise or in other cases that the Bank deems appropriate.
66. For large-scale or complex Resettlement Action Plans, the Bank will require the Borrower to retain an independent third-party resettlement specialist to monitor and evaluate the implementation of the resettlement action plan, with an obligation to report back to both parties.
67. Projects that include large-scale resettlement will be subjected to monthly reporting and in-depth annual reviews in a manner consistent with overall operation implementation support activities. The monitoring and implementation support will also consider the effectiveness and performance of the project grievance mechanism and progress in achieving compliance with project resettlement plans.

68. Compliance with the main E&S measures and actions set out in the Financing agreement may (i) constitute conditions precedent to either effectiveness or disbursement, if they need to be fulfilled before or during the implementation period, and (ii) give rise to default or other remedies, if they have not been implemented and/or complied within the timeframe(s) agreed upon. To the extent that the Bank's evaluation at the time of project completion determines that such measures and actions have not been fully implemented, the Bank will make this a condition to continuing its support to the Borrower in the same sector or apply any other remedies that the Bank deems appropriate, until case is resolved. In particular, if the non-compliance with the E&S measures has caused adverse environmental or social impacts to project-affected people, then the Bank's continued support to the Borrower will be conditioned on the Borrower's provision of effective remedy to the project-affected people.
69. Where appropriate and as set out in the ESMP, the Bank will require the Borrower to engage stakeholders and third parties, such as independent experts, local communities, civil society organizations (CSOs) or nongovernmental organizations (NGOs), to complement or verify the monitoring information collected about the operation. Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the Bank will require the Borrower to collaborate with such agencies and third parties to establish and monitor such mitigation and remedial measures.
70. Where the Bank has identified and agreed with the Borrower and, as relevant, other agencies<sup>47</sup>, on corrective, remedial, or preventive measures and actions, all material measures and actions will be included in the ESMP. Such measures and actions will be addressed in accordance with the timeframe set out in the ESMP or, if they are not included in the ESMP, in a reasonable timeframe, in the opinion of the Bank. The Bank will have the right to apply the Bank's remedies if the Borrower fails to implement such measures and actions in the timeframes specified.

<sup>47</sup> Where the Bank has agreed on a common approach with other multilateral or bilateral funding agencies, the Bank will review any corrective or preventive measures and actions agreed with the Borrower in accordance with paragraph 8.

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### III.5. Grievance Mechanism and Accountability

71. The Bank will require the Borrower to provide a grievance mechanism, process, or procedure to receive and facilitate resolution of concerns and grievances of project-affected parties and other interested parties, arising in connection with the project, in particular about the Borrower environmental and social performance. The grievance mechanism will be proportionate to the risks and impacts of the project, but shall for all projects be designed in accordance with the principles of legitimacy, accessibility, transparency, predictability, equitability, and rights-compatibility, and shall serve as a source of learning and continuous improvement for the Borrower and the Bank.<sup>48</sup>
72. The Bank's grievance provisions comprise the following elements: (i) the Borrower's project-level Grievance Mechanisms that enable tracking and monitoring grievances and their resolutions at the project level; (ii) the Bank's Independent Recourse Mechanism that enables both the investigation of complaints on Bank's failure to comply with its own policies and procedures, and dispute resolution between the Borrower, the complainant(s), and other relevant parties. There is no hierarchy between the two mechanisms, but the complainants may engage with both the project-level grievance mechanism and the Independent Recourse Mechanism as appropriate. However, complaints unresolved by the project grievance mechanisms may be submitted at any time to the IRM, after concerns have been brought directly to the Bank's Management attention, and Management has been given an opportunity to respond. The requirement for complainants to bring concerns to a project-level grievance mechanism or Bank Management before accessing the IRM is waived in situations where such engagement would be futile or potentially harmful to the complainant(s).<sup>1</sup>
73. *Independent Recourse Mechanism.* The mandate of the Bank's Independent Recourse Mechanism (IRM) is to provide people who are, or are likely to be, adversely affected by a project financed by the Bank

<sup>1</sup> Operating Rules and Procedures of the African Development Bank's Independent Recourse Mechanism, para. 16(c).

Group as a result of violation of the Bank Group's policies and procedures with an avenue to request the Bank to comply with its own policies and procedures. The IRM provides people adversely affected by an Operation financed by the Bank with an independent mechanism through which they can seek redress and hold the Bank to account to ensure that it complies with its own policies and procedures related to sustainability. The requestors first seek to resolve their complaints with Bank Management or with the Borrower; but if in their opinion, Bank Management or the Borrower has not adequately handled their complaints, or such prior engagement would be futile or potentially harmful, they may submit their requests to IRM.

### III.6. Strengthening of borrower's Capacity for Environmental and Social Risk Management

74. To support increasing use of the Borrower's E&S Framework, the Bank may, at the request of the Borrower, and where the Bank deems this to be feasible, conduct an overview assessment of the Borrower's existing policy, legal and institutional framework for avoiding, mitigating, and remediating environmental and social risks and impacts, and related implementation capacity. The overview assessment will identify aspects of the existing framework that can be strengthened, and the capacity building needed to support this. The overview assessment will not be a prerequisite for the use of all, or part of, the Borrower's E&S Framework for a specific Bank operation. However, where the overview assessment has been completed, it will inform the Bank's assessment of the Borrower's E&S Framework.

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## IV. Institutional and Implementation Arrangements

75. The Bank will allocate responsibilities and appropriate resources to support an effective implementation of this Policy.
76. Projects receiving initial approval by Bank management prior to the entry into force of this Policy will be subject to the 2013 ISS, with the exception that the Bank will work with the Borrower to develop a plan to fund and implement remedy for any ongoing adverse impacts to project-affected communities, to ensure that Bank operations do not create legacy harms.
77. The Bank will develop and maintain directives, and appropriate guidance and information tools to assist in implementing this Policy.
78. Without prejudice to paragraph 76 above, this Policy abrogates the 2013 ISS Policy and supersedes the provisions of all prior instruments to the extent of any inconsistency.
79. This Policy will be reviewed on an ongoing basis, every five years as per the procedure for the review of Bank policies, and will be amended or updated as appropriate, subject to approval by the Board of Directors.

<sup>48</sup> The grievance mechanism or grievance redress mechanism may utilize existing formal or informal grievance redress mechanisms, provided they are properly designed and implemented, and deemed suitable for project purposes; these may be supplemented as needed with project-specific arrangements.

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### V. Waiver and deferral of the Bank E&S requirements

80. The Bank may waive its requirements or defer them, with no prejudice to the objectives of this policy, hereunder subject to approval by the Bank's Board of Directors:
- (i) where a Borrower is deemed by the Bank to: (a) be in urgent need of assistance because of a natural or man-made disaster, large-scale epidemic, pandemic or conflict; or (b) experience capacity constraints because of fragility or specific vulnerabilities; or
  - (ii) [on account of justifications, reasons and/or circumstances provided by the Borrower and to be evaluated on a case-by-case basis]. (To be further considered in the light of the results of public consultations)

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### E&S Operational Safeguard 1. Assessment and Management of Environmental and Social Risk and Impact

#### Introduction

1. The aim of this overarching Operational Safeguard (OS), along with the OSs that complement it, is to mainstream environmental and social considerations; including those related to climate change vulnerability and the provision of effective remedy for unintended adverse impacts; into Bank operations and thereby contribute to sustainable development in the continent.
2. Environmental and social assessment work carried out under this OS helps to determine the scope and extent to which other Operational Safeguards are addressed. It sets out the Borrower's responsibilities for assessing, managing, monitoring, and remediating environmental and social risks and impacts associated with each stage of an operation supported by the Bank Group. The Bank reviews and discloses all documentation related to an operation's environmental and social assessment in accordance with this OS, OS10 and the Bank's *Policy on Disclosure and Access to Information*, prior to presenting an operation to the Bank's Board of Directors.
3. The OSs are designed to help Borrowers manage the risks and impacts of their projects, activities or other undertakings, and improve their environmental and social performance, through a risk and outcomes-based approach. The desired outcomes for such are described in the objectives of each OS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the nature and scale of the project, activities or other undertakings and proportionate to the level of environmental and social risks and impacts.
4. This OS, together with OS10 (Stakeholder Engagement and Information Disclosure) provide the overall process framework for the environmental and social assessment and management of Bank financed operations at the level of the project, activities or other undertakings<sup>2</sup> supported through Bank financing.

#### Objectives

5. The objectives of OS1 are as follows:
  - Identify and assess the environmental and social risks and impacts—including those related to gender, climate change and vulnerability—of Bank lending, investment and grant-financed operations, in their areas of influence in a manner consistent with the OSs;
  - Provide opportunity for stakeholder engagement and consultation in the process of assessing and managing the environmental and social risks and impacts;
  - To adopt a mitigation hierarchy approach to:
    - Anticipate and avoid risks and impacts;
    - Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;
    - Once risks and impacts have been minimized or reduced, mitigate; and
    - Where significant residual impacts remain, remedy them. The appropriate remedial measures will be determined in consultation with the affected people. If severe risks and impacts are foreseeable, but provision of adequate remedy is beyond the technical and financial capabilities of the Bank and Borrower, then the Bank will not support the project.
  - To adopt differentiated measures to prevent, to the extent possible, adverse impacts from falling disproportionately on the disadvantaged or vulnerable, and to protect them from being disadvantaged in sharing development benefits and opportunities resulting from the project. To ensure that project risks are never externalized to disadvantaged or vulnerable groups, the Borrower will be required to provide effective remedy where disproportionate impacts to those groups occur despite preventative efforts.

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<sup>1</sup> Hereinafter referred to as 'Borrowers'.

<sup>2</sup> Bank operations may support projects, sets of activities or other undertakings under various financial instruments. Unless stated otherwise the term 'project' means any project, set of sub-projects or activities and other undertakings supported by the Bank Group through its operations.

<sup>3</sup> Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability. <sup>4</sup> Financial feasibility is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.

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- To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.
- Contribute to strengthening regional member country (RMC) systems for environmental and social risk management by assessing and building their capacity to meet Bank Group requirements set out in the Integrated Safeguards System (ISS).

### *Scope of Application*

6. This OS applies to all Bank Group's funded operations—including programme-based operations, programme lending that leads to individual subprojects, and lending to or investing in financial intermediaries—and project activities funded through other financial instruments managed by the Bank, except for short-term exceptional circumstances and emergency relief, which is specifically exempted<sup>5</sup>.
7. Where the Bank is jointly financing a project with other multilateral or bilateral agencies, the Borrower will cooperate with the Bank and such agencies in order to agree on a common approach to the assessment and management of environmental and social risks and impacts of the project. A common approach will be acceptable provided that such approach will enable the project to achieve objectives materially consistent with the OSs<sup>6</sup>. The Borrower will be required to apply the common approach to the project.
8. OS1 also applies to all Associated Facilities. Associated Facilities will meet the requirements of the OSs, to the extent that the Borrower has control or influence over such Associated Facilities.<sup>7</sup>
9. For the purposes of this OS, the term 'Associated Facilities' means facilities or activities that are not funded by the Bank but which in the judgement of the Bank are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.

Where:

- (a) A common approach has been agreed for the project, the common approach will apply to the Associated Facilities;
  - (b) Associated Facilities are being funded by other multilateral or bilateral funding agencies, the Borrower may agree with the Bank to apply the requirements of such agencies to the Associated Facilities provided that such requirements will enable the project to achieve objectives materially consistent with those of the OSs.
10. Where the Bank is financing a project involving a Financial Intermediary (FI), and other multilateral or bilateral funding agencies have already provided financing to the same FI, the Borrower may agree with the Bank to rely on the requirements of such other agencies for the assessment and management of environmental and social risks and impacts of the project, activities or other undertakings, including the institutional arrangements already established by the FI, provided that such requirements will enable to project, activities or other undertakings to achieve objectives materially consistent with those of the OSs.

<sup>5</sup> Categorization memorandum and ESCON will be prepared and, E&S measures proposed to be considered during implementation when relevant. However, preparation of E&S documents by the Borrower is not required under these short term short-term exceptional circumstances and emergency relief. <sup>6</sup>In determining whether the common approach or the requirements referred to are acceptable, the Bank will take into account the policies, standards and implementation procedures of the multilateral or bilateral funding agencies. The measures and actions that have been agreed will be included in the ESMP. <sup>7</sup>The Borrower will be required to demonstrate the extent to which it cannot exercise control or influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors.

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### Requirements

#### A. General

11. The Borrower will assess, manage and monitor the environmental and social risks and impacts of the project throughout the project life cycle so as to meet the requirements of the OSs in a manner and within a timeframe acceptable to the Bank<sup>8</sup>.
12. The Borrower will:
  - (a) Conduct an environmental and social assessment of the proposed project, including stakeholder engagement;
  - (b) Undertake stakeholder engagement and disclose appropriate information in accordance with OS10;
  - (c) Develop an ESMP, and implement all measures and actions set out in the Financing agreement including the ESMP; and
  - (d) Conduct monitoring and reporting on the environmental and social performance of the project against the OSs.
13. Where the ESMP requires the Borrower to plan or take specific measures and actions over a specified timeframe to maximize positive impacts and avoid, minimize, reduce, mitigate or ~~remedy~~ specific risks and adverse impacts of the project, the Borrower will not carry out any activities in relation to the project that may cause material adverse environmental or social risks or adverse impacts until the relevant plans, measures or actions have been completed in accordance with the ESMP.
14. If the project comprises or includes existing facilities or existing activities that do not meet the requirements of the OSs at the time of Board approval, the Borrower will adopt and implement measures satisfactory to the Bank so that specific aspects of such facilities and activities meet the requirements of the OSs in accordance with the ESMP. Any ongoing environmental or social harms associated with the existing facilities or activities will be considered part of the development opportunity, and the ESMP will include measures to assess and remedy any such pre-existing harms. If the Borrower is unable or unwilling to address serious pre-existing impacts, the Bank will not support the project.
15. The project, activities or initiatives will be guided by the relevant requirements of the ISS Guidance Notes. When host country requirements differ from the levels and measures presented in the ISS Guidance Notes the Borrower will be required to achieve or implement whichever is more stringent. If less stringent levels or measures than those provided in the ISS Guidance Notes are appropriate in view of the Borrower's limited technical or financial constraints or other specific project circumstances, the Borrower will provide full and detailed justification for any proposed alternatives through the environmental and social assessment. This justification must demonstrate, to the satisfaction of the Bank that the choice of any alternative performance level is consistent with the objectives of the OSs and the applicable ISS Guidance Notes, and that the Borrower has set aside adequate funds and developed a plan to remedy any potentially significant environmental or social harm.

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#### B. Use of Borrower's Environmental and Social Framework

16. If the Borrower and the Bank propose to use all, or part, of the Borrower's E&S Framework, the Bank will review the Borrower's E&S Framework<sup>9</sup> in accordance with the requirement of paragraph 19. The Borrower will provide information to the Bank in connection with the assessment<sup>10</sup>.

<sup>8</sup>In establishing the manner and an acceptable timeframe, the Bank will take into account the nature and significance of the potential environmental and social risks and impacts, the timing for development and implementation of the project, the capacity of the Borrower and other entities involved in developing and implementing the project, and the specific measures and actions to be put in place or taken by the Borrower to address such risks and impacts.



<sup>9</sup> The Borrower's E&S Framework will include those aspects of the host country's policy, legal and institutional framework, consisting of its national, subnational, or sectoral implementing institutions and applicable laws, regulations, rules and procedures and implementation capacity relevant to the environmental and social risks and impacts of the project. Where there are inconsistencies or lack of clarity within the Borrower's E&S Framework as to relevant authorities or jurisdiction, these will be identified and discussed with the Borrower. The aspects of the Borrower's existing ES Framework that are relevant will vary from project to project, depending on such factors as the type, scale, location and potential environmental and social risks and impacts of the project and the role and authority of different institutions. <sup>10</sup> The information provided by the Borrower will assist in determining whether and to what extent the Borrower's E&S Framework can be used to enable the project to address the risks and impacts of the project, and achieve objectives materially consistent with the OSs. The Borrower will provide to the Bank recent studies and assessments conducted by the Borrower or reputable third parties, including on other projects developed in the country, to the extent these are relevant to the proposed project.

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17. If the assessment identifies gaps in the Borrower's E&S Framework, the Borrower will work with the Bank to identify measures and actions to address such gaps. Such measures and actions may be implemented during project preparation or project implementation and will include, where necessary, measures and actions to address any capacity development issues pertaining to the Borrower, any relevant national, subnational or sectoral implementing institution, and any implementing agency. The agreed measures and actions, together with the timeframes for their completion, will form part of the ESMP.
18. The Borrower will take all actions necessary to maintain its E&S Framework, as well as acceptable implementation practices, track record, and capacity, in accordance with the measures and actions identified in the ESMP, throughout the project life cycle. The Borrower will notify and discuss with the Bank any significant changes in the Borrower's E&S Framework that may affect the project.<sup>11</sup> If the E&S Framework is changed in a manner inconsistent with the requirement of paragraph 19 and the ESMP, the Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the OSs, and propose changes, for approval by the Bank, to the ESMP.

### C. Environmental and Social Assessment

19. The Borrower will carry out an environmental and social assessment<sup>12</sup> of the project proposed for Bank support to assess their environmental and social risks and impacts throughout the project life cycle.<sup>13</sup> The assessment will be proportionate to the potential risks and impacts, and will assess, in an integrated way, all relevant direct<sup>14</sup>, indirect<sup>15</sup> and cumulative<sup>16</sup> environmental and social risks and impacts throughout the project life cycle, including those specifically identified in OSs 2 to 10, as well as contextual issues, such as the prevailing political economy, which may affect how risks and impacts manifest themselves.
20. The environmental and social assessment will be based on recent and current information, including an accurate description and delineation of the project, activities or other initiatives and any associated aspects, and environmental and social baseline data at an appropriate level of detail sufficient to inform both the risk classification and the identification and thorough assessment of the risks, impacts and mitigation measures. The assessment will identify and evaluate the project's environmental and social risks and impacts; examine project alternatives; identify ways to improve project selection, siting, planning, design and implementation in order to apply the mitigation hierarchy for adverse environmental and social impacts, and identify opportunities to enhance the positive impacts of the project. The environmental and social assessment will include stakeholder engagement as an integral part of the assessment, in accordance with OS10.
21. The environmental and social assessment will be an adequate, accurate, and objective evaluation and presentation of the risks, impacts and measures; the assessment will be prepared by qualified and experienced persons. For High-Risk (Category 1) projects, as well as situations in which the Borrower has limited capacity, the Borrower will retain independent specialists to carry out the environmental and social assessment.

<sup>11</sup> If, in the opinion of the Bank, such changes serve to improve the Borrower's ES Framework, the Borrower will apply such changes to the project. <sup>12</sup> The Borrower, in consultation with the Bank, will identify and use appropriate methods and tools, including scoping, environmental and social analyses, investigations, audits, surveys and studies, to identify and assess the potential environmental and social risks and impacts of the proposed project. These methods and tools will reflect the nature and scale of the project, and will include, as appropriate, a combination (or elements of) the following: environmental and social impact assessment (ESIA), environmental and social audit; hazard or risk assessment; social and conflict analysis; resettlement action plan; vulnerable group plan, etc. Specific features of a project may require the Borrower to utilize stand-alone specialized methods and tools for assessment, for example a Cultural Heritage Management Plan, Biodiversity Compensation Plan, Pest and/or Vector Management Plan, Hazardous Waste Management Plan, etc. Where the project is likely to have significant sectoral or regional impacts, a sectoral or regional SESA may be required to be completed during the implementation of the project in support to the country's strategy for the sector or region. <sup>13</sup> This may include preconstruction, construction, operation, decommissioning, closure and reinstatement/ restoration.

<sup>14</sup> A direct impact is an impact that is caused by the project, and occurs contemporaneously in the location of the project.

<sup>15</sup> An indirect impact is an impact that is caused by the project and is later in time or farther removed in distance than a direct impact, but is still reasonably foreseeable. Indirect effects may include growth inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air and water and other natural systems, including ecosystems. When analyzing GHG emissions, indirect impacts include the end use of the development, for example the burning of fossil fuel is an indirect impact of a pipeline construction.

<sup>16</sup> The cumulative impact of the project is the incremental impact of the project when added to impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time. The environmental and social assessment will consider cumulative impacts that are recognized as important on the basis of

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22. The Borrower will ensure that the environmental and social assessment takes into account in an appropriate manner all issues relevant to the project, including: (a) the host country's applicable policy framework, national laws and regulations, and institutional capabilities (including implementation) relating to environment and social issues; variations in country conditions and project context; country environmental or social studies; national environmental or social action plans; and obligations of the country directly applicable to the project under relevant international treaties and agreements; (b) applicable requirements under the OSs; and (c) the EHSGs, and other relevant Good International Industry Practice (GIIP)<sup>17</sup>. The assessment of the project, and all proposals contained in the assessment, will be consistent with the requirements of this paragraph.

23. The environmental and social assessment will always apply the mitigation hierarchy<sup>18</sup>, which will:

- Anticipate and avoid risks and negative impacts;
  - Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels; •
- Once risks and impacts have been minimized or reduced, mitigate<sup>19</sup>; and
- Where significant residual impacts remain, remedy them. The appropriate remedial measures will be determined in consultation with the affected people. If severe risks and impacts are foreseeable, but provision of adequate remedy is beyond the technical and financial capabilities of the Bank and Borrower, then the Bank will not support the project.

24. The environmental and social assessment, informed by the scoping of the issues, will take into account all relevant environmental and social risks and impacts of the project, including:

- **Environmental risks and impacts**, including: (i) those defined by the EHSGs (such as noise, vibration, soil integrity, hydrogeology, visual, landscape impacts); (ii) those related to community safety (including dam safety and safe use of pesticides); (iii) those related to climate change and other trans-boundary or global risks and impacts; (iv) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (v) those related to ecosystem services<sup>22</sup> and the use of living natural resources, such as fisheries and forests;
- **Social risks and impacts**, including: (i) impacts on people's way of life, their culture, social structure, their community (ii) threats to human safety and security through the escalation of personal, communal or inter-state conflict, crime or violence; (iii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be disadvantaged or vulnerable;<sup>23</sup> (iv) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (v) negative economic and social impacts relating to the involuntary taking of land or restrictions on land access and use; (vi) risks or impacts associated with land and natural resource tenure and use<sup>24</sup>, including (as relevant) potential project impacts on

**Deleted:** compensate for or, in the case of biodiversity and habitat losses, offset them<sup>20</sup>, where technically and financially feasible<sup>21</sup>.

<sup>17</sup> Good International Industry Practice (GIIP) is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

<sup>18</sup> The mitigation hierarchy is further discussed and specified in the context of OSs 2-10, where relevant.

<sup>19</sup> The requirement to mitigate impacts include resettlement as well as measures to assist affected parties to improve or at least restore their livelihoods as relevant in a particular project setting.

<sup>20</sup> The Bank has reservations regarding the long-term success of biodiversity offsets, and since during due diligence there are often material uncertainties, the Bank will exercise a precautionary approach in considering biodiversity offsets.

<sup>21</sup> The Borrower will make reasonable efforts to incorporate the costs of compensating and/or offsetting for the significant residual impacts as part of project costs. The environmental and social assessment will consider the significance of such residual impacts, the long-term effect of these on the environment and project-affected people, and the extent to which they are considered reasonable in the context of the project. Where it is determined that it is not technically or financially feasible to compensate or offset for such residual impacts, the rationale for this determination (including the options that were considered) will be set out in the environmental and social assessment, and may be a basis for the implicated project component/activity not proceeding.

<sup>22</sup> Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.

<sup>23</sup> See OS7 for a full treatment. **Vulnerable** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. Depending on the specific context of the project, vulnerable groups may include, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, groups who are marginalized on the basis of ethnicity, religion, language as well as sexual orientation and gender identity, and highly vulnerable rural minorities including groups referred to as indigenous peoples in some contexts.

<sup>24</sup> Due to the complexity of tenure issues in many contexts, and the importance of secure tenure for livelihoods, careful assessment and design is needed to help ensure that projects do not inadvertently compromise existing legitimate rights (including collective rights, subsidiary rights and the rights of women) or have other unintended consequences, particularly where the project supports land titling and related issues. In such circumstances, the Borrower will at a minimum demonstrate to the Bank's

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local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vii) impacts on the health, safety and well-being of workers and project-affected communities, including threats and retaliation against those who voice concerns about, or opposition to, the project; and (viii) risks to cultural heritage.

25. Where the environmental and social assessment of the project identifies specific individuals or groups as disadvantaged or vulnerable, the Borrower, in consultation with members of disadvantaged or vulnerable groups, will propose and implement differentiated measures to prevent, to the extent possible, adverse impacts from falling disproportionately on the disadvantaged or vulnerable, and to protect them from being disadvantaged in sharing any development benefits and opportunities resulting from the project. To ensure that project risks are never externalized to disadvantaged or vulnerable groups, the Borrower will be required to provide effective remedy where disproportionate impacts to those groups occur despite preventative efforts.

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26. The Bank may assist Borrowers to screen, identify and assess vulnerability in project areas upon their request and within the limits of available resources. The presence of factors that cause vulnerability should be analysed, as should potential project impacts, the capacity to cope with, or adapt to, such impacts; and the potential for such impacts to be mitigated in a way that takes account of the specific vulnerabilities or marginalisation status in question.

27. For public projects involving multiple subprojects<sup>25</sup>, that are identified, prepared and implemented during the course of the project, the Borrower will comply with the requirements of paragraphs 48 and 49 of this OS.

28. The environmental and social assessment will also identify and assess, to the extent appropriate, the potential environmental and social risks and impacts of Associated Facilities. The Borrower will address the risks and impacts of Associated Facilities in a manner proportionate to its control or influence over the Associated Facilities. To the extent that the Borrower cannot control or influence the Associated Facilities to meet the requirements of the OSs, the environmental and social assessment will also identify the risks and impacts that the Associated Facilities may present to the project.

29. For projects that are *High Risk* (Category 1) or contentious, or that involve serious multidimensional environmental or social risks or impacts, the Borrower may be required to engage one or more internationally recognized independent experts. Such experts may, depending on the project, form part of an advisory panel or be otherwise employed by the Borrower, and will provide independent advice and oversight to the project<sup>26</sup>.

29b. For all projects, the Borrower will assess the remediability of foreseeable adverse environmental and social impacts. The Borrower will be required to engage an external expert to independently assess the scope and effectiveness of available remedial measures – including insurance and any remedial funds in place – and identify and plan for filling any foreseeable remedy gaps. This independent assessment will include stakeholder engagement. The Bank will subsequently assess the adequacy of the Borrower's remedial plans as part of due diligence.

30. The environmental and social assessment will also consider risks and impacts associated with the primary suppliers,<sup>27</sup> as required by OS2 and OS6. The Borrower will address such risks and impacts in a manner proportionate to the Borrower's control or influence over its primary suppliers as set out in OS2 and OS6.

31. The environmental and social assessment will consider potentially significant project related trans boundary and global risks and impacts, such as impacts from effluents and emissions, increased use or contamination of international waterways, emissions of climate pollutants<sup>28</sup>, and impacts on threatened or depleted migratory species and their habitats. The environmental and social assessment will also incorporate assessments of climate change mitigation, adaptation and resilience issues, as appropriate.

satisfaction that applicable laws and procedures, along with project design features (a) provide clear and adequate rules for the recognition of relevant land tenure rights; (b) establish fair criteria and functioning, transparent and participatory processes for resolving competing tenure claims; and (c) include genuine efforts to inform affected people about their rights and provide access to impartial advice.

<sup>25</sup> Paragraphs 30 to 31 do not apply to a Bank supported project with multiple small subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar projects designated by the Bank.

<sup>26</sup> This requirement relates to independent advice and oversight of such projects, and is not related to circumstances in which the Borrower will be required to retain independent specialists to carry out environmental and social assessment, set out in paragraph 19 to 25.

<sup>27</sup> Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project. Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue. <sup>28</sup> This includes all greenhouse gases (GHGs) and black carbon (BC).

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### D. Environmental and Social Management Plan

32. The Borrower will develop and implement an Environmental and Social Management Plan (ESMP)<sup>29</sup>, which will set out measures and actions required for the project to achieve compliance with the OSs over a specified timeframe<sup>30</sup>. The ESMP will be agreed with the Bank, be binding and referred to in the Financing agreement.
33. The ESMP will take into account the findings of the environmental and social assessment, the Bank's environmental and social due diligence, project-related climate change and gender risks and impacts and the results of engagement with stakeholders. It will be an accurate summary of the material measures and actions required to maximise the positive impacts and to avoid, minimize, reduce, mitigate or ~~remedy~~ the environmental and social risks and adverse impacts of the project<sup>31</sup>. A performance indicator and a completion date for each action will be specified in the ESMP.
34. Where a common approach<sup>32</sup> has been agreed, the ESMP will include all measures and actions that have been agreed by the Borrower to enable the project to meet the common approach.
35. The ESMP will include a process that allows for adaptive management of proposed project changes or unforeseen circumstances. The process will set out how such changes or circumstances will be managed and reported on, and any necessary changes will be made to the ESMP and relevant management tools.
36. The Borrower will implement diligently the measures and actions identified in the ESMP in accordance with the timeframes specified, and will review the status of implementation of the ESMP as part of its monitoring and reporting. <sup>33</sup> All Contractors, sub-contractors and suppliers should be required contractually to comply with the ESMP. Bidding documents and invitations to tender should provide information in this respect so that bidders will internalize the costs associated with the objective of meeting the requirements of the ESMP and the Financing agreement, including the obligation to provide remedy for adverse environmental and social impacts.
37. The ESMP will describe the different management tools<sup>34</sup> that the Borrower will use to implement the agreed measures and actions. These management tools will include, as appropriate, operational manuals, management systems, procedures, practices and capital investments. All management tools will apply the mitigation hierarchy, and incorporate measures so that the project will meet the requirements of applicable laws and regulations and the OSs<sup>35</sup> in accordance with the ESMP throughout the operation life cycle.
38. Recognizing the dynamic nature of the project development and implementation process, the management tools will take a long-term and phased approach, and be designed to be responsive to changes in project circumstances, unforeseen events, regulatory changes and the results of monitoring and review.
39. The Borrower will notify the Bank promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause an adverse change in the environmental or social risks or impacts of the project. The Borrower will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the OSs, and propose changes, for approval

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<sup>29</sup> The ESMP is the set of all the environmental and social measures necessary for the adequate management of the project associated risks and impacts, including resettlement measures; it can be simple or made up of several sub-plans (waste, biodiversity, emergency preparedness, etc.) depending on the scope and nature of the project. All IFIs and RMCs have requirements for a project level plan to address environmental and social risks and impacts of projects; they may have differing terminology and titles (ESAP, ESCP, ESMP, ESMS, etc.) but they essentially have the same purpose and constituent parts. See the Annexes to this OS for further information.

<sup>30</sup> The Bank will assist the Borrower in identifying appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project and developing the ESMP.

<sup>31</sup> This will include any mitigation and performance improvement measures and actions already developed; actions that may be completed prior to approval by the Bank's Board of Directors; actions required by national law and regulation that satisfy the requirements of the OSs; actions to address gaps in the Borrower's ES Framework; and any other actions that

are considered necessary for the project to achieve compliance with the OSs. The gaps will be assessed by reference to what would be required in the relevant OS.

<sup>32</sup> See paragraph 7 and 9.

<sup>33</sup> See Section D.

<sup>34</sup> The level of detail and complexity of the management tools will be proportionate to the project's risks and impacts, and the measures and actions identified to address such risks and impacts. They will take into account the experience and capacity of the parties involved with the project, including the implementing agencies, project affected communities and other interested parties, and aim to support improved environmental and social performance.

<sup>35</sup> Including relevant GIIP.

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by the Bank, to the ESMP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation. Any significant changes will be disclosed.

### E. Project Implementation Support and Reporting

40. The Borrower will monitor the environmental and social performance of the operation in accordance with the Financing agreement (including the ESMP and OSs). The extent and mode of monitoring will be agreed upon with the Bank, and will be proportionate to the nature of the operation, its environmental and social risks and impacts, and compliance requirements. The Borrower will ensure that adequate institutional arrangements, systems, resources and personnel are in place to carry out monitoring. Where appropriate and as set out in the ESMP, the Borrower will engage stakeholders and third parties, such as independent experts, local communities or NGOs, to complement or verify its own monitoring activities. Where other agencies or third parties are responsible for managing specific risks and impacts and implementing mitigation measures, the Borrower will collaborate with such agencies and third parties to establish and monitor such mitigation measures.

41. Monitoring will normally include recording information to track performance, and establishing relevant operational controls to verify and compare compliance and progress. Monitoring will be adjusted according to performance experience, as well as actions requested by relevant regulatory authorities and feedback from stakeholders such as community members. The Borrower will document monitoring results.

42. The Borrower will provide regular reports as set out in the ESMP to the Bank of the results of the monitoring (in any event, no less than quarterly, and in many cases, monthly). Such reports will provide an accurate and objective record of operation implementation, including compliance with the ESMP. Such reports will include information on stakeholder engagement conducted during implementation in accordance with OS10. The Borrower, and the agencies implementing the project will designate senior officials to be responsible for reviewing the reports before submission to the Bank.

43. Based on the results of the monitoring, the Borrower, with consultation with relevant stakeholders, will identify any necessary corrective ~~preventive, or remedial~~ actions, and will incorporate these in an amended ESMP or the relevant management tool, in a manner acceptable to the Bank. The Borrower will implement the agreed corrective ~~preventive, or remedial~~ actions in accordance with the amended ESMP or relevant management tool, and monitor and report on these actions.

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44. The Borrower will facilitate site visits by Bank staff or consultants acting on the Bank's behalf.

45. The Borrower will notify the Bank promptly of any incident or accident relating to the project that has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers. The notification will provide sufficient detail regarding such incident or accident, including any fatalities or serious injuries. The Borrower will take immediate measures to ~~ensure that remedy is provided to the individuals or communities affected by~~ the incident or accident and to prevent any recurrence, in accordance with national law and the OSs.

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### F. Special Considerations

46. **Knowledge Based Operations** include advisory services and technical assistance (TA). TA undertakings will be assessed in accordance with OS1. The Borrowers' due diligence and requirements will reflect the activities to be supported by the technical assistance and not the potential future Borrower undertaking or investment operation that the Bank may support.

47. The terms of reference, work plans or other documents defining the scope and outputs of technical assistance activities will be drafted so that the advice and other support provided is consistent with OSs. Activities implemented by the Borrower following the completion of the project that are not financed by

the Bank, or activities that are not directly related to the technical assistance, are not subject to the Bank's Environmental and Social Policy.

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### *Public Projects Involving Multiple Subprojects*

48. For public operations involving multiple subprojects<sup>36</sup>, that are identified, prepared and implemented during the course of the operation, the Borrower will prepare an ESMP<sup>37</sup>, which will be disclosed within the timeframe required in this ISS and reflected in the Financing agreement; this ESMP will include the required due diligence and appropriate steps for each subproject's E&S risk management and stakeholder engagement before the commencement of the physical works. The Borrower will carry out appropriate environmental and social assessment of *High Risk and Moderate Risk* subprojects and prepare and implement such subprojects in accordance with the national laws and the OSs.
49. If the environmental and social risk rating of a subproject increases to a higher risk rating, the Borrower will apply relevant requirements of the OSs<sup>38</sup> in a manner agreed with the Bank. The measures and actions agreed will be included in the appropriate action or management plan, which will be designed in consultation with potentially affected stakeholders and will be monitored by the Bank.

### *Single project undertakings*

#### *General Requirements*

50. Where Bank support<sup>39</sup> is sought for a Borrower's undertaking that involves a single project or defined use of proceeds (including restructuring, refinancing or retroactive financing), the Borrower will carry out environmental and social studies on the undertaking in accordance with OS1 and its Annexes.
51. If the undertaking involves new activities (such as construction of a dam or processing facility) the studies will assess the existing baseline conditions and potential risks and impacts as well as potential (future) risks and impacts in an environmental and social impact assessment as described in OS1. The assessment will address all the requirements of OS1 to 10.
52. If Bank support is sought for a Borrower undertaking which involves existing facilities or business activities and/or associated facilities, the assessment will consider the environmental and social risks and impacts associated with such facilities and activities. This may take the form of an environmental and social audit. Any ongoing adverse environmental or social impacts found to be caused by the existing facilities or activities will be considered part of the development opportunity, and the ESMP will include measures to remedy any such pre-existing impacts. If the Borrower is unable or unwilling to remedy serious pre-existing impacts, the Bank will not support the project.

#### *Specific Requirements*

53. For **corporate financing**, where the use of Bank's proceeds is fungible in nature (such as working capital, balance sheeting lending and some types of equity investment) the Borrower will provide (i) an assessment of the risks and impacts typical of the particular sector and the context of the business activity and (ii) a plan on the way in which the Borrower will build the capacity and commitment to meet obligations and requirements of the OSs, including applying the OSs to its future activities related to specific physical assets. The Borrower shall be required to have a grievance mechanism for all its corporate financing activities.
54. Where Bank support is sought for general **corporate finance for a multi-site company** and where the use of proceeds is not directed at specific physical assets, the Borrower will be required to align its corporate environmental and social systems with the OSs and develop measures at the corporate level (such as an ESMS that includes measures for providing remedy, if one is lacking) to manage the environmental and social risks and impacts of the business activity in a manner consistent with the OSs.

<sup>36</sup> Paragraphs 48 to 49 apply to a Bank-supported public operation or project with multiple subprojects, as in the case of community-driven development projects, projects involving matching grant schemes, or similar activities whose locations will not be known by the Bank's Board approval date.

<sup>37</sup> The ESMP as defined in section D of this OSI and which will include at minimum the findings of ESA documents for the earliest scheduled investment(s) that involve(s) physical works.

<sup>38</sup> The 'relevant requirements of the OSs' will relate to the reasons for which the risk rating has increased.

<sup>39</sup> The Bank may finance specific projects by eligible private or public sector enterprises with senior or subordinated debt, lines of credit, agency lines, partial credit guarantees, partial risk guarantees, trade finance instruments, equity participation and quasi-equity (such as subordinated, mezzanine and convertible debt) instruments.

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55. A Borrower seeking support for retroactive finance, refinancing or restructuring will need to provide information on and/or an assessment of (i) its ESMS and associated capacity; (iii) the environmental and social risks, impacts and liabilities associated with the project and new elements associated with the operation; (iv) its regulatory compliance status; (vi) the progress made in addressing the requirements of project approval and permitting agencies or other financiers; (vii) a gap analysis of the project's environmental and social performance against OSs1 to 10; and (viii) an ESMP to bring the project into compliance with Bank's requirements to the extent possible.

### *Undertakings involving Multiple Projects, Sub-projects or Programmatic Undertakings*

#### *General Requirements*

56. For undertakings that involve initiatives directed at achieving specific well-defined objectives, based on the execution of a set of activities, the Borrower will:

- Develop and implement an Environmental and Social Management System (ESMS) that, in form and substance is satisfactory to the Bank.
- Ensure that all undertaking's activities, sub-projects and other initiatives, co-financed by the Bank, comply with the Environmental & Social Exclusion List as complementary to the Bank Group's Negative List.
- As part of the ESMS, conduct Environmental and Social Due Diligence (ESDD) on projects, sub-projects and other activities that the Borrower considers supporting or investing in.
- Require for sub-projects, investee companies and other activities, co-financed by the Bank, compliance with local and national requirements and with the relevant requirements of Operational Safeguards 1 to 10 as determined during environmental and social due diligence or specified by the Bank.
- Monitor and manage environmental and social risks and impacts associated with the loans, investments and other activities supported by the Borrower.
- Provide to the Bank an Annual Environmental and Social Report (AESR) that covers the activities of the undertaking. The report will be in form and substance satisfactory to the Bank<sup>40</sup>.
- Report to the Bank promptly<sup>41</sup> any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank Group.

#### *Specific Requirements*

57. **Capital market transactions** such as support to bond issues, privatization or mass privatization are often characterized by a paucity of information prior to process completion due to capital market rules and regulations. The Borrower will assess potential risks and impacts of the transaction on the basis of publicly available information and knowledge of the inherent environmental and social risks, impacts and liabilities of the business activity or economic sector concerned and the capacity of regulatory agencies to carry out their responsibilities. Once the transaction has been concluded, the Borrower will



conduct studies (such as assessment, audits or risk assessments) to characterize environmental and social

<sup>40</sup> With no prejudice to the quarterly and monthly environmental and social reports.

<sup>41</sup> To be specified in the Financing agreements between the Bank and the Borrower but no more than three calendar days.

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risk, impacts and liabilities and prepare an action plan to address them in accordance with relevant parts of the OSs.

58. **Trade finance operations** provide following instruments: (i) Risk Participation Agreements, (ii) Trade Finance Lines of Credit, (iii) the Soft Commodity Finance Facility, and (iv) Trade Finance Guarantees. The Borrower/Participating Bank(s) (PB) are required to:

- Develop and implement an ESMS satisfactory to the Bank.
- Screen all transactions to be funded (directly or indirectly, in all or in part) or participated or guaranteed by the Bank against the Environmental and Social Exclusion List.
- Risk rate the transactions based upon an assessment of environmental and social risks and impacts, transaction amount and duration/tenor:
  - (i) for short term (<2 year) and low risk transactions, compliance with national requirements and against Environmental and Social Exclusion List.
  - (ii) for medium and high risk and terms over 2 years, compliance with relevant aspects of the OSs in addition to national requirements and against Environmental and Social Exclusion List.
  - (iii) Borrower will not rollover a short term transaction so that it is a hidden project loan or whatever.
- Report to the Bank promptly<sup>42</sup> any Materially Significant Adverse Events that arise (such as accidents, emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank. The report must include a description of the funds and resources the Borrower has in place to contribute to remedy for such events, as well as a proposed plan for stakeholder engagement around the design of a remedial action plan.
- Provide to the Bank an Annual Environmental and Social Report (AESR) that covers the activities of the undertaking. The report will be in form and substance satisfactory to the Bank<sup>43</sup>.

59. **Insurance Companies and their products** vary significantly in terms of the environmental and social risks and opportunities associated with them. Life insurance products are exempted from environmental or social requirements. In all other respects, Borrowers in the insurance sector must meet the following requirements:

- Develop and implement an ESMS satisfactory to the Bank.
- Screen all transactions to be funded (directly or indirectly, in all or in part) or participated or guaranteed by the Bank against the Environmental and Social Exclusion List.
- Risk rate proposed cover based upon the environmental and social risk associated with (i) the applicant's business activities and (ii) the type of insurance product.
- Carry out environmental and social due diligence on proposed insurance cover in accordance with the requirements of this OSI<sup>44</sup>, and make decisions on an offer of cover incorporating appropriate risk management (limitations and exclusions for example).
- Report to the Bank promptly<sup>45</sup> any Materially Significant Adverse Events that arise (such as accidents,

emergencies, spills, legal action, civil unrest, human rights abuses) in relation to any projects, sub-projects, investments of other activities supported by the Bank Group. The report must include a description of the funds and resources the Borrower has in place to contribute to remedy for such events, as well as a proposed plan for stakeholder engagement around the design of a remedial action plan.

<sup>42</sup> To be specified in the Financing agreements between the Bank and the Borrower but no less than five calendar days.

<sup>43</sup> There may be other environmental and social reporting requirements.

<sup>44</sup> For high-risk activities this may involve environmental and social assessment, auditing and hazard risk assessment.

<sup>45</sup> To be specified in the Financing agreements between the Bank and the Borrower but no less than five calendar days.

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- Provide to the Bank/Fund an Annual Environmental and Social Report (AESR) that covers the activities of the undertaking. The report will be in form and substance satisfactory to the Bank<sup>46</sup>.

#### ***Passive Equity Investment Entities***

60. Passive investment funds are those where (i) the investor takes a small stake in an investee (<5%) company and (ii) the investor is unlikely to have influence over the investee company; (iii) the amount of environmental and social information available to the investor is typically limited to publicly available information and (iv) the fund plays no executive or active role in the management of the investee company at any level. Examples of passive investment funds include pension funds, mutual funds and funds investing in listed securities. For such funds the Fund Manager will:

- Establish investment exclusion criteria based at a minimum on the Bank Group's Negative List.
- Conduct an internet and media search to determine if there are any material environmental or social issues associated with the investment.
- Where issues have been identified engage in focused due diligence on the issues concerned.
- Decide whether to invest.

Require funds to have grievance mechanisms covering all their investments.

- Monitor investee companies by internet and other media and divest should significant adverse impacts arise of a financial or reputational risk perspective.
- The Fund is required to report annually to the Bank on its portfolio and the environmental and social performance of its investee companies.

#### ***Commodity Exchange Entities***

61. Environmental and social risks and impacts associated with commodity exchange and clearance houses (CCPs) entities depend upon (i) the nature of commodities being traded and (ii) the role of the entity itself in commodity trading (ex. is it involved in investment and speculation for example). Most current commodity exchanges in Africa deal in agricultural products (coffee, cocoa, palm oil etc.) with a few facilitating the trade in metals, oil, gas, minerals, and foreign exchange. There are environmental and social risks associated with the production, processing, transport and trading of most of these commodities. Many of these commodity supply chains can also have significant reputational risk associated with them.

62. Commodity Exchanges will establish effective internal governance and operational processes and policies to incorporate sustainability issues within the exchange (building) and its operational activities such as those within the World Federation of Exchanges Five Sustainability Principles.

- Promote the adoption of Good Environmental and Social Governance by commodities companies trading at the Centre.<sup>47</sup>
- Prepare an Annual Sustainability Report satisfactory to the Bank.

#### ***Capital Markets and Capital Market Support Institutions***

63. Capital markets deal in a range of tradable assets such as bonds, derivatives<sup>48</sup>, commodities and stocks

through entities such as stock markets (which trade in shares of corporations) and other trading forums. Some capital markets are open to all investors (such as retail investing at stock exchanges and mutual funds) whilst others are only for large institutional investors (termed primary markets) such as pension funds, hedge funds, mutual funds and insurance companies; for example, for the purchase of shares direct from companies who have a public offering.

<sup>46</sup> There may be other environmental and social reporting requirements.

<sup>47</sup> For example, the IFC Good Practice Handbook on Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain. <sup>48</sup> Derivatives trading involves options, forwards, futures, swaps, other debt instruments.

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64. Where an undertaking is for the establishment of a mutual fund, the investment objectives should include environmental and social considerations such as:
- Investment exclusion criteria based at a minimum on the Bank Group environmental and social exclusion list as complementary to the Bank Group's Negative List.
  - The inclusion of positive investment criteria should also be considered to foster ethical investing, impact investing, Socially Responsible Investment or Green Growth.
  - Divestment criteria should be agreed and incorporated in the Fund and Fund Manager Financing agreements in the event that an investee's environmental and social performance becomes unacceptable.
  - The Fund will establish effective internal governance and operational processes and policies to incorporate sustainability issues within its building and operational activities.
  - Prepare an Annual Sustainability Report on the sustainability performance of the Fund satisfactory to the Bank.
65. Where trading transactions take place electronically, based upon publicly available (and usually limited) information through computer systems at high speed, environmental and social risks and impacts associated with the transactions themselves are not amenable to environmental and social risk management. Environmental and social performance issues in such undertakings are therefore limited to internal performance issues such as energy efficiency, building design, housekeeping, occupational health and safety and labour standards. Therefore:
- Exchanges will establish effective internal governance and operational processes and policies to incorporate sustainability issues within the exchange (building) and its operational activities such as those within the World Federation of Exchanges Five Sustainability Principles.
  - An Annual Sustainability Report on the sustainability performance of the capital market institution satisfactory to the Bank, will be prepared.

## OS1 ANNEX 1: ENVIRONMENTAL AND SOCIAL ASSESSMENT

### A. General

1. The Borrower will undertake an environmental and social assessment to assess the environmental and social risks and impacts of a project throughout the project life cycle. The term ‘environmental and social assessment’ is a generic term that describes the process of analysis and planning used by the Borrower to ensure the environmental and social impacts and risks of a project, activities or other initiatives are identified, maximized, avoided, minimized, reduced, mitigated or remedied.
2. The environmental and social assessment is the primary means of ensuring projects are environmentally and socially sound and sustainable, and will be used to inform decision making. The environmental and social assessment is a flexible process, that can use different tools and methods depending on the details of the project and the circumstances of the Borrower (see paragraph 5 below).
3. The environmental and social assessment will be conducted in accordance with OS1, and will consider, in an integrated way, all relevant direct, indirect and cumulative environmental and social risks and impacts of the project, activities and other initiatives including those specifically identified in OS1-12. The breadth, depth, and type of analysis undertaken as part of the environmental and social assessment will depend on the nature and scale of the project, and the potential environmental and social risks and impacts that could result. The Borrower will undertake the environmental and social assessment at the scale and level of detail appropriate to the potential risks and impacts.<sup>49</sup>
4. The manner in which the environmental and social assessment will be conducted and the issues to be addressed will vary for each project, set of activities or other initiatives. The Borrower will consult with the Bank/Fund to determine the process to be used, taking into account a number of activities, including scoping, stakeholder engagement, potential environmental and social issues and any specific issues raised between the Bank and Borrower. The environmental and social assessment will include and take into account coordination and consultation with affected people and other interested parties, throughout all stages of the project cycle, particularly at an early stage, to ensure that all potentially significant environmental and social risks and impacts are identified and that adequate funds and resources are available to remedy adverse impacts that occur despite preventative efforts.
5. The different methods and tools used by the Borrower to carry out the environmental and social assessment and to document the results of such assessment, including the mitigation and maximization measures to be implemented, will reflect the nature and scale of the project<sup>50</sup>. As specified in OS1<sup>51</sup>, these will include, as appropriate, one or the combination of the documents set out below.

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### B. Environmental and Social Impact Assessment (ESIA)

Environmental and social impact assessment (ESIA) is an instrument to identify and assess the potential environmental and social impacts of a proposed project, set of activities or other initiatives, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

#### *Indicative Content of an ESIA*

##### (A) Executive summary

- Concisely discusses the purpose and need of the proposed action, significant findings and recommended actions, including the stakeholders engagement, the cost of the measures and the institutional arrangements for implementation.

##### (B) Legal and institutional framework

- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, including:

<sup>49</sup> See OS1 Section C.

<sup>50</sup> These will also reflect national regulatory requirements, which may be relied on by the Borrower to the extent they meet the requirements of the OSs. <sup>51</sup> See OS1, paragraph 24.

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- ✓ Host country applicable policy framework, national and local laws and regulations, and institutional capabilities related to them (including implementation) relating to environment and social issues.
- ✓ National environmental or social action plans or strategies; and obligations of the country directly applicable to the project under relevant international treaties and agreements. ✓
- Applicable requirements under the OSs and the AfDB ISS Guidance Notes. ✓ Identification of differences between the Borrower's existing environmental and social framework and requirements relating to the project that may affect how the project is carried out in a manner consistent with the OSS.
- ✓ Description of how any deficiencies in the host framework can be addressed through administrative, legislative or regulatory change and institutional strengthening and capacity building.

### (C) Analysis of alternatives

- Evaluate a reasonable range of feasible project alternatives to meet the project's purpose and need (for example, location, or technology options, among others) and their environmental and social implications, including a no project alternative. During the project scoping process, borrowers will consult stakeholders and the public and allow for their participation in the identification of feasible project alternatives through public consultation meetings and through the opportunity to comment.
- Assesses the alternatives' feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures.
- For each of the alternatives, quantifies the environmental and social impacts to the extent possible, attaches economic values where feasible, and estimates the cost of remedial measures for foreseeable environmental and social impacts.

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### (D) Design measures

- Presents the basis for selecting the particular project design proposed, including applying the mitigation hierarchy.

### (E) Project description

- Concisely describes the proposed project and its geographic, environmental, social, and temporal context, including associated facilities, third parties and any offsite investments that may be required (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary suppliers.
- Includes a map of sufficient detail, showing the project site and the area that may be affected by the projects direct, indirect, and cumulative impacts.

### (F) Baseline data

- Sets out in detail the baseline data that is relevant to decisions about project location, design, operation, or mitigation measures, including remedial measures. This should include a discussion of the accuracy, reliability, and sources of the data as well as information about dates surrounding project identification, planning and implementation.
- Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions. Assess the significance of data gaps on the characterization of anticipated E&S risks and impacts.

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- Describes relevant physical, biological, health, safety, security, social (including gender), cultural and socioeconomic issues and conditions and receptors of impact; including any changes in them anticipated before the project commences.
- Describes how climate change is affecting or likely to be affecting the project area and how this may influence the nature of project risks and impacts. Describes how the project may be affecting or contributing to climate change and its associated risks and impacts.
- Identifies and characterizes individuals and groups that are disadvantaged, vulnerable, marginalized, discriminated against, under-served or excluded in relation to mainstream society. Disaggregated data on all such social groups should be provided to the extent that personal and group safety and data confidentiality and privacy is not compromised.
- Describes contextual risks (such as the political economy) that may affect the ability of the project to be carried out in a manner consistent with the OSs and other requirements such as international human rights obligations. This description should include risks of retaliation faced by individuals and civil society organizations who voice concern and/or opposition to development projects in the proposed project area.
- Be informed by current and proposed development activities within the project area but not directly connected to the project but that may have a cumulative effect on project impact.

#### (G) Environmental and social risks and impacts

- Takes into account all relevant environmental and social risks and impacts of the project, including cumulative impacts. This will include the environmental and social risks and impacts specifically identified in the OSs, and any other environmental and social risks and impacts arising as a consequence of the specific nature and context of the project, including the risks and impacts identified in OS1.
- To the extent demonstrable, residual impacts should be characterized in terms of their magnitude, extent, duration, reversibility and significance.

#### (H) Mitigation measures

- Identifies avoidance, minimization and mitigation measures and significant residual impacts that cannot be mitigated, and estimates the cost of remediating those residual impacts.
  - Identifies one or several mechanisms by which adequate funds can be reserved to finance remedy for adverse impacts that occur despite preventative efforts. Such mechanisms may include, among others, ring-fenced funds, escrow, contingency funds, trust funds, insurance, and guarantees and letters of credit.
- Identifies measures to enhance positive impacts and opportunities.
- Identifies differentiated measures to prevent, to the extent possible, adverse impacts from falling disproportionately on the vulnerable. The particular risks to vulnerable populations are taken into account when estimating the reserve funds needed to remedy adverse impacts that occur despite preventative efforts.
- Assesses the feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the proposed mitigation measures.
- Specifies issues that do not require further attention, providing the basis for this determination.

#### (I) Key measures and actions for the Environmental and Social Management Plan (ESMP)

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- Summarizes key measures and actions and the timeframe required for the project to meet the requirements of the OSs. This will be used in developing the Environmental and Social Management Plan (ESMP).

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### *(J) Appendices*

- List of the individuals or organizations that prepared or contributed to the environmental and social assessment.
- References—setting out the written materials both published and unpublished, which have been used.
- Record of meetings, consultations and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of such stakeholder engagement that were used to obtain the views of affected people and other interested parties.
- Tables presenting the relevant data referred to or summarized in the main text. •

List of associated reports or plans.

## C. Environmental and Social Audit

An Environmental and Social Audit is an instrument to determine the nature and extent of all the environmental and social aspects of concern of a project or a set of activities under implemented. It identifies and justifies compliance and non-compliance with applicable regulations (ESMP, ESMS, national regulations and norms and standards, etc.), assesses the risks (environmental and social, reputational, economic and financial) associated with such non-compliance, proposes corrective measures<sup>52</sup>, [including remedy for affected populations](#), estimates the cost, and recommends a timetable for their implementation. For some projects, the environmental and social assessment may consist of a simple environmental and social audit; in other cases, the audit is only part of an environmental and social assessment.

### *Indicative Outline of Environmental and Social Audit*

The aim of an audit is to identify significant environmental and social risks, impacts and issues in the existing project or activities, and assess their current status, specifically in terms of meeting the requirements of the OSs.

#### *(A) Executive Summary*

- Concisely discusses significant findings and set out recommended measures and actions and timeframes.

#### *(B) Legal and Institutional framework*

- Analyzes the legal and institutional framework for the existing project or activities, including the issues set out in OSI, and (where relevant) any applicable environmental and social requirements of existing financiers.

#### *(C) Project Description*

- Concisely describes the existing project, activities, and the geographic, environmental, social, and temporal context and any Associated Facilities.
- Identifies the existence of any plans already developed to address specific environmental and social risks and impacts (e.g. land acquisition or resettlement plan, cultural heritage plan, biodiversity plan).



- Includes a map of sufficient detail, showing the site of the existing project or activities and the proposed site for the proposed project.

<sup>52</sup> Technically, financially, and economically viable.

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### *(D) Environmental and Social issues associated with the existing project or activities*

- The review will consider the key risks and impacts relating to the existing project and activities. This will cover non-performances, the risks and impacts identified in the OSs, as relevant to the existing project and activities. The audit will also review issues not covered by the OSs, to the extent that they represent key risks and impacts in the circumstances of the operation. The audit will assess the root-causes of non-compliance/non-performance, including the implementer's capacity to manage E&S aspects.

### *(E) Environmental and social risk analysis*

- The audit will also assess (i) the potential impacts of the proposed project, activities or initiatives (taking into account the findings of the audit with regard to the existing project activities or initiatives); and (ii) the ability of the proposed project, activities or initiatives to meet the requirements of the OSs.

### *(F) Proposed environmental and social measures*

Based on the findings of the audit, this section will set out the suggested measures to address such findings. These measures will be included in the Environmental and Social Management Plan (ESMP) for the proposed project. Measures typically covered under this section include the following:

- Specific actions required to meet the requirements of the OSs and the national legislations.
- Corrective measures and actions to mitigate or remedy potentially significant environmental and/or social risks and impacts associated with the existing project or activities.
- Measures to avoid or mitigate any potential adverse environmental and social risks or impacts associated with the proposed project.

## D. Hazard and/or Risk Assessment

Hazard and/or Risk Assessment is an instrument for identifying, analyzing, and controlling hazards associated with the presence of dangerous materials and conditions at a project site. The Bank requires a hazard or risk assessment for projects involving certain inflammable, explosive, reactive, and toxic materials when they are present in quantities above a specified threshold level. For certain projects, the environmental and social assessment may consist of the hazard or risk assessment alone; in other cases, the hazard or risk assessment forms part of the environmental and social assessment.

## E. Cumulative Impact Assessment

Cumulative Impact Assessment is an instrument to consider cumulative impacts of the project, in combination with impacts from other relevant past, present and reasonably foreseeable developments, as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. This assessment is an integral part of the overall environmental and social assessment; in certain specific cases, it may be the subject of a separate document.

## F. Social and Conflict Analysis

Social and Conflict Analysis is an instrument that assesses the degree to which the project may (a) exacerbate existing tensions and inequality within society (both within the communities affected by the project and between these communities and others); (b) have a negative effect on stability and human security, including

in the context of retaliation against stakeholders who voice concern or opposition to the project; (c) be negatively affected by existing tensions, conflict and instability, particularly in circumstances of war, insurrection and civil unrest.

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### G. Contextual Risk Assessment

Contextual Risk Assessments are used to understand the broader political economy and dynamics of human interaction within the project area of influence as well as regional or national concerns. It gathers information on social, cultural, political and economic factors which may have a bearing on social conflict, inclusion, discrimination, intimidation, violence including Sexual Exploitation, Abuse and Harassment, Gender-based Violence, limitations to meaningful consultation and free speech, limitations on the enjoyment of human rights, human rights abuses, formal and informal power and influence structures, corruption and the rule of law. It provides insight into the potential for such negative forces to distort stakeholder engagement; to exacerbate social inequality; and to compromise the potential for project benefits to be received by project affected people in an equitable manner. Contextual risk assessment begins with the collection of publicly available information in order to scope potential issues of concern. Useful sources of information include the reports and activities of agencies involved in human rights advocacy, third party reports on the host government, the international press, NGOs and CSOs, the European Commission, the US State Department website, UN agencies and the case law of the Inter-American Court of Human Rights. Stakeholder engagement should further inform the contextual risk assessment and based upon the information collected, approaches can be developed to prevent or minimize the potential negative effects on project outcomes.

### H. Environmental and Social Management Plan (ESMP)

The Environmental and social management plan (ESMP)<sup>53</sup> is the document that details (a) the measures to be taken during the implementation of a project to maximise the positive impacts and to eliminate or offset environmental and social risks and adverse impacts, or to reduce them to the extent possible, and to remedy those adverse impacts that either cannot be mitigated or occur despite preventative efforts; and (b) the costs, processes and implementation arrangements needed to implement these measures.

#### Indicative Outline of ESMP

The indicative content of an ESMP will include the following:

#### (A) Mitigation, ~~remedy~~, and maximisation

The ESMP identifies measures and actions, in accordance with the mitigation hierarchy, that avoid, reduce, or remedy potentially adverse environmental and social impacts, and those that maximise positive impacts. The plan will include compensatory measures, if applicable, but will also take into account the broad range of non-compensatory measures that may be necessary to remedy adverse impacts. Specifically, the ESMP:

- i. Identifies and summarizes all anticipated adverse environmental and social impacts (including those involving highly vulnerable rural minorities or involuntary resettlement);
- ii. Describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;
- iii. Estimates any potential environmental and social impacts of these measures; iv. Takes into account, and is consistent with, other mitigation plans required for the project (e.g., for involuntary resettlement, highly vulnerable rural minorities, or cultural heritage); and v. Describes--with technical details--each maximization measure.

#### (B) Monitoring and reporting

The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the

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impacts assessed in the environmental and social assessment and the measures described in the ESMP<sup>54</sup>. Specifically, the monitoring section of the ESMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be

<sup>53</sup> This ESMP refers to all the E&S measures, as approved in all the disclosed E&S documents and agreed between the Bank and Borrower. Section III.2.3 refers. <sup>54</sup> Monitoring during an operation/project's implementation provides information about its key environmental and social aspects, particularly the environmental and social impacts of the project, activities and other initiatives and the effectiveness of mitigation measures. Such information enables the Borrower and the Bank to evaluate the success of mitigation as part of operation implementation support, and allows corrective action to be taken when needed.

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used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

#### (C) Capacity development and training

- To support timely and effective implementation of environmental and social components and mitigation measures, the ESMP draws on the assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level. As relevant, it may also consider responsible third parties and stakeholders who may play a role in project implementation and monitoring.
- Specifically, the ESMP provides a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, implementation support, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training).
- To strengthen the environmental and social management capacity of the agencies responsible for implementation, the ESMP identifies the responsible entities - on the basis of their prerogatives -, and recommends strengthening said prerogatives and / or training their staff and, any other measure that may be necessary to support the implementation of the ESMP.

#### (D) Implementation schedule and cost estimates

- For all three aspects (mitigation-~~remedy~~-maximisation, monitoring, and capacity development), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds. These figures are part of the total project cost.

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#### (E) Integration of ESMP with project

- The Borrower's decision to proceed with a project, and the Bank's decision to support it, are predicated on the expectation that the ESMP will be executed effectively. Consequently, each of the measures and actions to be implemented will be clearly specified, including the individual mitigation and monitoring measures and actions and the institutional responsibilities relating to each, and the costs of so doing will all be integrated into the project's overall planning, design, budget, and implementation.

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### I. Strategic Environmental and Social Assessment (SESA)

Strategic Environmental and Social Assessment is a systematic examination of environmental and social risks and issues, associated with a policy, plan or program, typically at the national level but also in smaller areas. The examination of environmental and social risks will include consideration of the full range of environmental and social risks incorporated in the OSs. A strategic ESA can be either regional or sectoral as follows:

- **Regional SESA:** Regional SESA examines environmental and social stakes, risks and issues, associated with a particular strategy, policy, plan, or program, or with a series of projects, activities

or initiatives for the development/planning of a particular region (e.g., a territorial jurisdiction, a metropolitan urban area, a watershed or river basin, a coastal zone, etc.); evaluates and compares the stakes, risks and potential impacts against those of alternative development options; assesses legal and institutional aspects relevant to the stakes, risks and issues; and then recommends broad measures to strengthen environmental and social management in the region. Regional SESA pays

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particular attention to potential cumulative risks and impacts of multiple activities in a region but does not include the site-specific analyses of a specific project, in which case the Borrower must develop supplemental information.

- **Sectoral SESA:** *Sectoral SESA* examines environmental and social risks and potential impacts, and issues, associated with a development/planning of a particular sector (e.g. agriculture, energy, transports, mining, water resources management, forestry and protected areas, etc.) in a region or across the country; evaluates and compares the stakes, risks and potential effects/impacts against those of alternative development options; assesses legal and institutional aspects relevant to the stakes, risks and issues; conducts stakeholder consultation and comment on the proposal, and then recommends broad measures to strengthen environmental and social management in the sector. Sectoral SESA also pays particular attention to potential cumulative risks and effects/impacts of multiple activities in the sector but does not include the analyses of a specific project.

SESA are therefore not mandatory documents for Board consideration of the project. When needed, they are finalized during project implementation and in conjunction with project and site -specific studies that assess the risks and impacts of a project.

#### *Institutional Capacity*

Strategic environmental and social assessment can provide opportunities for coordinating environmental and social-related responsibilities and actions in the host country in a way that goes beyond project boundaries/responsibilities and, where feasible, should be linked to other environmental and social strategies and action plans, and free-standing projects. The environmental and social assessment for a specific project can thereby help strengthen environmental and social management capability in the host country.

The Borrower may include components in the operation to strengthen its legal or technical capacity to carry out key environmental and social assessment functions. If the Bank concludes that the Borrower has inadequate legal or technical capacity to carry out such functions, the Bank may require strengthening programs to be included as part of the project. If the operation includes one or more elements of capacity strengthening, these elements will be subject to periodic monitoring and evaluation as required by OS1.

#### J. Indicative Content for a Review of a National Environmental and Social Framework

The following structure is indicative only. It should be tailored at the outset to the context of the operation or project in question.

##### *(A) Policies, legislations and regulations*

- National Commitments
  - Policies and documents that set goals, direction for development and provide strategic direction relevant to the project and for environmental and social safeguards.
- International commitments
  - Treaties, conventions, etc.
- Laws and other legal instruments
  - Laws and other legal instruments that can be enforced through the courts (eg for ESIA/SESA, compensation following involuntary land acquisition/resettlement).
  - Regulations - that put particular legal provisions into effect (usually gazetted). [Outline explanation of formal provisions/requirements with regard to OSs. E.g., for ESIA: projects types/initiatives requiring ESIA, process and steps, requirements for EMSPs and monitoring, examination of alternatives, cumulative effects, requirements for public

participation/consultation, communication on assessment results/reports.]

- Adopted Standards and Guidelines – for specific tools and practices.

[OSs 2-8 omitted]

## E&S Operational Safeguard 9: Financial Intermediaries

[pages omitted]

### C. Stakeholder Engagement

25. The FI will require FI subprojects to conduct stakeholder engagement in a manner proportionate to the risks and impacts of the FI subproject, and which reflects the type of FI subprojects it will finance. The relevant provisions of OS10 will be included in the FI's environmental and social procedures. In certain circumstances, depending on the risks and impacts of the project and the type of FI subprojects it will finance, the Bank may require the FI to be engaged in stakeholder engagement.

26. The FI will put in place procedures for external communications on environmental and social matters proportionate to the risks and impacts of the FI subprojects, and the risk profile of the FI's portfolio. The FI will respond to public enquiries and concerns in a timely manner.

27. The FI will disclose its ESMS through the FI's website, if a website exists, and permit, in writing, the Bank to disclose it on the Bank's website.

28. The FI will require its sub-borrowers to comply with national requirements for disclosure of information. In addition, the FI will require subprojects to disclose any project-related documents<sup>18</sup> required (a) by the application of the OSs; (b) for any FI subprojects categorized as high risk in accordance with the FI's own categorization system; and (c) any environmental and social monitoring reports relating to (a) or (b). The FI will also require sub-borrowers to inform project-affected people about the process and means by which grievances can be raised, including the AfDB's Independent Recourse Mechanism.

## E&S Operational Safeguard 10: Stakeholder Engagement and Information Disclosure

### Introduction

1. The Bank acknowledges, in its quest to meet its primary objective of assisting African countries to attain economic development and social progress, that the right to effective participation in decisionmaking is essential for the development of inclusive and just societies.

2. This OS therefore recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

3. Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process, and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts, as well as the planning of potential remedial measures for adverse impacts that occur despite preventative efforts.

4. This OS must be read in conjunction with OS1. Requirements regarding engagement with workers are found in OS2. Special provisions on emergency preparedness and response are covered in OS2 and OS4. In the case of projects involving involuntary resettlement, vulnerable groups, highly vulnerable rural minorities or cultural heritage, the Borrower will also apply the special disclosure and consultation requirements set out in OS5, OS7 and OS8.

#### Objectives

5. The objectives of OS10 are as follows:

- To establish a systematic approach to stakeholder engagement that will help Borrowers identify stakeholders and build and maintain a constructive relationship and channels of communication with them, in particular project-affected parties.
- To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance.
- To promote and provide means for safe, effective and inclusive engagement with project-affected parties, in a manner free of reprisal, throughout the project life cycle on issues that could potentially affect them.
- To ensure that appropriate project information on environmental and social risks and impacts is disclosed to stakeholders in a timely, understandable, accessible and appropriate manner and format.
- To provide project-affected parties with accessible and inclusive means to provide input, raise issues, questions, proposals, concerns and grievances, and allow Borrowers to respond to and manage such grievances, [including through the provision of effective remedy](#).

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- To promote development benefits and opportunities for project affected communities, including vulnerable groups in a manner that is accessible, culturally appropriate and inclusive.

#### Scope of Application

6. OS10 applies to all Bank Group's funded operations. The Borrower will engage with stakeholders as an integral part of the project's environmental and social assessment and project design and implementation, as outlined in OS1.

7. For the purpose of this OS, "stakeholder" refers to individuals or groups who:

- Are affected or are at risk of being affected by the operation, directly or indirectly, (project-affected parties); and/or
- May have an interest in the operation (other interested parties).

#### Requirements

##### A. General

8. Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.

9. Borrowers will facilitate meaningful consultations with all stakeholders by providing stakeholders with timely, relevant, understandable and accessible information, and consulting with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, intimidation and reprisal.

10. The process of stakeholder engagement will involve the following, as set out in further detail in this OS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) providing feedback to stakeholders.

11. The Borrower will maintain, and disclose as part of the environmental and social assessment, a

documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

## B. Engagement during Project Preparation

### Stakeholder Identification and Analysis

12. The Borrower will identify the different stakeholders, both project-affected parties and other interested parties.<sup>2</sup> As set out in paragraph 7, individuals or groups that are affected or likely to be affected by the project will be identified as 'project-affected parties' and other individuals or groups that may have an interest in the project will be identified as 'other interested parties'.

13. The Borrower will identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be vulnerable<sup>3</sup>. Based on this identification, the Borrower will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project.

14. Depending on the potential significance of environmental and social risks and impacts, the Borrower may be required to retain independent third-party specialists to assist in the stakeholder identification and analysis to support a comprehensive analysis and the design of an inclusive engagement process.

### Stakeholder Engagement Plan

15. In consultation with the Bank, the Borrower will develop and implement a Stakeholder Engagement Plan (SEP)<sup>4</sup> proportionate to the nature and scale of the project and its potential risks and impacts<sup>5</sup>. A draft of the SEP will be disclosed as early as possible, and before project appraisal, and the Borrower will seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower will disclose the updated SEP.

16. The SEP will describe the timing and methods of engagement with stakeholders throughout the life cycle of the project as agreed between the Bank and the Borrower, distinguishing between project-affected parties and other interested parties. The SEP will also describe the range and timing of information to be communicated to project-affected parties and other interested parties, as well as the type of information to be sought from them.

17. The SEP will be designed to take into account the main characteristics and interests of the stakeholders, and the different levels of engagement and consultation that will be appropriate for different stakeholders. The SEP will set out how communication with stakeholders will be handled throughout project preparation and implementation.

18. The SEP will describe the measures that will be used to remove obstacles to participation, and how the views of differently affected groups will be captured. Where applicable, the SEP will include differentiated measures to allow the effective participation of those identified as vulnerable.

<sup>2</sup> The stakeholders of an operation/project will vary depending on the details of the operation or project. They may include local communities, national and local authorities, neighboring projects, and nongovernmental organizations.

<sup>3</sup> As described in OS 1 and 7, 'vulnerable' refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

<sup>4</sup> Depending on the nature and the scale of the risks and impacts of the project, the elements of a SEP may be included as part of the ESMP and preparation of a stand-alone SEP may not be necessary. Thus, for lower risk projects, the SEP may be few paragraphs whilst for a large complex infrastructure project a separate and comprehensive SEP will be more appropriate.

<sup>5</sup> Where possible, stakeholder engagement will utilize engagement structures within the national system e.g. community meetings, supplemented as needed with project-specific arrangements.



Dedicated approaches and an increased level of resources and independent third-party specialists (e.g stakeholder engagement, cultural, indigenous peoples, or gender specialists) may be needed for communication with such differently affected groups so that they can obtain the information they need regarding the issues that will potentially affect them.

19. When the stakeholder engagement with local individuals and communities depends substantially on community representatives<sup>6</sup>, the Borrower will make reasonable efforts to verify that such persons do,

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in fact, represent the views of such individuals and communities, and that they are facilitating the communication process in an appropriate manner<sup>7</sup>.

20. In certain circumstance<sup>8</sup>, depending on the level of information available about the operation or project, the SEP will take the format of a framework approach, outlining general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with this OS that will be implemented once the location is known.

#### Information Disclosure

21. The Borrower will disclose project information to allow stakeholders to understand the risks and impacts of the operation or project, and potential opportunities. The Borrower will provide stakeholders with access<sup>9</sup> to the following information, in a non-technical form, as early as possible, before the Bank proceeds to project appraisal, and in a timeframe that enables meaningful consultations with stakeholders on project design:

- (a) The purpose, nature and scale of the project and its area of influence.
- (b) The duration of proposed project activities.
- (c) Potential risks and impacts of the project on local communities, and the proposals for mitigating these, highlighting potential risks and impacts that might disproportionately affect vulnerable groups and describing the differentiated measures taken to avoid, minimize, and remedy these.
- (d) Potential opportunities and development benefits from the project for local communities.
- (e) The proposed stakeholder engagement process highlighting the ways in which stakeholders can participate.
- (f) The locations where the disclosed information is available for review.
- (g) The time and venue(s) of any proposed public consultation meetings, and the process by which meetings will be notified, summarized, and reported.
- (h) The process and means by which grievances can be raised and will be addressed, including the Bank's Independent Recourse Mechanism (IRM). Any AfDB Borrowers/Client and sub-clients (including Financial Intermediaries) shall be required to disclose the existence of the IRM to project-affected communities.<sup>10</sup>

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22. The information will be disclosed in relevant local languages<sup>11</sup> and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (such as, disability, literacy, gender, mobility, differences in language or accessibility).

<sup>6</sup> For example, village heads, councils of elders, clan heads, tribal chiefs, community and religious leaders, local government representatives, civil society representatives, politicians or teachers.

<sup>7</sup> For example, by conveying, in an accurate and timely manner, information provided by the Borrower to the communities and the comments and the concerns of such communities to the Borrower.

<sup>8</sup> For example, where the exact location of the project is not known.

<sup>9</sup> Access needs to be in a manner that facilitates meaningful consultation. Ways to achieve this include placing copies of documents in places where the public has access, leaving the information with chiefs or elders, disclosing information through the media or national gazette.

<sup>10</sup> Operating Rules and Procedures of the African Development Bank's Independent Recourse Mechanism, para. 4.

<sup>11</sup> The Borrower should identify the languages people speak and understand and select appropriate choices. The aim is not to facilitate equality of languages in an area but to maximize outreach to people in an efficient manner.

## Meaningful Consultation

23. The Borrower will undertake a process of meaningful consultation in a manner that provides stakeholders with opportunities to express their views on project risks, impacts, and mitigation and remedial

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measures, and allows the Borrower to consider and respond to them. Meaningful consultation will be carried out on an ongoing basis as the nature of issues, impacts and opportunities evolves.

24. Meaningful consultation is a two-way process, that:

- (a) Begins early in the project planning process to gather initial views on the project proposal and inform project design;
- (b) Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts;
- (c) Continues on an ongoing basis, as risks and impacts arise;
- (d) Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders;
- (e) Considers and responds to feedback;
- (f) Supports active and inclusive engagement with project-affected parties;
- (g) Is free of external manipulation, interference, coercion, discrimination, intimidation and reprisal<sup>12</sup>; and
- (h) Is adequately documented and disclosed by the Borrower.

### C. Engagement during Project Implementation and External Reporting

25. The Borrower will continue to engage with, and provide information to, project-affected parties and other interested parties throughout the life cycle of the project, in a manner appropriate to the nature of their interests and the potential environmental and social risks and impacts of the project<sup>13</sup>.

26. The Borrower will continue to conduct stakeholder engagement in accordance with the SEP, and will build upon the channels of communication and engagement already established with stakeholders. In particular, the Borrower will seek feedback from stakeholders on the environmental and social performance of the project, and the implementation of the ESMP.

27. If there are significant changes to the operation or project that result in additional risks and impacts, particularly where these will impact project-affected parties, the Borrower will provide information on such risks and impacts and consult with project-affected parties as to how these risks and impacts will be mitigated or remedied. The Borrower will disclose an updated ESMP, setting out any additional mitigation or remedial measures.

### D. Grievance Mechanism

28. The Borrower will respond to concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner. For this purpose, the Borrower

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<sup>12</sup> The Bank recognizes that fear of reprisal is a barrier to access to stakeholders participation and would require the Borrower to ensure that reprisal will not occur.

<sup>13</sup> Additional information may need to be disclosed at key stages in the project cycle, for example prior to start-up of operations, and on any specific issues that the disclosure and consultation process or grievance mechanism have identified as of concern to stakeholders.

will propose and implement a grievance mechanism<sup>14</sup> to receive and facilitate resolution of such concerns and grievances.

29. The grievance mechanism will be proportionate to the potential risks and impacts of the operation or project and will be accessible and inclusive. Where feasible and suitable, the grievance mechanism will utilize existing formal or informal grievance and conflict resolution mechanisms, supplemented as needed with project-specific arrangements. Further details on grievance mechanisms are set out in Annex 1.

30. The grievance mechanism is expected to address concerns promptly and effectively, in a transparent manner that is culturally appropriate and readily accessible to all project-affected parties, at no cost and without retribution. The mechanism, process or procedure will not prevent access to judicial or administrative remedies, or to the Bank's Independent Recourse Mechanism (IRM). The Borrower will inform the project-affected parties about the grievance process in the course of its community engagement activities, and will make publicly available a record documenting the responses to all grievances received, including any remedial measures implemented and documentation of the complainants' level of satisfaction with the outcome of the mechanism process.

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31. Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive and responsive to the needs and concerns of the project-affected parties. Any measures to remedy grievances will be designed in consultation with the project-affected parties, and may entail, besides compensation, measures for restitution, rehabilitation, and/or satisfaction, as well as guarantees of non-repetition. The mechanism will also allow for anonymous complaints to be raised and addressed.

#### E. Organizational Capacity and Commitment

32. The Borrower will define clear roles, responsibilities and authority as well as designate specific personnel (with competency and experience in stakeholder engagement) to be responsible for the implementation and monitoring of stakeholder engagement activities and compliance with this OS.

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### OS 10 - Annex 1. Grievance Mechanism

1. The scope, scale and type of grievance mechanism required will be proportionate to the nature and scale of the potential risks and impacts of the project.

2. The grievance mechanism should include the following:

- (a) Different ways in which users can submit their grievances, which may include submissions in person, by phone, text message, mail, email or via a web site;
- (b) A log where grievances are registered in writing and maintained as a database;
- (c) Publicly advertised procedures, setting out the length of time users can expect to wait for acknowledgement, response and resolution of their grievances;
- (d) Transparency about the grievance procedure, governing structure and decision makers; and
- (e) An appeals process (including the national judiciary) to which unsatisfied grievances may be referred when resolution of grievance has not been achieved.

3. The Borrower may provide mediation as an option where users are not satisfied with the proposed resolution.

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### Glossary

<sup>14</sup> The grievance redress mechanism to be provided under this OS will include aspects required under other OSs (see OSs 5 and 7). However, the grievance mechanism for project workers required under OS2 will be provided separately.

- Accessibility refers to the identification and elimination of obstacles and barriers to provide access to the physical environment, to transportation, to information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas.

- Assimilative capacity refers to the capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.

- Associated Facilities means facilities or activities that are not funded by the Bank but which in the judgement of the Bank are carried out or are planned to be carried out as a necessary requirement for the project financed by the Bank to be viable.

- Biodiversity is the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.

- Categorization of project E&S risk

- ✓ Category 1: High risk operations likely to cause significant and/or irreversible adverse environmental and/or social impacts on a large scale, or to significantly affect environmental or social components that the Bank or the borrowing country considers sensitive. This include projects classified as of high risk under national legislation or moderate risk projects financed by the Bank in a low E&S implementation capacity or fragile context.

- ✓ Category 2: Moderate risk operations likely to cause adverse environmental and social impacts that are less than Category 1 operations, medium scale, easily reversible, and readily minimised by applying appropriate management and mitigation measures or incorporating internationally recognised design criteria and standards. This include projects classified as of moderate risk under national legislation or low risk projects financed by the Bank in a lack of E&S implementation capacity or fragile context.

- ✓ Category 3: Low risk operations that are do not directly or indirectly affect the environment adversely and are unlikely to induce adverse social impacts. This category does not require a formal environmental and social assessment although E&S mitigation or maximization measures may be included/recommended in the project design.

- Chance find (procedure). A chance find is archaeological material encountered unexpectedly during project construction or operation. A chance finds procedure is a project-specific procedure that will be followed if previously unknown cultural heritage is encountered during project activities. The chance finds procedure will set out how chance finds associated with the project will be managed. The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of OS8 and national law; and to train project personnel and project workers on chance find procedures.

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- Client. An entity that is eligible to receive financing, investment or technical assistance from the Bank on non-sovereign terms, to whom financing or investment flows will be disbursed, and who is responsible for fulfilling specific conditions and for repayments to the Bank as per Financing agreements, in the case of non-grant resources.

- Collective attachment means that for generations there has been a physical presence in and

economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.

- Core functions of a project constitute those production and/or service processes essential for a specific project activity without which the project cannot continue.

- Critical habitat is defined as areas with high biodiversity importance or value, including: (a) habitat of significant importance to Critically Endangered or Endangered species, as listed on the International Union for the Conservation of Nature (IUCN) Red List of threatened species or equivalent national approaches; (b) habitat of significant importance to endemic or restricted-range species; (c) habitat supporting globally or nationally significant concentrations of migratory or congregatory species; (d) highly threatened or unique system; (e) ecological functions or characteristics that are needed to maintaining the viability of the biodiversity values described above in (a) to (d).

- Cultural heritage is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions.

- Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including in circumstances where they may be separated from their family, the community or other individuals upon which they depend.

- Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.

- Environmental, Health, and Safety Guidelines (EHSGs) are technical reference documents with general and industry-specific statements of Good International Industry Practice. The EHSGs contain the performance levels and measures that are generally considered to be achievable in new facilities by existing technology at reasonable cost. For complete reference, consult the World Bank Group Environmental, Health, and Safety Guidelines, [http://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/ifc+sustainability/our+approach/risk+management/ehsguidelines](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ehsguidelines).

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- Financial feasibility is based on relevant financial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable for the Borrower.

- Financing agreement is used to mean the legal agreement signed between the Bank and the Borrower with the respect to the Bank support (financing and assistance) to operations.

- Financing Instrument is used to mean loans, grants, guarantees, equity or any other forms of financing products and services and/or assistance provided by the Bank in support to the

#### Borrower operations.

- Forced eviction is defined as the permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection, including all applicable procedures and principles in OS5. The exercise of eminent domain, compulsory acquisition or similar powers by a Borrower will not be considered to be forced eviction providing it complies with the requirements of national law and the provisions of OS5, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).

- Free, Prior and Informed Consent (FPIC) refers to Free: of intimidation or coercion; Prior: timely in relation to the assessment process, allowing sufficient time to access and understand information and prepare responses; Informed: advance provision of relevant, understandable and accessible information, in the appropriate language; Consent: does not mean “veto” or “unanimity” on the project before the Board consideration.

- Good International Industry Practice (GIIP) is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.

- Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their sensitivity to impacts and in the various values society attributes to them.

- Highly vulnerable rural minorities (HVRM) refers to specific socio-cultural minority groups, in rural areas, whose culture and life are vitally and sustainably dependent on natural resources and/or landscapes of their living environments, and whose cultures and quality of life are under threat whenever the features of these resources or landscapes are substantially deteriorated. This includes minorities qualified as Indigenous people under national legislation, forest dwellers, traditional pastoralists, etc.

- Historical pollution is defined as pollution from past activities affecting land and water resources for which no party has assumed or been assigned responsibility to address and carry out the required remediation.

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- Integrated Pest Management (IPM) refers to a mix of farmer-driven, ecologically-based pest control practices that seeks to reduce reliance on synthetic chemical pesticides. It involves (a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) integrating multiple methods (relying, to the extent possible, on nonchemical measures) to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment.

- Integrated Vector Management (IVM) is a rational decision-making process for the optimal use of resources for vector control. The approach seeks to improve the efficacy, cost- effectiveness, ecological soundness and sustainability of disease-vector control.

- International waterways are referred to as (a) any river, canal, lake, or similar body of water that forms a boundary between, or any river or body of surface water that flows through, two or more states, whether Bank members or not; (b) any tributary or other body of surface water that is a component of any waterway described in (a) above; and (c) any bay, gulf, strait, or

channel bounded by two or more states or, if within one state, recognized as a necessary channel of communication between the open sea and other states - and any river flowing into such waters.

- **Involuntary Resettlement.** Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in Displacement.
- **Land acquisition** refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. “Land” includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies.
- **Livelihood** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.
- **Modified habitats** are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed coastal zones, and reclaimed Wetlands.
- **Natural habitats** are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area’s primary ecological functions and species composition.

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- **Non-Sovereign Operation** means financing provided by the Bank to a non-government that is not covered by a sovereign guarantee and on non-concessional terms.
- **Operation.** An operation is an undertaking, in the form of a project or programme of initiatives, by a Borrower, towards the achievement of specific well-defined objectives and outputs. An AfDB operation is the financing or non-financing assistance provided by the Bank in support of the Borrower toward the realization of such undertaking.
- **Outcome.** An effect that materializes during or in the medium term financing the execution of a financing operation.
- **Pollution** refers to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as thermal discharge to water, emissions of short- and long-lived climate pollutants, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.
- **Pollution management** includes measures designed to avoid or minimize emissions of pollutants, including short- and long-lived climate pollutants, given that measures which tend to encourage reduction in energy and raw material use, as well as emissions of local pollutants, also generally result in encouraging a reduction of emissions of short- and long-lived climate Pollutants.



- Primary suppliers are those suppliers who, on an ongoing basis, provide directly to the project goods or materials essential for the core functions of the project.
- Project refers to the activities for which Bank support is sought by the Borrower and as defined in the project's Financing agreement between the Borrower and the Bank.
- Project Worker refers to: (a) people employed or engaged directly by the Borrower (including the project proponent and the project implementing agencies) to work specifically in relation to the project (direct workers); (b) people employed or engaged through third parties to perform work related to core functions of the project, regardless of the location (contracted workers); (c) people employed or engaged by the Borrower's primary suppliers (primary supply workers); and (d) people employed or engaged in providing community labour (community workers). This includes full-time, part-time, temporary, seasonal and migrant workers. Migrant workers are workers who have migrated from one country to another or from one part of the country to another for purposes of employment.

- Remedy is defined as adequate reparation for a breach of rights when an illegal, detrimental, or harmful act is imposed on a rights-holder. The provision of effective remedy for unintended harmful impacts of Bank operations is an integral component of the Bank's mandate to "do no harm." Under international human rights law, remedy has both a procedural and substantive component. Procedural remedy refers to the existence of remedial institutions and mechanisms to which a complainant has access in order to bring a claim. Substantive remedy consists of the outcome of the remedial process, and entails the duty to provide the redress to which a complainant is entitled due to the harm suffered. Potential outcomes of a remedial process may include some combination of compensation, restitution, rehabilitation, satisfaction, and guarantees of non-repetition. To be effective, remedial measures must be designed in consultation with the persons who have been harmed.

- Replacement cost is defined as a method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the un-depreciated value of replacement material and labour for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses, and any similar costs imposed on affected persons. To ensure

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compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.

- Restrictions on land use refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, restrictions on land use within utility easements or safety zones.
- Security of tenure means that resettled individuals or communities are resettled to a site that

they can legally occupy, where they are protected from the risk of eviction and where the tenure rights provided to them are socially and culturally appropriate. In no event will resettled persons be provided tenure rights that are in effect weaker than the rights they had to the land or assets from which they have been displaced.

- Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.
- Universal access means unimpeded access for people of all ages and abilities in different situations and under various circumstances.
- Vulnerable means a group or individual likely to face harder conditions as a result of the resettlement because of such specific factors as a group's gender, economic status, ethnicity, religion, language or health condition. Depending on the specific context of the resettlement operation, vulnerable groups may thus include, for example, female-headed households, those below the poverty line, the landless, forest dwellers, minorities culturally and economically dependent on natural specific landscapes, indigenous peoples (as referred to by national legislation), those without legal title to assets, those with physical handicaps, or ethnic, religious and linguistic minorities. Identifying vulnerable and highly vulnerable minorities should be the result of careful analysis of the social and economic context, the presence of factors that may cause vulnerability and the capacity of the individual or group to cope or adapt.