

## U.S. Comments on the October, 2007, Consultation Draft of the ADB Safeguard Policy Update (SPU)

### General Comments

We *appreciate* the effort that the ADB has taken in developing the SPU paper and in conducting extensive consultations on it. This effort is warranted because ADB safeguards support its mid and long term strategies, which capitalize on ADB's core capabilities in infrastructure and energy, two sectors for which strong safeguards are especially important. Equitable growth means that communities in the footprint of development projects should not be adversely affected by environmental or social impacts from such projects, but should participate in their benefits as well. Moreover, ADB's safeguard policy should support the development effectiveness agenda by being as transparent and specific as possible about what is required of ADB and its clients.

In addition, ADB safeguards serve as a potential model for non-ADB investments in the region. Despite its focus on infrastructure, ADB is likely to finance a shrinking share of the hundreds of billions needed for infrastructure investments in the region especially in middle income DMCs. In the years ahead, that sector's overall environmental performance on the ground will increasingly be a function of other lenders' and the DMCs' application of safeguards on private and other non-ADB investments. Thus, it is critical both that ADB sets a strong model for safeguards and that it seeks opportunities to leverage its lending such that the application of its safeguards spills over to non-ADB projects in the region.

The process for reviewing the Bank's safeguards framework should result in a Safeguards Policy Statement (SPS), Operations Manual (OM), and SPS Implementation Plan that collectively reflect strengthened protections relative to ADB's existing policy framework, best international practice, and are broadly harmonized with the safeguard policies of the World Bank and IFC. The actual environmental and social performance of an ADB-financed project on the ground is a function of the SPS, OM, and implementation plan. Collectively, these documents should establish an incentive structure for both the ADB and its borrowers that apply both positive and negative incentives for effective implementation by borrowers and oversight by the ADB including throughout the post-Board implementation period.

We *appreciate* this opportunity to comment on the consultation draft of the SPU paper and hope that our comments will be considered carefully in preparing the next draft. We will pay particular attention to how ADB incorporates the underlined comments.

### Policy Structure

We *agree* with the consolidation of environment, involuntary resettlement, and indigenous peoples into a single policy document to promote coherence and consistency, *as long as* sufficient detail in each is maintained.

The differentiation of key safeguard principles from procedural requirements *is acceptable only if* the achievement of each relevant principle by a borrower is explicit, transparent, measurable, subject to the Bank’s accountability mechanism, and fully translatable into loan covenants. Each principle listed thus needs to be associated with a specific procedural requirement.

We *support* the clear delineation of ADB and borrower responsibilities. The draft moves in this direction; however, there are sections where the two are still mixed in together, for example, in C. Policy Delivery Process. Each provision in this section should be clearly delineated as mandatory either for the ADB or for its clients.

We *propose* that the overall structure of the paper be summarized upfront to clarify the relationships among its key components.

We support the separation of procedural detail into the Operations Manual if: 1) the Manual will be subject to Board and public review and comment, 2) it is presented to the Board at the same time as the SPU review, 3) it will go into effect at the same time that the Policy itself becomes operational, and 4) it contains at a minimum the items indicated at the end of these comments.

### **Scope of Safeguard Policy Statement**

We *acknowledge* that the consultation draft reflects an increase in subject matter coverage over the prevailing policy. The proposed scope, however, is neither as broad in terms of topics treated as current IFC or World Bank safeguards. Accordingly, we propose that ADB expand the scope of its safeguard policy to be more consistent in the range of topics addressed.

In particular, we propose that the scope of the SPS be expanded to include social impacts. In doing so, environmental assessment requirements would become environmental and social assessment requirements, environmental management plans become environmental and social management plans, and so on. *Social* assessment procedures (not limited to resettlement and impacts on indigenous peoples) could be either incorporated into environmental assessment or conducted in parallel, and disclosure requirements for such procedures that are the same as for *environmental* assessment. Recognizing that the ADB may treat some safeguard-related issues (e.g. minimum labor standards) via other official documents, such issues are more appropriately treated like other safeguard issues (in terms of requirements for consultation, disclosure, implementation, monitoring and supervision) in order for the principle of “do no harm” to be fulfilled.

We *propose* that the SPS and OM text be reviewed to identify provisions where public and private sector borrowers should be differentiated. At present, the requirements do not distinguish between public and private sector borrowers. Each category of borrower, however, has different abilities and constraints. For example, states have legal powers not afforded to private entities. States may allocate funds for safeguard implementation based on legal requirements whereas expenditures by private entities for safeguards may

also be based on corporate social responsibility or public reputational concerns. Moreover, as a lender to both categories of borrowers, the ADB has an opportunity to strengthen the overall implementation of safeguards through complementary activities with public entities that regulate private borrowers.

We *appreciate* that environmental considerations have to some extent been mainstreamed into ADB sector policies and strategies. For example, ADB requires Country Environmental Analysis to be undertaken when a CAS is prepared or revised in order to give an overview of environmental challenges and the governing legal and institutional framework and set out priority investment needs. But we are uncertain about the tangible outcomes from this process.

We thus *urge* the ADB to incorporate a section in the SPS that identifies objectives and procedures for operationalizing environmental considerations across ADB projects. In doing so, the new policy would not only serve to minimize environmental and social risks, but would also maximize the ADB's environmental and social additionality.

### **Mandatory Provisions for Clients**

Our understanding is that the statements of Principles for environmental assessment, resettlement, and indigenous peoples establish the core of client responsibilities. Because of the importance of the Principles, we *propose* specific line edits to them which appear in the attachment at the end of our comments.

The mandatory provisions to which clients must adhere lie at the heart of the SPS's "do no harm" dimension. We *propose* that the text clarify mandatory client responsibilities, including the statements of Principles; paras. 46-47, 49, 51-56, and 62; and Attachments A-D.

In the SPU paper, a preference is expressed for impact avoidance over impact mitigation. Given this priority, we *urge* the ADB to provide a principle addressing impact avoidance (as noted in our line edits) and clear guidance to its clients on upstream procedures for evaluating project alternatives that avoid impacts while maintaining development benefits.

We *propose* that clients be required to consult with stakeholders starting at the scoping phase for environmental and social assessments.

We *propose* that clients be required to involve project-affected communities in monitoring project impacts where feasible, and to provide training and resources to do so.

We *support* the provision that borrowers be required to establish and maintain a grievance mechanism to receive and facilitate resolution of affected community concerns.

We *support* the provision requiring borrowers to retain qualified external experts to verify monitoring information for highly complex or sensitive projects. The terms of

reference for such experts should include reporting to the client and the public on verification findings, as well as providing overall advisory services on the sensitive aspects of the project to the client starting as early as possible in the project development process.

We *support* the increased attention to Financial Intermediaries in the SPS, including the requirement to establish environmental and social management systems (ESMS) for FIs with Category A equivalent subprojects in their portfolios. We *propose* that the SPS require each ESMS to contain equivalent provisions to those in the SPS for environmental assessment, resettlement, and indigenous people.

We *urge* the ADB to provide more detailed treatment in the SPS of differential safeguard requirements that will be applied to each non-project lending modality.

We *support* the establishment of a prohibited investment activities list.

For relevant projects, we *propose* that clients be required to establish adequately funded provisions for site remediation.

We *suggest* that clients seek “broad community support” across all three safeguard policies.

We *suggest* that the SPS cross-reference the ADB’s Public Communication Policy (PCP) regarding ADB and client requirements for disclosing safeguard-related documents. Relevant information to be disclosed should include (but not necessarily be limited to) environmental and social management plans, monitoring reports, and corrective action plans.

### **ADB Roles and Responsibilities**

We *propose* that the text reference those portions of the ADB’s Business Processes and the forthcoming Operational Manual that specify applicable procedural requirements.

We *propose* supplementing the provision requiring ADB to appoint independent environmental and/or social experts for highly complex and sensitive projects. Such experts should be used to verify both the effectiveness of the borrower’s consultation process in terms of affected peoples’ understanding of project impacts and risks, and the borrower’s implementation of the environmental management plan.

We *urge* the ADB to promote not only minimizing environmental and social risks, but also *maximizing* its environmental and social additionality. As part of its responsibilities under the SPS, project teams would work with clients to:

- incorporate innovative components into project design (such as payments for environmental services);
- promote continuous improvement in borrower’s environmental and social performance;

- identify potential development benefits of applicable safeguards in terms of new market opportunities, avoidance of downstream risks and costs, and more equitable distribution of project benefits; and
- monitor, and report the *development benefits* from applying the ADB's environmental and social safeguards.

We *propose* that the ADB engage with the client to determine when impacts are potentially significant, thus triggering various safeguard requirements.

We *accept* the principle that ADB will seek corrective measures to remedy deficiencies in compliance with safeguard provisions prior to imposing financial penalties, as discussed in para. 61 and OM J4. However, we propose that ADB elaborate a process for the imposition of such penalties in para. 61 that is consistent with its overall loan supervision standards and includes some trigger for penalties, such as a period of time elapsed in which the deficiency is not resolved.

We *propose* that the SPS incorporate monitoring and reporting on appropriate outcome indicators on the environmental and social performance of individual projects into the Managing for Development Results agenda.

When client capacity is lacking to fully implement measures identified in its ESMP, we *propose* that ADB provide resources to build capacity, such as through a supplemental technical assistance project.

We *propose* that ADB confirm that affected communities and households have access to effective and timely legal recourse when grievances cannot be resolved through the client's own established mechanism.

### **Country Safeguard Systems**

We do not support the current text relating to Country Safeguard Systems (CSS), as it is premature for the ADB to design such a program. We urge the ADB to defer further consideration of CSS until the Board has approved the final version of the underlying SPS. Moreover, we are concerned that the ADB is primarily motivated to move toward CSS in order to retain business from middle income DMCs. We do acknowledge the key potential benefits of CSS as: 1) leveraging ADB projects to strengthen the capacity in DMCs for safeguards implementation in general, and 2) allowing more effective use of limited safeguard resources due to harmonization among lenders to avoid multiple demands on borrowers, as called for by the Paris Declaration. The World Bank's experience to date with its own pilot country systems program does not, however, necessarily suggest that these benefits will automatically be achieved by the ADB moving to the use of CSS.

We would *potentially support* a future CSS initiative that includes the following characteristics at a minimum:

- Procedural characteristics are as follows:
  - Collaboration with the World Bank where it has pilots in DMCs (as the AfDB has done in Africa) in order to get experience in CSS.
  - Deferral of the detailed design of an ADB CSS initiative until outcomes evaluation information is available from the World Bank pilot program.
  - The initiative is brought to the Board for its consideration in a separate paper that would discuss the World Bank's experience, how the ADB's approach is harmonized with that of the World Bank, and where the two differ.
  - The paper will include a detailed description of how the ADB will undertake its safeguards diagnostic review, and how the results will be disclosed.
  - Coordination among donors needed to mobilize resources necessary to attain and sustain capacity of borrowers to implement their own systems.
  - Address both internal and country incentives regarding the proposal to use CSS, gap analysis, and identification of gap-filling measures.
  - Seek public comment on the paper proposing CSS.
  
- Substantively, the standard that the ADB will apply for determining equivalence to include relevant laws, policies, enforcement, public notice, and legal recourse characteristics of the DMC targeted for use of CSS.
- Description of how the gap-filling program will be structured so as to have positive impacts on non-ADB funded projects in the target DMC.
- Differences in application to public versus private sector lending operations.
  
- Gap-filling measures are:
  - legally-binding beyond the ADB project itself (otherwise, they do not serve the key objective of country capacity-building);
  - differentiated according to whether the national, subnational, sector, or agency level is targeted for application of CSS;
  - differentiated depending on whether the ADB project is public or private since some DMCs' application of environmental laws varies accordingly;
  - implemented prior to project implementation because for social safeguards such as resettlement, there are likely to be significant challenges to reconciling differences between Bank and borrower systems;
  
- Since enhanced safeguards capacity in DMCs is a key goal of CSS, all requests for CSS to be accompanied by a budget and plan for capacity-building as part of the project design.
  
- The CSS program describes how gap-filling measures would be communicated to affected communities.

## Environmental Assessment

We *accept* the provision for posting of safeguard documents on the ADB website prior to project appraisal, as long as paragraph 77 of the ADB's Public Communication Policy, which establishes the the 120 day disclosure requirement for Category A projects, remains binding. We understand that Project Information Documents announce estimated dates for appraisal.

We do not support application of the framework approach to any standard Category A project or Category A-equivalent project component where the project or component is subject to detailed design after Board approval. If extenuating circumstances surrounding such projects preclude the implementation of relevant procedural requirements prior to Board approval, we *propose* that the ADB request a waiver to the Board and provide it with an explanation of these circumstances.

We *urge* ADB to add text that provides that the effectiveness of relevant safeguards and their implementation will not be impaired in any way in cases in which the project's construction begins prior to ADB's decision to finance it.

For lending modalities where subprojects or project components are to be prepared after the Board approves the overall project, we understand that safeguard frameworks will be prepared, agreed with the Borrower, and disclosed prior to Board consideration. We *request* confirmation in the SPS that these framework documents be disclosed prior to appraisal.

We *propose* that ADB adopt the following definition of associated facilities for environmental assessment purposes: "Associated facilities in the context of environmental assessment refer to new or additional works and/or infrastructure, irrespective of the source of financing, essential for a Bank-financed project to function, such as but not limited to access roads, railways, power lines, pipelines, construction camps or permanent housing for project workers, power plants, effluent treatment facilities, warehouses and marine terminals built to handle project goods, mines, oil fields, or other dedicated sources of raw materials necessary for the Bank-financed project to function." When the impacts from such facilities are significant, the provisions of the SPS would be applied to the extent feasible within contractual or legal constraints.

With respect to third party risk, we *propose* that ADB adopt language similar to that contained in the IFC Safeguard Policy, recognizing that some changes may be needed to account for ADB lending to both private and public sector clients. For example, a public sector client may have more leverage over a public sector third party than a private sector client has over either a public or private sector third party.

With respect to assessment of cumulative impacts, we *urge* ADB require clients to include impacts arising from all reasonably foreseeable activities (including non-project activities) that create significant cumulative impacts when project-related impacts are considered.

We *propose* that project classification include consideration of the potential impacts from associated facilities, indirect impacts, and cumulative impacts.

We *propose* that Attachment A, para. 28 be strengthened with respect to how the ADB evaluates less carbon intensive alternatives to proposed projects with significant GHG emissions. The text should call for clients to conduct a detailed analysis of alternatives that achieve the same development objective but with different carbon footprints (and presumably costs), using an ADB-approved baseline. If, for example, the client is proposing a coal-fired power plant, the alternatives analysis should include the following:

- Identification of commercially feasible non-coal alternatives (individually or as a package) for some or all of the proposed capacity that have lower aggregate carbon emissions, with an estimate of the incremental costs in levelized cents/kwh.
- If this analysis indicates that coal is the only feasible or preferred fuel, analysis of generation technology alternatives that lower carbon emissions relative to whatever technology would be used had ADB financing not been available.

We *propose* that collection of sufficient baseline data allowing assessment of the range of social and environmental impacts normally be required as part of assessments.

We *propose* that analysis of alternatives be of sufficient detail to allow a side by side comparison with the proposed project in terms of their respective benefits, risks, and impacts.

With respect to provisions related to natural habitats, we *propose* that coastal, marine and freshwater habitats be incorporated where appropriate.

### **Involuntary Resettlement**

We *agree* with the provisions, consistent with the World Bank approach, requiring that any loss of access to assets or restrictions on land use should be avoided or compensated, and that significant losses should trigger requirements of involuntary resettlement policy even when land acquisition is not involved.

Because of widely varying governance conditions among ADB borrower countries, we *propose* that the trigger for application of resettlement requirements not depend on the client's determination that resettlement was involuntary, but rather on a transparent process including, if necessary, an arbitration mechanism.

We *prefer* the objective that the livelihoods of project-affected people should be enhanced relative to pre-project levels, rather than either enhanced or restored. Our experience with ADB and other MDB-financed projects is that unforeseen challenges often dilute the effectiveness of resettlement plans in achieving livelihood objectives. If the objective is merely to restoration, there is a greater risk of impoverishment than if the objective is enhancement.

We *urge* the ADB to clarify that borrowers must include in project costs the full cost of all resettlement activities, including indirect costs such as costs associated with the transition to and re-establishment of livelihoods. Improvement of living standards should not depend primarily on monetary compensation (although such compensation may be needed until alternative livelihoods programs are fully established).

We *propose* that forthcoming handbooks on resettlement pay particular attention to livelihood restoration requirements in situations when foregone access to private land or common property resources cannot be fully restored.

We *propose* that the resettlement policy include a requirement that resettlement plans ensure gender equity in livelihood enhancement and other remedial activities.

We *agree* that it is ADB's responsibility to determine whether adverse impacts on affected people are significant enough to invoke the Resettlement Policy.

We *don't support* the proposal to remove categorization for involuntary resettlement impacts unless ADB substitutes the categorization with a measurable definition of significance (such as a threshold number of households that either need to be physically resettled or experience adverse livelihood impacts), and discloses the significance determination prior to appraisal.

## **Indigenous Peoples**

We *propose* that language be added similar to the following: Clients will not proceed with the project unless they have made a good faith effort to enter into negotiations with the affected communities of Indigenous Peoples, and to document their informed participation and the outcomes of the negotiation.

We agree that "broad community support" (BCS) should be applied in situations that do not necessarily involve resettlement. Given our experience with IFC's application of this concept, we *propose* that ADB elaborate its process in the OM for determining BCS in a manner that is measurable and transparent, in order to minimize disagreements about whether BCS has been achieved. The standard for BCS should be particularly strict when a project requires that indigenous peoples are to be separated from their ancestral lands.

We *agree* that the application of safeguards for indigenous people be based on their self-identification rather than legal status.

We *agree* that it is ADB's, not the client's, responsibility to determine whether impacts on indigenous people are significant.

We *propose* that reference to grievance mechanisms be added to the policy principles for indigenous peoples based on the treatment of the concept elsewhere in the paper.

## **Operations Manual**

We request that the draft Operations Manual be appended to the W-Paper and subject to Board review. The OM should include the following components (not an inclusive list).

Explicitly identify internal lines of accountability, such as what management position is responsible for signing off on the borrower's compliance with relevant safeguards.

Elaboration of requirements for the borrower's monitoring and reporting on the environmental and social performance of individual projects as specified in relevant safeguard management plans, including minimum time intervals for reporting.

Conditions for application of specialized tools such as Strategic Environmental Assessment that may be appropriate for non-investment project lending modalities (e.g. regional infrastructure integration, and policy and programmatic operations).

Definition of "significant" in the context of environmental impacts, resettlement, and indigenous peoples, since the term is applied in determining when to trigger certain safeguard requirements.

Elaborated definitions of other key terms used in the policy and a description of how they will be applied such as: environment, losses, indirect impacts, cumulative impacts, critical habitat, negotiated settlement, involuntary, replacement cost, etc.

Elaborate a procedure for determining Broad Community Support that is transparent and measurable.

Specify minimum components to be included in all Environmental Assessments for them to be considered acceptable by ADB. These components should include an assessment of cumulative and associated facilities impacts where these are potentially significant, or a statement that the assessment finds that there are no significant cumulative or associated facilities impacts.

Guidance on the test for applying the phrase: "wherever technically and financially feasible" wherever that phrase appears in safeguards policy language.

Guidance on alternatives analysis, including options that would achieve same development outcomes, the no-project analysis, and the technical approach to be used for comparing alternatives.

Guidance on categorizing projects according to the significance of environmental and social (including but not limited to indigenous people and resettlement) impacts and risks.

Text that clarifies that the minimum disclosure period for both public and private sector Category A projects remains 120 days, cross-referenced with the ADB’s current information policy.

Text that requires that an explanation for a project’s environmental classification be included in the Board document.

### **Implementation Plan**

We propose that ADB append an implementation plan to the W-Paper that includes (but is not limited to) the following components:

- Time-bound milestones for implementation based on the date of Board approval of the R-Paper.
- Time-bound changes in institutional and human resource procedures and policies that strengthen internal incentives for professionalism, quality and commitment in safeguards oversight, especially project supervision during implementation. Such incentives are needed as a counterweight to the prevailing incentives to maximize lending volumes.
- Budget for implementation of the policy.
- Training plan for non-environmental staff.
- Adequate staffing and resources for PSOD project preparation and supervision.
- Budget for country capacity building in safeguards.

We propose that the ADB establish an automated system (similar to that established by the EBRD) whereby members of the public can receive emails notifying them of the availability of new safeguard documents.

**Attachment:** Proposed text changes (using “track-changes”) in statements of principles for environmental, resettlement, and indigenous people safeguards.

### **Objectives, Scope and Policy Principles on the Environmental Safeguards**

<b>Objectives</b>	<ul style="list-style-type: none"><li>• To ensure the environmental soundness and sustainability of projects.</li></ul>
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	<ul style="list-style-type: none"> <li>• To support integration of environmental considerations into the project decision making process.</li> </ul>
<b>Scope</b>	The policy applies to all projects with potential environmental impacts and risks.
<b>Policy Principles</b>	<ol style="list-style-type: none"> <li>1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment, so that appropriate studies are undertaken proportional to significance of potential impacts/risks. Screening will include associated, induced, and cumulative impacts.</li> <li>2. Conduct environmental assessment for each proposed project to consider potential impacts and risks on physical, biological, socio-economic (including gender, labor, health and safety), and physical cultural resources in the context of the project's area of influence (including areas influenced by associated facilities and induced human activities). Assess potential trans-boundary and global impacts, including climate change. Use strategic environmental assessment when the operation involves plans, policies, programs, or regional initiatives. Subject SEAs to the same consultation and disclosure procedures as project environmental assessments.</li> <li>3. Examine financially and technically feasible alternatives to the project, project design and components, including the no project alternative, their potential environmental impacts, and document the rationale for selecting the particular alternative(s) proposed.</li> <li>4. Avoid adverse impacts through ex ante modifications in project design, construction and/or operation unless avoidance will render the project unviable.. Where avoidance is not feasible, minimize, mitigate and/or compensate for adverse project impacts through environmental planning and management, and prepare an environmental management plan (EMP) or equivalent instrument that includes the proposed mitigation measures, environmental monitoring and reporting requirements, emergency response procedures, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates and performance indicators.</li> <li>5. Carry out free, prior and informed consultation with affected people and facilitate their informed participation in the environmental assessment process, starting at the scoping phase of this process. Involve key stakeholders, including project-affected persons and local NGOs early in the project preparation and ensure that their views and concerns are made known and understood by decision makers and taken into account. Continue consultations throughout project implementation as necessary to address environmental assessment-related issues that affect them. Establish a grievance mechanism to receive and facilitate resolution of the affected communities' concerns and grievances about the project's</li> </ol>

environmental performance.

6. Disclose draft environmental assessments before appraisal, in a form, manner and language(s) easily accessible to affected communities and other stakeholders.

7. Implement the mitigation measures and monitor their effectiveness. Document monitoring results, including development and implementation of corrective actions, and disclose periodic progress reports.

8. Do not implement project activities that involve or are likely to result directly or indirectly in the significant conversion or degradation of critical habitats. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. If the project has the potential to adversely impact non-critical habitats, proceed if only there are no technically and financially feasible alternatives, overall benefits from the project substantially outweigh the environmental costs, and any conversion or degradation is appropriately mitigated to avoid a net loss of biodiversity. . Manage renewable natural resources in a sustainable manner.

9. Apply pollution prevention and control technologies and practices consistent with international good practice, as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health and Safety (EHS) Guidelines. Ensure opportunities, where financially and technically feasible, to adopt cleaner production processes, and good practices of energy efficiency or renewable energy. Avoid or, when avoidance is not feasible, minimize or control the intensity or load of pollutants emissions and discharges, including direct and indirect greenhouse gases emissions, waste generation, and release of hazardous material from their production, transportation, handling and storage. Avoid the use of hazardous materials subject to international bans or phase-outs. Select, procure and apply pesticides in an internationally-approved manner that does not pose risks to human health or the environment..

10. Preserve physical cultural resources (PCR) and avoid their destruction or damage by using field based surveys with qualified specialists during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.

## 2. Objectives, Scope and Policy Principles on the Involuntary Resettlement Safeguards

<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Avoid involuntary resettlement unless doing so will render the project unviable. When complete avoidance is not feasible,, minimize the impacts of involuntary resettlement through assessing project alternatives and alternative project designs.</li> <li>• Design projects such that affected people share in project benefits. <ul style="list-style-type: none"> <li>• Enhance or, when enhancement is not possible, restore the standard of living of all affected people in real terms relative to pre-project levels taking account of livelihood transition and re-establishment costs, and improve the standards of living of the affected poor and other vulnerable groups.</li> </ul> </li> </ul>
<b>Scope</b>	<p>The Policy on Involuntary Resettlement covers physical displacements (loss of residential land, shelter or relocation) and economic displacements (loss of lands, assets, access to private or common property assets, income sources and means of livelihoods) as a result of (i) involuntary acquisition of land, (ii) involuntary restriction on land use, (iii) involuntary restriction of access to legally designated parks and protected areas, or (iv) other project activities. It covers losses and involuntary restrictions that are full or partial, and permanent or temporary.</p>
<b>Policy Principles</b>	<ol style="list-style-type: none"> <li>1. Screen projects early to identify their past, present and future involuntary resettlement impacts and risks, and to determine the scope of the resettlement planning process which includes corrective action for unmitigated past displacements, if such displacements are directly linked to the project. Identify, assess and address the potential economic and social impacts of the project through gender disaggregated social impact assessments.</li> <li>2. Evaluate alternatives in project design, location or operation that would enable resettlement or economic displacement to be avoided. <p>If avoidance is not feasible, carry out free, prior, informed consultations with all affected people, host communities and local NGOs. Inform all affected people of their rights and options. Ensure their participation in planning and implementation of resettlement plans and also in their monitoring and evaluation of such plans. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, or persons without legal entitlements. Establish a local independent grievance redress mechanism. Support social and cultural institutions of affected people and their host population. Where social impacts and risks are complex and sensitive, resettlement and compensation decisions should be preceded by a ‘social preparation phase’.</p> </li> </ol>

3. Improve or at least restore livelihoods of all affected households through (a) land-based resettlement strategies when livelihoods are land-based, and cash compensation at replacement value for land when the loss of land does not undermine livelihoods; b) prompt replacement of assets and access to assets of equal or higher value; (c) prompt compensation at full replacement cost for assets that can not be restored, and (d) additional revenues and services through benefit sharing schemes. Those affected by physical displacements should receive in addition a) assistance to relocate, b) secure tenure, c) better housing at resettlement sites with comparable access to employment and production opportunities, d) civic infrastructure and community services, e) transitional support, and f) development assistance, such as land development, credit facilities, training or employment opportunities. Integrate resettlers economically and socially into their host communities, and extend project benefits to host communities. Improve the standards of living of vulnerable groups affected by the project to comply at least with national minimum standards and provide them in rural areas with legal and affordable access to land and resources, and in urban areas with legal and affordable access to adequate housing. Give preference for adopting negotiated settlements involving economic or physical displacements. In such cases, procedures will be developed in a transparent, consistent and equitable manner to offer the affected people compensations and livelihood restorations, which meet the objectives of this policy principle.

4. The absence of formal legal title to land by an affected person is not a bar to compensation.

5. Address the potential economic and social impacts of the project that are caused by involuntary restriction of access to legally designated parks and protected areas.

6. Disclose draft resettlement plans, including documentation of the consultation process before appraisal at the local level and in a form, manner and language(s) accessible to affected people and other key stakeholders. The final resettlement plans and their updates will also be disclosed to the affected people and the public prior to any displacement or resettlement activities occurring.

7. Involuntary resettlement should be conceived and executed as part of a development project or program. Satisfactory resettlement plans, or equivalent documents, elaborate in detail the entitlements outlined in principle 3 as a time-bound action plan, outline budgets and implementation arrangements and provide a date by which livelihood restoration will be achieved. The full costs of resettlement will be included in the presentation of the costs and benefits of the project. For a project with large scale involuntary resettlement, consider implementing the involuntary resettlement component as a stand alone operation.

8. Pay compensation and provide entitlements before physical or economic displacement. Implement all resettlement plans under close

	<p>supervision throughout the project implementation and up to completion.</p> <p>9. Prepare a project completion report that assesses the outcome of resettlement, its impact on the standards of living of the affected people and if the objectives of the resettlement plan have been achieved, taking into account the baseline conditions and the results of resettlement monitoring.</p>
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## Objectives, Scope and Policy Principles on the Indigenous Peoples Safeguards

<b>Objectives</b>	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 of projects; and (iii) are able to participate actively in projects that affect them.
<b>Scope</b>	The Policy is triggered if a project impacts directly or indirectly on the dignity, human rights, livelihood systems, or culture of Indigenous Peoples, or affects the territories, natural or cultural resources that Indigenous Peoples own, use, occupy or claim as an ancestral domain or asset. "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 and recognition of this identity by others, (ii) collective attachment to geographically distinct habitats or ancestral territories and to the natural resources in these habitats and territories, (iii) presence of distinct customary cultural, economic, social or political institutions, and (iv) indigenous language. A group that has lost "collective attachment to geographically distinct habitats or ancestral territories in the project area" (item [ii]) because of forced severance remains eligible for coverage under this Policy.

<p><b>Policy Principles</b></p>	<p>1. Screen as early as possible to determine (a) whether Indigenous Peoples are present in, or have collective attachment to, the project area, and (b) whether there are likely project impacts on Indigenous Peoples.</p> <p>2. Evaluate alternatives to project design, location or operation that would enable impacts on indigenous people to be avoided.</p> <p>2. If avoidance is not feasible, undertake free, prior and informed consultations with affected communities to solicit their participation (a) in designing, implementing, and monitoring measures to avoid adverse impacts, or, when avoidance is not feasible, to minimize, mitigate, or compensate for such effects; and (b) in tailoring project benefits for them in a culturally appropriate manner. To enhance Indigenous Peoples' active participation starting at the scoping phase, the projects affecting them will provide for culturally-appropriate capacity development.</p> <p>3. In deciding whether to proceed with the project, ascertain that the affected Indigenous Peoples' communities provide their broad support to the project, including measures proposed to respond to anticipated project impacts, on the basis of free, prior, and informed consultation.</p> <p>4. Avoid, to the maximum extent possible, any restricted access to and relocation from protected areas and natural resources. Where such avoidance proves not to be feasible, ensure that the affected Indigenous Peoples' communities participate in the design, implementation, monitoring and evaluation of management plans for such areas and natural resources and that their benefits are equitably shared.</p> <p>5. Put in place an action plan for the legal recognition of customary rights to lands and territories, or ancestral domain, when the project involves (a) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples traditionally owned, or customarily used or occupied; or (b) the involuntary acquisition of such lands.</p> <p>6. Undertake a social assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options preferred by the affected Indigenous Peoples in the provision of project benefits and in designing of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate, and gender and inter-generationally inclusive and develop measures to avoid, minimize and/or mitigate adverse impacts on Indigenous Peoples.</p> <p>7. Prepare an Indigenous Peoples Plan (IPP) or equivalent document that is based on the social assessment, uses qualified</p>
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professionals, and draws on indigenous knowledge and the participation of the affected communities. The IPP includes a framework for continued consultation with the affected communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identify measures to avoid, minimize, mitigate or compensate for any adverse project impacts; and include culturally-appropriate grievance procedures, monitoring and evaluation arrangements, and the time-bound actions and budget for implementing the planned measures. Disclose a satisfactory draft IPP, or equivalent document, including documentation of the consultation process and the results of the social assessment, before appraisal, in a form, manner and language(s) easily accessible to affected communities and the public. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples and the public.

8. Commercial development of the cultural resources and knowledge of Indigenous Peoples is conditional upon their prior agreement to such development.

9. Monitor the implementation of the IPP, using qualified professionals, and adopting a participatory monitoring approach, wherever possible, and prepare a project completion report that assesses if the objective and desired outcome of the IPP have been achieved, taking into account the baseline conditions and the results of IPP monitoring.