

# Environmental and Social Management Framework

ASEAN Catalytic Green Finance Facility - Green Recovery  
Program (ACGF GRP)

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**NOTE: This document is supported by the following Linked Documents:**

- **Linked Document 1 'ADB Safeguards Policy Statement (2009)'**
- **Linked Document 2 'ADB templates for categorization and monitoring'**

## Abbreviations

ACGF	ASEAN Catalytic Green Finance Facility
ADB	Asian Development Bank
AIF	ASEAN Infrastructure Fund
ASEAN	Association of Southeast Asian Nations
CAP	Corrective Action Plan
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EHS	Environmental, health and safety
EMP	Environmental management plan
E&S/ES	Environmental and Social
ESMF	Environmental and Social Management Framework
FI	Financial Intermediary
GCF	Green Climate Fund
GRM	Grievance redress mechanism
IEE	Initial environmental examination
IFC	International Finance Corporation
IP	Indigenous Peoples
IPP	Indigenous Peoples Plan
IR	Involuntary Resettlement
PAP	Project Affected People
PIAL	Prohibited investment activity list
PSs	Performance Standards
REA	Rapid Environmental Assessment
RP	Resettlement Plan
SIA	Social Impact Assessment
SPS	Safeguard Policy Statement
TNA	Training Needs Assessment

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# I. INTRODUCTION

1. The ASEAN Catalytic Green Finance Facility Green Recovery Program (ACGF GRP) Environmental and Social Management Framework (ESMF) has been developed to ensure that environmental and social risks and impacts from all projects under the program will be minimized and mitigated to acceptable levels. The ESMF sets out the principles, rules, procedures and guidelines for conducting environmental and social due diligence of potential ACGF GRP projects. All ACGF GRP projects will be subject to ADB's safeguards policies and requirements as outlined in ADB's Safeguard Policy Statement (SPS).<sup>1</sup> Should ADB safeguards policies be amended over the course of the program, ADB safeguards requirements applicable at the time of preparation of the project will apply.
2. ADB's SPS aims to help developing member countries (DMCs) address environmental and social risks in development projects and minimize and mitigate, if not avoid, adverse project impacts on people and the environment. Approved by ADB's Board of Directors in July 2009, the ADB SPS builds upon three previous safeguard policies on the environment, involuntary resettlement, and Indigenous Peoples, and brings them into a consolidated policy framework that enhances effectiveness and relevance. In the implementation of the SPS, ADB works with borrowers to put policy principles and requirements into practice through project review and supervision, and capacity development support. The SPS also provides a platform for participation by affected people and other stakeholders in project design and implementation.
3. ADB's SPS involves a structured process of impact screening, assessment, planning, and mitigation to address the adverse effects of projects throughout the project cycle. The safeguard policies require that (i) impacts are identified and assessed early in the project cycle; (ii) plans to avoid, minimize, mitigate, or compensate for the potential adverse impacts are developed and implemented; and (iii) affected people are informed and consulted during project preparation and implementation.

## A. Background to the ACGF Green Recovery Program

4. The ASEAN Catalytic Green Finance Facility Green Recovery Program (ACGF GRP) is an innovative, multi-instrument, country-owned platform designed to scale up low emissions investments as part of COVID-19 economic stimulus. By investing in low emissions green<sup>2</sup> infrastructure specifically targeting post-COVID-19 recovery, the program will help countries avoid a rebound in emissions and environmental degradation, while stimulating economic growth by creating green jobs.
5. The program will use GCF financing to leverage resources from ADB, ASEAN Infrastructure Fund, other co-financing partners and governments. The program's investments will demonstrate practical action for a green recovery by integrating international standards for climate impact, thereby paving the way for the development of longer-term low-carbon project pipelines, creating grounds for broad paradigm shift in Southeast Asia.
6. The ACGF GRP is structured as a revolving fund which will revolve the use of GCF through two rounds of investments. The program will utilize GCF financing of USD300 million (USD280 million loans + USD20 million technical assistance grants) to complement ACGF resources to support post-COVID-19, high climate-impact and green infrastructure projects that create jobs and support economic growth.

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<sup>1</sup> ADB. 2009. Safeguard Policy Statement. Manila.

<sup>2</sup> Green infrastructure, for the purposes of the ACGF Green Recovery Program, is defined as infrastructure with significant climate benefits that also has a demonstrable contribution to other environmental objectives such as reduced pollution, increased resource use efficiency and management of natural capital.

7. The ACGF GRP will include three components:

#### Component 1: De-risking funds for low-emissions projects

8. GCF loans will complement ACGF and ADB financing, and financing from other development partners (as appropriate), to de-risk funds to improve the bankability of low-emissions green infrastructure projects. The program will support loans to 20 sovereign low-emissions projects between 2021 and 2050, with every project meeting specific criteria related to climate impact, bankability, private mobilization and creation of green jobs.

9. Projects under this program will be selected from ADB's project pipeline in each country, subject to screening against ACGF eligibility criteria, and consultations with governments, as well as ADB sector and country teams.

#### Component 2: Development of innovative climate finance models and structures

10. GCF financing (technical assistance grants) will support demonstrate and scale up innovative financing instruments and structures, with a focus on: a) green and sustainable bonds; b) hybrid PPP models for renewable energy and sustainable cities; and c) innovative green recovery financing mechanisms.

#### Component 3: Policy, knowledge and capacity building support

11. GCF financing (technical assistance grants) will also be used to help build awareness, knowledge and further policy dialogue on green finance in ASEAN countries, with the specific aim of supporting increased transactions and building capacity to better identify, structure and implement low-carbon project opportunities. In addition to developing green finance strategies and carrying out knowledge events, targeted training on innovative finance will be carried out through the ACGF '6 Champions' program.

12. Capacity building under this component will also support effective safeguards implementation through targeted training for project sponsor staff to build awareness of ADB and GCF safeguards (environmental and social) requirements, and to strengthen skills, capacity and knowledge on monitoring and implementation of management plans related to environment, resettlement and indigenous people.

#### Implementation arrangements

13. The Program will be managed by ADB as GCF Accredited Entity and as Executing Entity (as defined by GCF). ADB will be responsible for providing loans and technical assistance funds from GCF under the ACGF GRP. GRP funds will be provided alongside ADB funds for projects which are included in ADB Country Partnership Strategies and ADB Country Operations Business Plans. ADB will manage and oversee a dedicated ACGF Project Structuring Team, staffed by full time and intermittent experts, to run the program.

14. The program will be associated with ACGF, a facility under the ASEAN Infrastructure Fund which is owned by ASEAN countries and ADB. The ACGF was launched on 4th April 2019 in Chiang Rai, Thailand by ASEAN finance ministers in the margins of the ASEAN Finance Ministers Meeting.

## B. Risk categorization of the ACGF GRP

#### Environmental and social risks expected from sub-projects under the ACGF GRP

15. The priority sectors for the program include:

- **Renewable energy systems**, energy efficiency in industry and buildings, energy efficiency in transport, energy storage and transmission to support increased renewable integration into the grid.

- **Low-carbon urban transport** systems (light rail, metro rail, bus rapid transit), modal shift and inter-urban railway development, public transport systems, active transport systems (including cycling and walking), electric vehicle infrastructure.
- **Sustainable agriculture and natural resources** projects (with infrastructure elements included), e.g. reforestation and sustainable mangrove management, low-carbon value chain development, sustainable fisheries and ocean health.
- **Green multisector urban** projects including climate-resilient and energy efficient water supply and wastewater treatment, sanitation, waste management systems, pollution control and abatement.

16. While environmental and social risks are country and context specific, in general, projects in the priority sectors under the program could entail a number of risks that must be minimized and mitigated through the ACGF GRP ESMF. A summary of these are provided in Table 1.

**Table 1. Anticipated environmental and social risks in priority sector projects**

Priority Sectors	Examples of Anticipated Risks in Projects			Likely ADB Risk Categories*
	Environment	Social		
		Involuntary Resettlement (IR)	Indigenous Peoples (IP)	
Renewable Energy Systems	Land acquisition (especially for project sites, transmission and energy storage areas) Hazardous waste (explosives and effluents) and emissions, noise during construction GHG emissions Spoil and renewed material management Noise and shadow-effects Labor related issues Construction-period traffic, safety and security Local flooding and storm water management Lack of supporting infrastructure	Land acquisition may trigger physical and economic displacement. Temporary resettlement is also likely to occur Neighborhood and businesses’ acceptance (public opposition) Affordability of new energy systems Impact of influx of workers/labor Visual acceptance	May be a risk if IP are present (e.g. Manila city has several IP inhabited areas, and ancestral enclaves) assurance of the process for broad community support is applied	A, B and C
Low Carbon Urban Transport	Land Acquisition Hazardous waste (explosives and effluents), emissions, noise, dust and pollution. Spoil Temporary changes in routes (traffic vehicles) and construction vehicle transport risks Labor, safety and health (construction period) Lack of supporting infrastructure	Resettlement (temporary and permanent) Livelihoods Temporary route changes, Affordability of new transport (for (vulnerable and youth) Local flooding and storm water management effecting livelihoods Impact of influx of workers/labor	IP may be affected in certain cities (e.g. Philippines, Myanmar) assurance of the process for broad community support is applied	A, B and C
Sustainable Agriculture and Natural Resources	Land Acquisition Biodiversity Aquatic Ecology Coastal Pollution Illegal resource exploitation	Land use change and livelihoods Resettlement likely if there is forest management Changes in livelihoods (due to access to coastal vegetation and fisheries) Vulnerable Groups	IP, ancestral areas  Assurance of the process for broad community support is applied	A (most likely for Environment), B and C
Green Multisector Urban	Land Acquisition (including agriculture or grassland/forest sites) Hazardous and toxic waste. Air odor and litter	Land use and acquisition. Resettlement Safety during construction Health and output/waste	IP may be affected in certain cities  Assurance of the	A, B and C

	Water quality and habitat / ecology GHG emissions Pollution and residue material management Vehicle-traffic management (waste transport and construction related) Labor, safety and health	Temporary water resource access changes. Impact of influx of workers/labor Neighborhood and businesses' acceptance (public opposition) Visual disturbance	process for broad community support is applied	
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\*see cutoffs for resettlement between categories A and B in Table 2, in accordance with ADB SPS (2009).

### Risk categorization under GCF's framework

17. The ACGF GRP is categorized as I-1 under GCF's environmental and social risk categorization. Under the program, ADB will provide loans and technical assistance from GCF funds alongside ADB funds. As the program focuses on low-emissions infrastructure and has a long lifespan of 30 years, sub-projects classified under all ADB safeguards categories (A, B and C) are likely to be financed over the course of the program. The program's future portfolio of sub-projects may include exposure to activities with 'potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented' as defined by GCF.

## C. Principles underpinning the ACGF GRP Environmental and Social Management Framework

18. To identify and effectively address potential impacts from projects funded using GCF funds (through the ACGF GRP), an Environmental and Social Management Framework (ESMF) has been formulated in compliance with ADB's SPS. Every project will be initially reviewed for technical and financial merit before subject to safeguards screening, review and assessment in line with this ESMF. This system will apply to any project that utilizes GCF funds (through the ACGF GRP).

19. The ESMF presents the roles, responsibilities, and procedures in place to avoid, minimize, and mitigate any direct, indirect, cumulative, and induced:

- a) adverse impacts and/or risks on the environment;
- b) adverse impacts and risks of involuntary resettlement; and
- c) adverse impacts on indigenous peoples<sup>3</sup> and their communities that may arise from the implementation of projects and subprojects.

20. All projects under the ACGF GRP will be co-financed and processed by ADB, and will be subject to meeting the objectives and requirements of ADB's SPS. In addition, and as required as per ADB's SPS, ADB will employ IFC Environmental, Health and Safety (EHS) Guidelines to ensure adequate measures are in place in projects.<sup>4</sup>

21. As per ADB's SPS, ADB will not finance projects that do not comply with its safeguard policy statement, nor will it finance projects that do not comply with the host country's social and environmental laws and regulations, including those laws implementing host country obligations under international law. In addition, ADB will not finance activities on the prohibited investment activities list (SPS Appendix 5). All ADB safeguard categories (A, B and C) of projects will be considered and the ADB safeguards requirements will apply to avoid, minimize, mitigate and compensate potential risks and impacts.

<sup>3</sup> It is noted that countries use a range of terminology to refer to indigenous people that could include indigenous ethnic minorities, indigenous cultural communities, aboriginals, hill tribes, minority nationalities, scheduled tribes, or tribal groups.

<sup>4</sup> International Finance Corporation. Environmental, Health and Safety Guidelines. [www.ifc.org/ehsguidelines](http://www.ifc.org/ehsguidelines)

22. In the implementation of this ESMF and ADB's SPS, ADB will work with borrower governments to ensure that all potential ACGF GRP projects will:

- i. be screened, categorized, and properly appraised in terms of their environmental and social impacts and risks in line with ADB's SPS and agreed actions, if any, are identified to fulfill gaps.
- ii. be reviewed and evaluated against national policies, laws, regulations and standards on environment, health, safety; involuntary resettlement and land acquisition; indigenous peoples and physical cultural resources; and meaningful public consultation;
- iii. address gender and development issues, including through meaningful consultation where relevant (including women and tailored to the needs of disadvantaged and vulnerable groups);
- iv. establish a grievance redress mechanism (GRM) to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental and social safeguards performance;
- v. include in contracts with civil works contractors, subcontractors and other providers of goods and services provisions to employ local labor wherever possible, and to ensure compliance with ADB's social safeguards requirements and international core labor standards, as defined in ADB's Core Labor Standards Handbook.<sup>5</sup>

23. The interim ESS standards currently applied by the GCF are the International Finance Corporation (IFC) Environmental and Social Performance Standards. As an accredited entity of the GCF, ADB's SPS and procedures at an institutional level are aligned with GCF ESS standards.

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<sup>5</sup> ADB, ILO. 2006. Core Labor Standards Handbook. Manila.



## II. ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK FOR ACGF GRP

### A. Objectives of the ESMF

24. ADB's Safeguard Policy Statement (SPS) aims to promote the sustainability of project outcomes by protecting the environment and people from projects' potential adverse impacts. The SPS sets out the policy objectives, scope, triggers, and principles for three key safeguard areas: environmental safeguards (11 policy principles), involuntary resettlement safeguards (12 policy principles), and (iii) Indigenous Peoples (9 policy principles) safeguards.

25. The objectives of ADB's safeguards<sup>6</sup> are to:

- avoid adverse impacts of projects on the environment and affected people, where possible;
- minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and
- help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

26. Building on this, the objectives of this ESMF are to:

- avoid any potential adverse direct, indirect, and cumulative E&S impacts and/or risks of projects that it supports;
- minimize or mitigate adverse E&S impacts/risks;
- ensure that minimization or mitigation of E&S impacts and risks meet the requirements of national laws and regulations, and E&S safeguard requirements of ADB, instilling international best practices;
- guide borrower governments in preparing projects for appraisal by ADB, and in monitoring, reporting, and in undertaking corrective actions, if any;
- ensure that effective mechanisms are in place for safeguard compliance during project implementation, and to undertake corrective actions, if required;
- develop institutional capacity among the borrower government's environmental and social safeguards staff for safeguards compliance; and
- in applying the above, ensure all projects supported by GCF funds are aligned with GCF ESS standards.

### Roles, responsibilities and capacity

27. ADB's SPS outlines the role and responsibilities of ADB as well as of borrower governments. Borrower governments are required to undertake social and environmental assessments, carry out meaningful consultations with affected people and communities, prepare and implement safeguard plans, monitor the implementation of

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<sup>6</sup> ADB adheres to the objectives of the safeguards and their delivery. ADB assumes the responsibility for conducting due diligence and for reviewing, monitoring, and supervising projects throughout the ADB's project cycle in conformity with the principles and requirements embodied in the SPS. By adhering to its social and environmental safeguards, ADB enhances the predictability, transparency, and accountability of its actions and decision making; helps borrowers/clients manage social and environmental impacts and risks; and promotes the long-term sustainability of investments. Transforming this commitment into results on the ground depends on shared, but differentiated, efforts by ADB and its borrowers/clients.

these plans, and prepare and submit monitoring reports. ADB's role is to explain policy requirements to borrowers/clients, help borrowers/clients meet those requirements during project processing and implementation through capacity-building programs, ensure due diligence and review, and provide monitoring and supervision. ADB's role in monitoring safeguard compliance continues during project implementation. ADB's project completion reports and project performance evaluation reports include review of the implementation of safeguards.

### Safeguards Management Requirements for Governments

28. This ESMF is fully integrated with the project cycle requirements of ADB. The due diligence process described is initiated early in the project cycle when the project is being considered for financing from ADB. If compliance of all ADB safeguard requirements cannot be met, the project will not be financed by ADB, and will also not be able to access financing under the ACGF GRP. For all ADB projects financed, the processes described in the ESMF will remain active until Government's exposure to the project is completed.

29. The procedures to be followed under this ESMF are summarized here and described in detail in the ADB SPS. Key steps include screening, categorization, due diligence, compliance monitoring, and reporting, all of which are described in the following sections. Templates and guidance for the preparation of EIA, IEE, resettlement and indigenous peoples<sup>7</sup> plans are provided in the ADB SPS. Given that the ADB's screening and categorization is central in pointing to the specific types of assessments/plans and reporting required the borrowers/clients will be advised not to prepare plans before project categorization is approved by ADB.

30. As part of the implementation of ADB SPS, assessments of national policy, regulations and standards on environment, resettlement and indigenous peoples will be conducted at the project level. This also includes an assessment of implementation capacity in borrowers, and should there be gaps, ADB can support capacity building if required.

## B. Safeguards procedures

31. The requirements and processes described here present the procedures to be followed in implementing ADB's SPS and as required for Financial Intermediaries (FI)<sup>8</sup>. ADB requires financial intermediaries to prescribe to safeguards procedures outlined in the SPS, including: (i) screening, categorization and review procedures; (ii) safeguard documents (e.g., EIA, IEE, IR and IPP); (iii) staff competencies; and (iv) monitoring and reporting for risks categories A, B and C (Table 2).

### Screening and Categorization

32. ADB screens all projects for categorization for social and environment safeguards as shown in Table 2. Links to categorization forms used by ADB staff for this purpose are given in Annex 1.

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<sup>7</sup> The term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (iv) a distinct language, often different from the official language of the country or region. (ADB SPS 2009).

<sup>8</sup> ADB SPS (2009), Appendix 4: Special Requirements 4: Special Requirements for Different Finance Modalities; Operations Manual (Bank Policies) OM Section D6/BP (Dec 2003)

**Table 2. ADB risk screening categories for environment, involuntary resettlement and indigenous peoples**

<p><b>ENVIRONMENT</b> A project's environment category is determined by the category of its most environmentally sensitive component, including direct, indirect, induced, and cumulative impacts. Each proposed project is scrutinized as to its type, location, scale, sensitivity and the magnitude of its potential environmental impacts. The level of detail and comprehensiveness of the EIA or IEE are commensurate with the significance of the potential impacts and risks (ADB SPS 2009).</p>
<p><b>Category A.</b> A proposed project is classified as category A if it is likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works. An environmental impact assessment (EIA), including an environmental management plan (EMP), is required.</p>
<p><b>Category B.</b> A proposed project is classified as category B if its potential adverse environmental impacts are less adverse than those of category A projects. These impacts are site-specific, few if any of them are irreversible, and in most cases mitigation measures can be designed more readily than for category A projects. An initial environmental examination (IEE), including an EMP, is required.</p>
<p><b>Category C.</b> A proposed project is classified as category C if it is likely to have minimal or no adverse environmental impacts. An EIA or IEE is not required, although environmental implications need to be reviewed.</p>
<p><b>Category FI.</b> A proposed project involves investment of ADB funds through an FI. Requirements outlined in para. 49-50.</p>
<p><b>INVOLUNTARY RESETTLEMENT</b> A project's involuntary resettlement category is determined by the category of its most sensitive component in terms of involuntary resettlement impacts. The level of detail and comprehensiveness of the resettlement plan are commensurate with the significance of the potential impacts and risks. (ADB SPS 2009).</p>
<p><b>Category A.</b> A proposed project is classified as category A if it is likely to have significant involuntary resettlement impacts. The involuntary resettlement impacts of an ADB-supported project are considered significant (category A) if 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating). A resettlement plan, including assessment of social impacts, is required.</p>
<p><b>Category B.</b> A proposed project is classified as category B if it includes involuntary resettlement impacts that are not deemed significant. ADB SPS categorizes B if less than 200 persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing less than 10% of their productive assets (income generating). A resettlement plan (RP), including assessment of social impacts, is required</p>
<p><b>Category C.</b> A proposed project is classified as category C if it has no involuntary resettlement impacts. No further action is required.</p>
<p><b>Category FI.</b> A proposed project involves investment of ADB funds through an FI. Requirements outlined in para. 49-50.</p>
<p><b>INDIGENOUS PEOPLES</b> A project's Indigenous Peoples category is determined by the category of its most sensitive component in terms of impacts on Indigenous Peoples. The significance of impacts of an ADB-supported project on Indigenous Peoples is determined by assessing (i) the magnitude of impact in terms of (a) customary rights of use and access to land and natural resources; (b) socioeconomic status; (c) cultural and communal integrity; (d) health, education, livelihood, and social security status; and (e) the recognition of indigenous knowledge; and (ii) the level of <u>vulnerability</u> of the affected Indigenous Peoples community. The level of detail and comprehensiveness of the IPP are commensurate with the significance of potential impacts on Indigenous Peoples. (ADB SPS 2009).</p>
<p><b>Category A.</b> A proposed project is classified as category A if it is likely to have significant impacts on Indigenous Peoples. An Indigenous Peoples plan (IPP), including assessment of social impacts, is required</p>
<p><b>Category B.</b> A proposed project is classified as category B if it is likely to have limited impacts on Indigenous Peoples. An IPP, including assessment of social impacts, is required.</p>
<p><b>Category C.</b> A proposed project is classified as category C if it is not expected to have impacts on Indigenous Peoples. No further action is required</p>
<p><b>Category FI.</b> A proposed project involves investment of ADB funds through an FI. Requirements outlined in para. 49-50.</p>

33. At an initial stage, projects will be screened against ADB's prohibited investment activity list (SPS, Appendix 5). If the project involves a prohibited activity, it will not be eligible for financing by ADB or under the ACGF GRP. Otherwise, ADB will indicate to the borrower government the applicable environmental and social safeguards requirements for the project. ADB will review and approve all procedures and reports as prescribed here.

34. Early in the project cycle (typically at project identification stage), ADB, in consultation with the borrower government, will screen and categorize the project based on the significance of the potential impacts and risks. ADB's sector-based rapid assessment checklists are used to assist with screening and categorization. Likely environmental, involuntary resettlement impacts and effects on indigenous peoples will be assessed. The checklist will point to the significance of impacts associated with the project, classifying it as Category A, B or C (Table 2 and 3). If the project involves investment of funds through a financial intermediary, the project will be classed as FI.

### Environmental Safeguards Screening and Categorization

35. The requirements and processes described here present a summary of the procedures to be followed in implementing ADB's SPS, and a full description is provided in ADB's SPS.

36. ADB, in consultation with the borrower government, will screen and categorize the project based on the significance of the potential impacts and risks on the environment. ADB's sector-based rapid assessment checklists are used to assist with screening and categorization (see Annex 1). Based on the rapid assessment, ADB assigns one of the environmental categories listed in Table 2.

37. For all projects, borrower governments will ensure that all applicable national regulative requirements are followed.

38. If the project is classified at category A, the EIA preparation and field work will include consultations with ADB and the draft EIA in English will be made available for appraisal by ADB. ADB will require the draft EIA report to be disclosed on its website at least 120 days prior to project approval. In case the project is at an advanced development stage, the borrower government will be required to review the EIA and EMP and other supporting documents including public consultation reports. If gaps exist with ADB requirements, a corrective action plan (CAP) will be prepared and agreed with ADB. Templates for EIA reports are included in the ADB SPS (SPS, Appendix 1).

39. For category B projects, an Initial Environmental Examination (IEE) will be required with an EMP in English. In case the project is at an advanced development stage, the borrower government will be required to review the existing reports (national assessments) and other supporting documents including public consultation reports. ADB cleared reports will be disclosed on the ADB website. If gaps exist with ADB requirements, a corrective action plan (CAP) will be prepared and cleared by ADB, to fill gaps and upgrade reports. Templates for IEE reports are included in the ADB SPS (SPS, Appendix 1).

### Social Safeguards Screening and Categorization: Involuntary Resettlement and Indigenous Peoples

40. The requirements and processes described here present a summary of the procedures to be followed in implementing ADB's SPS, and a full description is provided in ADB's SPS.

41. ADB SPS requires borrower governments to review the project reports to analyze the likely impact on involuntary resettlement and indigenous (customary) peoples. Governments will have to conduct social due diligence, including one or more site visits, verifying information on potential impacts. This initial due diligence is followed by completion of ADB's rapid social safeguards assessment checklist. ADB shall assure that borrower governments address existing gaps and duly inform ADB of changes. The due diligence is an ongoing process and will deepen if category A subprojects are pursued.

42. Based on the rapid social safeguard screening checklist, borrower governments will recommend a categorization rating based on ADB definitions (SPS 2009) and record it using the categorization form.

43. If the project is classified at category A for involuntary resettlement (IR), ADB requires that the Government shall work with the independent consultants to prepare a detailed resettlement plan (RP). Templates for the RP included in the ADB SPS (SPS, Appendix 2). ADB shall be included in consultations during the RP preparations and field work. The draft RP, in English, will be reviewed by ADB. The draft and final RP will be disclosed on the ADB website. In case the project is at an advanced development stage, Government will review the RP and other supporting documents including public consultation reports. If gaps exist with ADB requirements, a corrective action plan (CAP) shall be prepared and agreed with ADB. If the project is classified as category B for involuntary resettlement (Table 2 for risk screening cutoffs for categorization) a RP will be required and follow the procedures as for category A projects.

44. As per ADB's SPS, borrower governments, will avoid involuntary resettlement, wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups. The involuntary resettlement safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary. All provisions of the ADB SPS (2009) are to be complied with.

45. If the project is classified at category A for indigenous peoples, borrower governments will prepare a detailed Indigenous People's Plan (IPP). Templates for the IPP are included in the ADB SPS (SPS, Appendix 2). The IPP preparations and field work will include consultations with ADB and the draft IPP in English will be made available for appraisal by ADB. The draft and final IPP will be disclosed on the ADB website. If the project is classified as category B (Table 2 for risk screening cutoffs for categorization) a IPP will be required and follow the procedures as for category A projects. ADB cleared category B IPP will be disclosed.

46. As per ADB's SPS, borrower governments will design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them. The borrower governments are to comply with the IP safeguards in the ADB SPS (2009).

47. The Indigenous Peoples safeguards are triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance is eligible.

48. For all projects, borrower governments will ensure that national requirements related to indigenous peoples are followed.

### Financial intermediaries

49. For projects involving investment of ADB funds to or through financial intermediaries (FI), ADB conducts safeguard due diligence to assess the potential environmental and social impacts and risks associated with the FI's

existing and likely future portfolio, and its commitment and capacity in social and environmental management. Where the FI's investments have minimal or no adverse environmental or social risks, the FI project will be treated as category C project and need not apply any other specific requirements. All other FIs will be required to have in place or establish an appropriate environmental and social management system (ESMS) commensurate with the nature and risks of the FI's likely future portfolio to be maintained as part of the FI's overall management system. The ESMS will be documented and agreed on by ADB and the FI.

50. Detailed requirements for FI's are detailed in the SPS, Appendix 4. All FIs will ensure that their investments are in compliance with applicable national laws and regulations and will apply the prohibited investment activities list (ADB SPS Appendix 5) to subprojects financed by ADB. Should subprojects entail potential for significant environmental or social impacts, the FI will be required to ensure that such subprojects meet ADB safeguards requirements, including on information disclosure and consultation. In such cases, the FI will refer subprojects to ADB early in its due diligence process and ADB will assist the FI with appraisal of these subprojects. For such subprojects, borrowers will submit EIA, RP or IPP to ADB for clearance before subproject approval.

### C. Safeguards Due Diligence

51. For projects proposed for financing, ADB will conduct safeguard reviews, including reviews of the borrower's safeguard documents, as part of its overall due diligence. ADB's safeguard due diligence and review emphasizes environmental and social impact assessments and the planning process, in addition to safeguard documentation. Due diligence and review involve field visits as well as desk reviews. Through such due diligence and review, ADB will confirm (i) that all key potential social and environmental impacts and risks of a project are identified; (ii) that effective measures to avoid, minimize, mitigate, or compensate for the adverse impacts are incorporated into the safeguard plans and project design; (iii) that the borrower/client understands ADB's safeguard policy principles and requirements as laid out in the SPS and has the necessary commitment and capacity to manage social and environmental impacts and/or risks; (iv) that the role of third parties is appropriately defined in the safeguard plans; and (v) that consultations with affected people are conducted in accordance with ADB's requirements.

52. The nature of the due diligence will depend on the complexity of the project and likely impacts. Category C projects can be based on desk studies, category B projects usually require both desk study and field visit/s while for category A projects, a full-scale review is conducted including field visits and participation of project staff in public consultations.

53. Due diligence reports and/or safeguards plans in English are to be prepared for category A and B projects. Templates are provided in the ADB SPS, and links given in Annex 1. For category A projects, the Government shall provide E&S documentation early in its due diligence process. All safeguards plans (EIA, IEE, RP, IPP, ESMS) must be provided to ADB for review and clearance. For category A projects, the draft EIA is presented to the ADB Environment Thematic Group, peer-reviewed by ADB's Safeguards Department and cleared by ADB's Chief Compliance Officer.

54. As per ADB's SPS, the borrower is responsible for assessing projects and their environmental and social impacts, preparing safeguard plans, and engaging with affected communities through information disclosure, consultation, and informed participation following all policy principles and safeguard requirements as per ADB SPS (2009). The borrower will submit all required information, including assessment reports, safeguard plans/frameworks, and monitoring reports, to ADB for review. The borrower must comply with host country laws, regulations, and standards, including host country obligations under international law. Furthermore, the borrower/client must implement safeguard measures agreed with ADB to deliver the policy principles and meet the requirements specified in Safeguard Requirements 1–4. To ensure that contractors appropriately implement the agreed measures, the borrower will include the safeguard requirements in bidding documents and civil works contracts.



**Table 3. Safeguards Requirements**

<b>Category (Risk Rating)</b>	<b>Environmental Safeguards</b>	<b>Involuntary Resettlement Safeguards</b>	<b>Indigenous Peoples Safeguards</b>
Category A (with potential significant impacts)	Comply with (i) Safeguard Requirements 1 of the ADB SPS (2009) and (ii) national laws. Prepare EIA (with EMP). Disclose draft EIA 120 days prior to project approval. Retain qualified and experienced external experts to verify compliance.	Comply with (i) Safeguard Requirements 2 of the ADB SPS (2009), including RP preparation with social assessment, submission, & actions (as deemed relevant by ADB)	Comply with (i) Safeguard Requirements 3 of the ADB SPS (2009), and (ii) national laws. Prepare and follow processes as deemed relevant by ADB. Broad community support as outlined in the ADB SPS (2009) must be obtained. Meaningful consultation must be conducted and documented. Prepare an IP Plan (IPP)
Category B (with less significant impacts)	Comply with (i) Safeguard Requirements 1 of the ADB SPS (2009) and (ii) national laws. Produce an IEE (with EMP). Disclose IEE prior to project approval.	Comply with (i) Safeguard Requirements 2 of the ADB SPS (2009) and (ii) national laws. Prepare an RP with social assessment.	Comply with (i) Safeguard Requirements 3 of the ADB SPS (2009), and (ii) national laws. Prepare and follow processes as deemed relevant by ADB SPS (2009). Broad community support must be obtained. Meaningful consultation must be conducted and documented. Prepare an IP Plan (IPP).
Category C (with minimal or no impacts)	Review environmental implications. Comply with national laws.	Assess if there are any IR impacts and prepare a Due Diligence Report (DDR). Comply with national laws	Comply with (i) Safeguard Requirements 3 of the ADB SPS (2009), and (ii) national laws. Assess if there are any IP impacts and prepare a DDR. Comply with national laws
Category FI	Investments have potential for environmental and social risks (Category A and B): establish an environment and social management system (ESMS) as part of overall FI management system. For any sub-project with significant risks, ADB clearance of EIA required before subproject approval.	Investments have potential for involuntary resettlement (Category and B) risks: establish an environment and social management system (ESMS) as part of overall FI management system. For any sub-project with significant risks, ADB clearance of RP required before subproject approval.	Investments have potential for indigenous peoples (IP) risks (Category A and B): establish an environment and social management system (ESMS) as part of overall FI management system. For any sub-project with significant risks, ADB clearance of IPP required before subproject approval.

ADB = Asian Development Bank; EIA = environmental impact assessment, IEE = initial environmental examination, IPP = indigenous peoples plan; RP = resettlement plan; EMP = environmental management plan.

## D. Information Disclosure, Consultation and Participation

55. In line with ADB's SPS and ADB's Access to Information Policy<sup>9</sup>, ADB is committed to working with the borrower governments to ensure that relevant information (whether positive or negative) about social and environmental safeguard issues is made publicly available in a timely manner, in an accessible place, and in a form and language(s) understandable to affected people and to other stakeholders, including the general public, so they can provide meaningful inputs into project design and implementation. ADB will post the following safeguard documents on its website under pages specific to each project as well as under an ACGF-GRP page:

- for environment category A projects, draft EIA reports at least 120 days before Board consideration;
- draft environmental assessment and review framework, draft initial environmental examinations, draft resettlement frameworks and/or plans, and draft Indigenous Peoples planning frameworks and/or plans before project appraisal;
- final or updated environmental impact assessments and/or initial environmental examinations, resettlement plans, and Indigenous Peoples plans upon receipt;
- corrective action plans prepared during project implementation; and
- environmental, involuntary resettlement, and Indigenous Peoples monitoring reports submitted by borrowers/clients during project implementation upon receipt.

56. Links to these reports will also be available on the GCF website, as per GCF Information Disclosure Policy and GCF Environmental and Social Policy.

57. ADB's SPS outlines requirements for borrower governments to conduct meaningful consultation with various stakeholders. Meaningful consultation is a process that shall (i) begin early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provide timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enable incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. Borrower governments will engage with communities, groups, or people affected by the proposed projects, and with civil society through information disclosure, consultation, and informed participation in a manner commensurate with the risks to and impacts on affected communities.

58. For projects with significant adverse environmental, involuntary resettlement, or Indigenous Peoples impacts, ADB project teams will participate in consultation activities to understand the concerns of affected people and ensure that such concerns are addressed in project design and safeguard plans.

59. The consultation process will employ a range of formal and informal consultative methods such as in-depth interviews, public meetings, focus group discussions etc. Examples of key informants to be consulted, during the preparation and implementation, include the following stakeholders:

- (i) Heads and members of households likely to be affected
- (ii) Affected households belonging to the vulnerable groups
- (iii) Host communities
- (iv) Indigenous groups (see also ADB SPS)
- (v) Women in the affected as well as host communities

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<sup>9</sup> ADB. 2018. Access to Information Policy. Manila. <https://www.adb.org/documents/access-information-policy>



- (vi) Local CSOs and NGOs, if present
- (vii) Relevant government agencies and departments

60. As per ADB's SPS, women's participation will be ensured by involving them in public consultation at various level and stages of project preparation and by arrangements, which would enhance their ability to attend such meetings. The borrower will ensure that views of the affected persons, particularly those vulnerable, are looked into and addressed in relevant plans.

61. If a project has land acquisition and involuntary resettlement impacts, each resettlement plan shall be prepared and implemented in close consultation with those affected, and involve surveys and community meetings. Compensation and assistance level will be determined in consultation with the affected persons and their representatives. The compensation amounts will be finalized only after agreements with affected persons is reached. Resettlement information including measurement of losses, detailed asset valuations, entitlements and special provisions, grievance procedures, timing of payments and displacement schedule will be disclosed to the affected people. The disclosure will be in a manner accessible to the affected people where there are differing levels of literacy. Plans in local language will be made available to the affected people for reasonable periods of at least three months prior to actual dislocation. ADB will review and approve the resettlement plans prior to disbursement for all such subprojects involving involuntary resettlement impacts.

62. As per ADB's SPS, borrower governments will hold meaningful consultation with the affected indigenous people and ethnic minorities to ensure that they will participate after being fully informed. The Government will design, implement, and monitor activities to prevent projects from adversely affecting indigenous people and ethnic minorities. If such impact cannot be avoided, the Government will work to mitigate the negative impact, or make adequate compensations for it. Also, the Government will enable indigenous people and ethnic minorities to share the benefits of subprojects in a way, which suits their cultural traditions.

## **E. Compliance Monitoring and Reporting**

63. The extent of monitoring activities, including their scope and periodicity, will be commensurate with the project's risks and impacts. Borrower governments will implement safeguard measures and relevant safeguards plans, as agreed with ADB and in accordance with this ESMF, and submit periodic monitoring reports on their implementation performance. ADB will require borrower governments to:

- establish and maintain procedures to monitor the progress of implementation of safeguards plans,
- verify the compliance with safeguard measures and their progress toward intended outcomes,
- document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports,
- follow up on these actions to ensure progress toward the desired outcomes,
- retain qualified and experienced independent external experts to verify monitoring information for projects with significant impacts and risks (i.e. category A projects),
- use external experts or advisory panels to monitor project implementation for highly complex and sensitive projects (beyond Category A), and
- submit periodic monitoring reports on safeguards measures as agreed with ADB.

64. At a project level, ADB reviews project performance against borrowers' commitments as agreed in the legal documents. ADB will carry out the following monitoring actions to supervise project implementation:

- conduct periodic site visits for projects with adverse environmental or social impacts;
- conduct supervision missions with detailed review by ADB's safeguard specialists/officers or consultants for projects with significant adverse social or environmental impacts (i.e. category A projects);

- review the periodic monitoring reports submitted by borrowers/clients to ensure that adverse impacts and risks are mitigated as planned and as agreed with ADB;
- work with borrowers/clients to rectify any failures to comply with their safeguard commitments, as covenanted in the legal agreements, and exercise remedies to reestablish compliance as appropriate; and
- prepare a project completion report that assesses whether the objective and desired outcomes of the safeguard plans have been achieved, taking into account the baseline conditions and the results of monitoring.

65. At a program level, ADB will monitor safeguards performance across the portfolio of sub-projects based on project level monitoring conducted by ADB project teams. A summary of information on safeguards performance and progress will be included in Annual Performance Reports (APR) provided by ADB to GCF.

## **F. Grievance Redress Mechanism**

66. As per ADB's SPS, ADB requires that the borrower/client establish and maintain a grievance redress mechanism to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's/client's social and environmental performance at project level. The grievance redress mechanism should be scaled to the risks and impacts of the project. It should address affected people's concerns and complaints promptly, using an understandable and transparent process that is gender responsive, culturally appropriate, and readily accessible to all segments of the affected people. The borrower/client will be made aware of the availability of the GCF Independent Redress Mechanism as an avenue for grievance redress in addition to the ADB requirements.

## **G. Accountability Mechanism**

67. Project-affected people can also submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-financed projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. The Accountability Mechanism comprises two separate, but related, phases, namely: (i) a consultation phase, led by ADB's special project facilitator who reports directly to the ADB President, to assist project-affected people in finding solutions to their problems; and (ii) a compliance review phase, led by a three-member panel that reports to the Board of Directors. The Compliance Review Panel investigates alleged violations of ADB's operational policies and procedures, as defined by the Board of Directors, including safeguard policies, that have resulted or are likely to result in direct adverse and material harm to project affected people and recommends how to ensure project compliance with those policies and procedures.

## **H. Implementation arrangements**

68. The ACGF GRP ESMF will be implemented by ADB as GCF AE as well as Executing Entity (EE) for the ACGF GRP.

69. At a program level, ADB will monitor portfolio level safeguards implementation and performance, based on monitoring by ADB project teams. This role will be included in the functional responsibilities under the team managing the ACGF GRP in ADB Southeast Asia Department. In this role, ADB staff managing the ACGF GRP will work closely with Environment and Social Safeguards Specialists that monitor ADB's overall portfolio in Southeast Asia.

70. At a sub-project level, borrower governments will undertake social and environmental assessments, carry out meaningful consultations with affected people and communities, prepare and implement safeguard plans, monitor the implementation of these plans, and prepare and submit monitoring reports.

71. ADB will explain policy requirements to borrowers/clients, help borrowers/clients meet those requirements during project processing and implementation through capacity-building programs, ensure due diligence and review, and provide monitoring and supervision. ADB's will monitor safeguard compliance during project implementation, and ADB project completion reports and project performance evaluation reports will include a review of the implementation of safeguards. ADB's responsibilities are carried out by Environment and Social Safeguards Specialists based in country missions as well as focused on specific sectors.

72. Under Component 3, capacity building will support effective safeguards implementation for specific projects through targeted training for project sponsor staff to build awareness of ADB and GCF safeguards (environmental and social) requirements, and to strengthen skills, capacity and knowledge on monitoring and implementation of management plans related to environment, resettlement and indigenous people.

## ANNEX 1. ADB TEMPLATES AND CHECKLISTS FOR CATEGORIZATION, DUE DILIGENCE AND MONITORING

ADB uses checklists for risk screening and categorization which are provided in the Linked Documents associated with this ESMF. These are as follows: SPS includes outlines for Environmental Impact Assessment Reports, Resettlement Plans and Indigenous Peoples' Plans that must be prepared for Category A projects. The SPS also includes the outline for an Environmental Assessment and Review Framework, a Resettlement Framework and an Indigenous Peoples' Planning Framework that must be prepared for Category FI projects.

ADB Prohibited Investment Activities List	See Linked Document 1 (ADB SPS 2009), Appendix 5
Outline of an EIA report outline	See Linked Document 1 (ADB SPS 2009), Appendix 1, Annex
Outline of a Resettlement Plan	See Linked Document 1 (ADB SPS 2009), Appendix 2, Annex
Outline of an Indigenous Peoples Plan	See Linked Document 1 (ADB SPS 2009), Appendix 3, Annex
Outline of an Environmental Assessment and Review Framework	See Linked Document 1 (ADB SPS 2009), Appendix 4, Annex 1
Outline of a Resettlement Framework	See Linked Document 1 (ADB SPS 2009), Appendix 4, Annex 2
Outline of an Indigenous Peoples' Planning Framework	See Linked Document 1 (ADB SPS 2009), Appendix 4, Annex 3
Rapid environment assessment checklist	See Linked Document 2, Part 1
Categorization forms: environment	See Linked Document 2, Part 2
Categorization forms: involuntary resettlement	See Linked Document 2, Part 2
Categorization forms: indigenous peoples	See Linked Document 2, Part 2
Generic ADB template for monitoring reports	See Linked Document 2, Part 3
ADB template for social monitoring reports	See Linked Document 2, Part 3