

## **SOCIAL DIMENSIONS AND ENVIRONMENTAL ASSESSMENT**

### **Introduction**

Considering the central role of people in development and recognizing that a development project could produce effects detrimental to the welfare of the same people it intends to benefit, it is essential that the environmental assessment of a proposed project include an analysis of the project's social dimensions. ADB and other development partners has been increasingly aware of the critical role environmental and social aspects of the design and implementation interventions for sustainable development. This awareness has increased the importance of: beneficiary participation, poverty reduction, role of women in development and environmental management, involuntary resettlement, and vulnerable groups, including children and indigenous peoples. This concern for the social aspects of development is articulated in ADB policies, reflected in strategic frameworks, and incorporated in Bank operations through various guidelines, manuals, and handbooks as well as instructions to its staff. ADB's environmental review process, in fact, specifies the need for social analysis and public participation. Environmental assessment reports and summaries if possible are required to include (i) an social acceptability assessment of the proposed project; and (ii) recommended mitigation measures such as a Resettlement Plan and an Indigenous People's Development Plan (IPDP), as necessary.

### **Social Dimensions and Associated Processes**

The concept of social dimensions captures the key elements of human perspectives in development and aims at avoiding or mitigating the adverse effects of development interventions on groups that do not have the capacity to absorb such effects. The concept begins with the explicit recognition that people are the center of development, and that development is for all people. It recognizes that economic growth is a prerequisite for development, in general, and social development, in particular. Furthermore, it recognizes that (i) the poor, women, and vulnerable groups contribute to economic growth; (ii) their empowerment enhances social harmony, which is essential to economic growth; and (iii) returns from investments in women and the poor are often comparable to, and may exceed, returns from investments in infrastructure, energy, industry, and agriculture.<sup>1</sup>

1. The key social dimensions considered in ADB operations are:
  - (i) Poverty Reduction, which involves helping the poor through: (a) assistance directly targeted to support productive activities that generate employment and income; (b) identification of development policies and investments that expand the employment opportunities for the poor; and (c) improvement of the access of the poor to health, family planning, education and related services, and expansion of these services;
  - (ii) Gender and Development, consisting of promoting policies and activities that help all people develop their full potential, improve their productivity, increase their contribution to the economy, and share in the rewards of development as equal partners;

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<sup>1</sup> ADB. 1993. *Guidelines for Incorporation of Social Dimensions in Bank Operations*. Social Dimensions Unit. ADB: Manila, Philippines. October 1993.

- (iii) Human Resources Development, including Population Planning, which involves investments to help improve the skills, living standards, and quality of life of present and future generations of people, and increase their contribution towards sustained and accelerated economic growth; and
- (iv) Vulnerable Groups, including children, indigenous and tribal people, ethnic minorities, illegal settlers and squatters, disabled people, new and old immigrants, whose condition may be made worse by a policy reform, a new program, or some form of project intervention, and for whom social safety nets and compensation mechanisms have to be provided so that they are not adversely affected by such changes.

The need to analyze social factors that influence a project continues throughout the entire life of a project, although the most crucial stage occurs during project design or the conduct of the project feasibility study when all relevant social dimensions of the proposed project are examined thoroughly and incorporated into project design. The analysis conducted as part of the feasibility study is called social analysis, and may cover an assessment of: (i) the groups expected to benefit from, and use the services to be provided by, the project; (ii) the needs of the groups; (iii) their demands; (iv) their absorptive capacity; (v) gender issues; and (vi) possible adverse effects on vulnerable groups and the need for measures to mitigate or compensate those adversely affected.

As the scope and content of social analysis differ among and within sectors, and among countries and regions within countries, it is necessary to conduct an Initial Social Analysis (ISA) during the project identification stage. The ISA would identify the major population groups that may be affected, beneficially and otherwise; by the proposed project and which should be the focus of the social analysis. It would also identify the specific social dimension issues that would be examined during the social analysis to be carried out as part of project preparation. A general description of the objectives, scope, and methodology for ISA is in the *ADB Guidelines for Social Analysis of Development Projects* (1991) and *Handbook for Incorporating Social Dimensions into Bank Operations* (1994). The latter document includes subsector checklists to guide the conduct of the ISA, and suggests several data collection techniques and guidelines for the conduct of interviews with local groups. To supplement the information contained in these publications, the Offices of the Regional Vice Presidents issued an Inter-office Memorandum on a *Guideline for Conducting Initial Social Assessments* on 3 June 1997, which will be incorporated in the next revision of the Handbook. In addition, ADB has policies and norms of good practice that relate to the following major issues: gender, involuntary resettlement, indigenous peoples, participatory processes, and involvement of NGOs.

## **Poverty Reduction**

### **1. ADB's Poverty Reduction Strategy**

In ADB's view, "poverty is a deprivation of essential assets and opportunities to which every human is entitled."<sup>2</sup> Therefore, as poverty, in its most basic form, is the lack of essential physical, social, and psychological needs, poverty reduction would involve the creation of a situation in which the poor are either given, or enabled to acquire, those assets necessary to achieve a minimally acceptable level of existence. These critical assets are

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<sup>2</sup> ADB. 1999. *Fighting Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank*. ADB: Manila, Philippines. October 1999.

- (i) **land**, including natural resources of river, forest, and marine environments which have provided the basis for development of many communities, which has historically been the most common asset through which people have met their basic needs but which have been progressively exhausted in many DMCs;
- (ii) **human capital**, in the form of education and skills, which has now become the major avenue for increasing the asset base of the poor; and
- (iii) **social capital**, or the strength and diversity of associations that exist between members of a community and foster trust and cooperation.

Poverty reduction program centers on mitigating poverty and helping the poor through development assistance targeted directly towards the creation of productive activities. It includes initiatives to improve access of the poor to services such as health care, education, family planning support and other services, and social infrastructure to improve quality of life and create new opportunities for them to expand their economic activity. Initiatives focusing on concerns such as gender and development and environmental protection and management are also elements of an overall poverty reduction strategy.<sup>3</sup> General approaches to poverty reduction include the following:

- (i) adoption of appropriate macro policies, including promotion of investment activities that favor labor-intensive technologies, with emphasis on expanding employment opportunities for the poor;
- (ii) greater attention to poverty reduction aspects in traditional projects, with growth as the primary objective;
- (iii) projects targeted exclusively to assist the poor in employment and income generation; and
- (iv) projects targeted to assist the poor by enhancing human resources development (e.g., education, health) and to improve the income-earning skills and capacity of the poor.

With its recent declaration of poverty reduction as the overarching goal of its development efforts, ADB has initiated its transformation into a poverty-focused institution at the operational level.<sup>4</sup> Consequently, there will be stronger support for social infrastructure development aimed at promoting or enhancing the delivery of social services to the underprivileged segments of society, both in the rural and urban settings.

Future investments in agriculture and rural development will be made in order to increase efficiency in all areas of agricultural production, supported by a strengthened local governance, group formation, and greater social capital. The increased poverty emphasis will also focus on innovative investments to meet basic infrastructure needs of the poor.

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<sup>3</sup> ADB. 1999. *Reducing Poverty: Major Findings and Implications*. A Report Based on Consultations in Selected DMCs of ADB. ADB: Manila, Philippines. September 1999.

<sup>4</sup> ADB. 1999. *Poverty Reduction Strategy*. Working Paper 5-99. ADB: Manila, Philippines. 25 August 1999.

Multidisciplinary natural resource management projects of the type that employs the integrated, community-based approach (such as coastal resource management and watershed development projects), will also be given more attention, considering that communities in ecologically vulnerable ecosystems, are usually among the poorest of the poor. Natural resource management projects, if properly designed and implemented, should enable resource rehabilitation and yield long-term environmental and social benefits.

There will also be increased provision of social investment funds<sup>5</sup> to stimulate economic growth, reduce poverty in priority areas, and strengthen local initiative and social capital. Private sector led small- and medium-scale enterprises (SMEs) would also be encouraged to generate livelihood for low-income groups. In these areas, ADB will have to ensure that both environmental management and poverty reduction components are incorporated, and applicable environmental assessment procedures are applied in their planning, design, and implementation. Moreover, ADB will consider projects intended to expand access of the poor to SMEs to increase employment, and fund studies on how industrial pollution in SMEs can be lowered to lead to increased production, increased profit, and more employment. Cleaner production will also be endorsed to benefit the poor.

### **Poverty Reduction and Environmental Assessment**

The poverty reduction strategy of ADB is defined by a framework consisting of 3 key elements: (i) pro-poor, sustainable economic growth, (ii) social development, and (iii) good governance—which, together, should result in socially inclusive development. However, for socially inclusive development to be achieved, a better understanding is needed of the environmental implications of policies to reduce poverty and of the impacts of environmental policies on the poor.

Environmental considerations, including natural resource management, are key elements in sustainable economic growth because growth will be threatened if the natural environment and resources are not well managed. Although much of the past damage has been caused by powerful vested interests, the pressures of poverty and population compound the threat through deforestation, overgrazing, and over fishing. The rural poor are often forced to live on marginal and fragile lands and waters that require sensitive resource management in the face of increasing degradation. The urban poor are exposed to disease and illness resulting from overcrowding and polluted living conditions.

Given the close interrelationships between poverty and the state of the environment, it is essential that projects proposed to rehabilitate fragile habitats and degraded resources should give equal importance to the upliftment of the socioeconomic status of the communities residing within, or deriving their subsistence from, such ecologically sensitive areas. The environmental assessment of a proposed project should therefore include an ISA, which will identify these communities, determine their needs and wants, invite their full participation in the design and subsequent implementation of the project, and secure their commitment to environmental protection and management for long-term project sustainability. The ISA's results should be incorporated in the project environmental assessment and summary environmental assessment reports, specifically in the sections on (i) Description of the Environment; (ii) Social Acceptability; and (iii) Impact Assessment and Mitigation Measures.

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<sup>5</sup> Social investment funds are facilities to provide grant support to small-scale projects based on local initiative and co-financing, which are generally implemented by NGOs, community-based organizations, or small contractors using labor-intensive techniques.

## **1. Involuntary Resettlement**

Any development project that introduces significant changes in the patterns of use of land, water, or other natural resources may entail some adverse impacts on people who are currently using such resources and associated economic, social, cultural, and religious facilities. Examples of projects that involve acquisition or redirection of use of lands that are owned or utilized by individuals and communities include

- (i) construction of highways, railways, and irrigation canal networks;
- (ii) construction of dams for irrigation and hydropower generation;
- (iii) construction of transmission lines and other facilities requiring rights-of-way;
- (iv) construction of airports;
- (v) construction, rehabilitation, or expansion of ports and towns;
- (vi) construction or improvement of urban infrastructure such as sewerage, subways, intracity roads, and more general urban systematization;
- (vii) establishment of coal-fired thermal power generation plants and other polluting industrial plants;
- (viii) inception of mining operations, particularly strip mining;
- (ix) establishment of protected nature parks, biodiversity and conservation areas, and grazing areas; and
- (x) forestry development, including reforestation, industrial tree plantations, clearing/harvesting of forests, and closure of forest areas.

While many of these projects may be of crucial importance to local, regional, and national development, they may also give rise to conflicts between long-term national development goals and the interests of local communities and individuals who may be immediately and adversely affected. Projects that require involuntary displacement of people generally have adverse economic, social, and environmental impacts on the displaced people. Homes are abandoned, production systems are dismantled, and productive assets and income sources are lost. Displaced people may be relocated to environments where their skills may be less applicable, competition for resources greater, and host populations hostile or culturally incompatible. Well-established community structures, social networks, and kinship ties are broken or weakened, and cultural identity, traditional authority, and potential for mutual help diminished. For survival, displaced people may be forced to overexploit ecologically fragile areas, thereby exacerbating environmental degradation.

## **2. Involuntary Resettlement Planning**

Considering these potentially adverse impacts of displacement on individuals and communities, involuntary resettlement, if unavoidable, should be well planned and executed so that the quality of life and livelihoods of those affected will be restored, economic growth is

enhanced, and poverty reduced, especially for such vulnerable people. Any project that will require the relocation of people should include resettlement as an integral part of project design, and should deal with it from the earliest stages of the project cycle, taking into account the basic principles enunciated in the ADB policy on involuntary resettlement.<sup>6</sup> An ISA should be conducted as part of project preparation to determine the need for a Resettlement Plan and assess the amount of effort that may be required to prepare such a Plan.

If the results of the ISA indicate that the project is likely to have significant resettlement effects,<sup>7</sup> a Resettlement Plan should be prepared, preferably as part of the project preparatory technical assistance or, at the latest, before appraisal. A Summary Resettlement Plan should also be included in the draft RRP for the MRM and in the RRP for Board circulation whenever there are resettlement effects. The Summary Resettlement Plan can be included in the draft SEIA for public disclosure.

### **3. Involuntary Resettlement and Environmental Assessment**

Category A and B projects may involve land acquisition, which may result in adverse social impacts, including displacement of individuals and communities. Therefore, a Resettlement Plan should be prepared and briefly incorporated in the environmental assessment report, particularly in the environmental mitigation and monitoring plans to be implemented during project implementation and operation. The Resettlement Plan's implementation should also be monitored as part of regular project implementation.

The ADB *Handbook on Resettlement: A Guide to Good Practice* (1998) describes resettlement planning in the context of ADB's project cycle; elaborates on key resettlement planning concepts; explains data collection and participatory methods, and their application to resettlement planning; and reviews income restoration.

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<sup>6</sup> ADB. 1995. *Involuntary Resettlement*. ADB: Manila, Philippines. August 1995.

<sup>7</sup> Significant resettlement requires a full Resettlement Plan, and means one or more of the following: (i) 200 people or more will experience resettlement effects; (ii) 100 people or more who will experience resettlement effects are indigenous or vulnerable people, including women-headed households, the poorest, isolated communities, those without legal title to assets, and pastoralists; or (iii) more than 50 people experiencing resettlement are particularly vulnerable, e.g., a group of hunter-gatherers.

## **Indigenous Peoples**

### **1. ADB Policy on Indigenous Peoples**

The working definition employed in ADB operations as they affect indigenous peoples regards them as having a "social or cultural identity distinct from the dominant or mainstream society, which makes them vulnerable to being disadvantaged in the processes of development."<sup>8</sup> In many cases, indigenous peoples live in separated communities or cultural or ethnic groupings geographically distant from urban centers, and often function at the periphery of the political, social, cultural, and economic systems of the dominant or mainstream society. As socioeconomic development takes place, many development initiatives are extending into geographically remote areas, often considered the traditional homelands of indigenous peoples, which offer resources such as forests, minerals, and hydropower potential. Physical intrusions of development interventions into the traditional domains of indigenous peoples, and social intrusions into indigenous cultures, can be viewed by indigenous peoples and others as a violation of human rights, rights to land, and rights associated with the maintenance of culture.

ADB's policy on indigenous peoples ensures that ADB interventions are:

- (i) consistent with the needs and aspirations of affected indigenous peoples;
- (ii) compatible in substance and structure with affected indigenous peoples' culture and social and economic institutions;
- (iii) conceived, planned, and implemented with the informed participation of affected communities;
- (iv) equitable in terms of development efforts and impacts; and
- (v) not imposing the negative effects of development on indigenous peoples without appropriate and acceptable compensation.

### **2. Implications for Environmental Assessment**

In line with the ADB policy on indigenous peoples, the ISA conducted as part of project design should include specific consideration of indigenous peoples as a potentially affected population. If the ISA identifies indigenous peoples specifically as a significantly and adversely affected population, or vulnerable to being so affected, an IPDP acceptable to ADB must be prepared by the government or other project sponsors. The IPDP should include key elements such as specific measures to mitigate negative effects and provide necessary and appropriate assistance and compensation so that the circumstances of the affected peoples would be as favorable as would have existed before the intervention.

The IPDP should be prepared and submitted to ADB by the Government or private sector project sponsor along with the feasibility study for the project. The Plan should include an Executive Summary, with salient issues of the Summary to be included in the RRP to be considered in the MRM, and, in every case, in the final RRP for Board consideration.

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<sup>8</sup> ADB. 1998. *The Bank's Policy on Indigenous Peoples*. ADB: Manila.

If necessary, pertinent sections of the IPDP should be included in the environmental assessment report to complete the description of the physical environment, the potential impacts of the project, and the measures to mitigate, offset, or compensate for, adverse impacts. The IPDP will also confirm the social acceptability of the proposed project, as the Plan could not have been prepared without prior consultations with, and involvement of, the affected indigenous peoples.

## **Gender and the Environment**

### **1. ADB Policy on Gender and Development**

In 1985, ADB first adopted a *Policy on the Role of Women in Development*, which provided the framework for the implementation of a range of activities within its regular operational program that emphasized women as a special target group. However, in view of significant changes in the Asia-Pacific region since 1985, ADB revised its policy to reflect the changing environment, codify the transition from women in development to gender and development, incorporate current thinking on gender and development issues, generate an increase in ADB activities directly benefiting women, provide the appropriate policy framework for the new approaches and practices, and introduce the institutional mechanisms to operationalize ADB's strategic development objective of improving the status of women.

The revised *Policy on Gender and Development*<sup>9</sup> adopts mainstreaming as a key strategy in promoting gender equity (i.e., gender considerations will be mainstreamed into all ADB activities) and includes gender sensitivity, gender analysis, gender planning, mainstreaming, and agenda-setting as key elements.

Women's participation in the design and implementation of development projects, including those in natural resource management, in particular, is essential in achieving development objectives at the community level. It is therefore important that women's needs and concerns are determined and assessed as part of project design. In all ADB projects, including program and sector loans, gender considerations have to be addressed as part of the social analysis process. If the ISA identifies significant gender issues, these will be examined further through detailed *gender analysis*. The results of the ISA and subsequent social analysis will form part of the project feasibility study, and relevant sections of the social analysis report will be incorporated in the environmental assessment report for the project.

Gender analysis is a framework for considering the impact of a development intervention on both women and men. Gender analysis explores who does what, where, when, and for what time period. It assesses the differences in social roles between females and males and the constraints faced by females in gaining access to, and participating in, development activities. It evaluates the implications of such constraints in the design of development strategies, policies, interventions, and projects so that unequal access and opportunities between females and males will be avoided. A gender analysis framework is a flexible instrument with the ultimate purpose of assisting in the design and implementation of programs and projects that maximize the productivity and participation of both men and women, and includes appropriate implementation arrangements for strategies, policies, interventions, and projects.

Suggestions about gender issues that may be relevant in specific subsectors are given in the checklists provided in the ADB Handbook on Poverty and Social Analysis. Further

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<sup>9</sup> ADB. 1998. *Policy on Gender and Development*. ADB, Manila, Philippines, May 1998.

information on the analysis of gender issues in water supply and sanitation, education, health, urban development and housing, and agriculture, are contained in the *ADB Handbook on Gender Analysis and Women in Development*.

## **G. Environmental Governance**

ADB's environmental assessment requirements are compatible with and reinforce the four elements of ADB's *Policy on Good Governance: Sound Development Management*<sup>10</sup>, and as set out in ADB's *Medium-Term Agenda and Action Plan for Governance*<sup>11</sup>. These elements are: (i) Accountability – by supporting the need for public officials to be responsible for government behavior, and responsive to the entity from which their authority is derived and reinforcing the need for citizens to be provided with an acceptable level of public services and encouraging that environmental impact standards are met; (ii) Participation – by supporting the involvement of citizens in the development process. Beneficiaries and groups affected by the environmental impacts of projects need to participate so that the government can make informed choices with respect to their needs and protect their rights, by encouraging the participation of project beneficiaries and affected groups and encouraging NGOs as vehicles for mobilizing and reaching project beneficiaries; (iii) Predictability – by supporting reforms and amendments to DMC environmental legislation, impartial settlement of disputes which arise from environmental impacts and by supporting the fair and consistent application of these laws and their implementation, and (iv) Transparency – by supporting improved availability of information to the general public and clarity about rules, regulations, and decisions on environmental impacts.

In the context of developing new and strengthening the capacity of a DMC's environmental impact assessment institutions there much that can be done to foster good governance. This includes such initiatives as: i) legal reforms which improve environmental legislation and guidelines, (ii) improving the consultative process on EIA, draft laws and regulations to increase transparency to representatives of civil society, (iii) strengthening of judiciary to make process of environmental disputes more accessible and fairer, (iv) assisting DMC'S to improve regulatory frameworks, (v) strengthening DMC oversight and enforcement capabilities in environment, (vi) involvement of civil society groups in dispute mediation related to environmental complaints, (vii) capacity building of environment ministries or sub-national departments, or other state entities which have governance responsibilities, (viii) improvement to intergovernmental fiscal arrangements which will provide financial resources to improve environmental security, (ix) sound corporate governance in safeguarding employees and affected communities from negative environmental effects, and (x) improvements to macro financial reform which will improve state allocations for environmental protection.

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<sup>10</sup> ADB. 1997. *Governance: Sound Development Management* (R151-95); OM 54, Governance, issued 13 January 1997. Manila.

<sup>11</sup> ADB. 2000. *Promoting Good Governance—ADB's Medium-Term Agenda and Action Plan*. Manila