

Special Evaluation Study Social and Environmental Safeguards in ADB

Bruce Murray
Operations Evaluation Department
Asian Development Bank
May 2006

The logo of the Asian Development Bank (ADB), consisting of the letters "ADB" in a white serif font on a dark blue square background.

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Safeguards in ADB

- **Policy on Involuntary Resettlement (1995)**
- **Policy on Indigenous Peoples (1998)**
- **Environment Policy (2002)**

Available on ADB's website, with the corresponding Operations Manual sections and Handbooks

(www.adb.org/Safeguards/default.asp)

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Involuntary Resettlement Policy

Policy designed to ensure that:

- IR is avoided wherever feasible.
- If resettlement is unavoidable, population displacement is to be minimized by choosing alternative viable project options.
- Affected people need to receive assistance, preferably under the project, so that they are at least as well off as they would have been in the absence of the project.
- Assistance goes beyond 'compensation' in cases of people in need – poor people get additional assistance if they are vulnerable.

Indigenous Peoples Policy

Policy designed to ensure that:

- development interventions compatible in with affected IP's social, cultural, and economic institutions.
- interventions consistent with needs and aspirations of those peoples.
- IPs are at least as well-off as they would have been in the absence of development interventions.
- IPs benefit from interventions.

Environmental Safeguard Principles

Procedures are set up such that:

- (i) A country environmental analysis (CEA) takes place within the framework of the country strategy.
- (ii) All projects are properly assessed and categorized based on their most environmentally sensitive component.
- (iii) Potential environmental impacts and mitigation measures are identified, and environmental management plans (EMP) are formulated.
- (iv) Public consultations and information dissemination take place.

Environmental Safeguard Principles

- (v) Environmental standards in the World Bank's *Pollution and Abatement Handbook* are followed by ADB but alternative standards may be used to reflect national legislation and local conditions.
- (vi) Goods and services procured under ADB-financed projects are produced through environmentally responsible means
- (vii) EMPs are to be properly implemented in a timely manner, monitored and reviewed.
- (viii) Changes in scope are screened for environmental significance and classified according to ADB's system.

Review of ADB's Social/ Environmental Safeguards

- Policy reviews are becoming a regular feature in ADB – long overdue for the Resettlement Policy.
- ADB missions, affected people and NGOs report problems with Safeguard issues.
- Sometimes DMCs raise issues of principle.
- Changing client needs and capacities in some countries.
- New ADB lending modalities and changing business processes.

RSDD is conducting the safeguard reviews.

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BACKGROUND TO OED'S SAFEGUARD EVALUATIONS

- Request from the ADB Board's Development Effectiveness Committee in late 2005.
- RSDD review delayed until after evaluation completed; now to be completed by end of 2007.
<http://www.adb.org/Safeguards/default.asp>
- Follow up to two earlier OED studies (2000 and 2001).
<http://www.adb.org/Evaluation/reports.asp>
- Two studies: (i) Environment; (ii) Resettlement and IPs.

Previous Evaluation Findings: Good News

- 2000 evaluation concluded that there had been improvements in the preparation and implementation of resettlement operations after the approval of the IR policy, including:
- (i) enhanced payment of compensation for lost assets; (ii) improved housing and infrastructure; and (iii) livelihoods restored for many resettled families.
- Better ADB awareness in dealing with vulnerable groups, particularly the poor and non-titled persons.
- Evaluation concluded that the IR policy was adequate and relevant and that a revision was not necessary.
- The study suggested refinements to clarify specific policy elements, such as compensation, defining people directly affected by projects and vulnerable groups.
- Improve implementation practices with a focus on income restoration in the post resettlement period.
- OED asked ADB to take a proactive approach in cooperating with other agencies and NGOs.

Previous Evaluation Findings: Bad News

Still many problems :

- lack of appropriate and compatible national resettlement policies in most DMCs;
- inadequate social investigations during project preparation;
- improperly identified impoverishment risks resulting in inadequate restoration of income and livelihoods and serious implications for the sustainability of resettlement programs;
- weak executing agency institutional capabilities and inadequate funding for resettlement activities;
- weak supervision and monitoring of resettlement implementation;
- lack of consistency in capacity-building efforts and in the role of NGOs in project implementation and sustainability; and
- inadequate aid coordination among donor agencies.

Previous Evaluation Findings: Recommendations

Recommendations included:

- streamline the Policy on Involuntary Resettlement and improve implementation;
- adopt improved national resettlement policies in DMCs;
- provide adequate funding for resettlement activities to prevent impoverishment of the affected people;
- strengthen supervision and monitoring of project resettlement activities by both ADB and executing agencies;
- strengthen and improve initial social assessment through better surveys of those affected, and improve disclosure and public consultation;
- strengthen ADB capacity for project resettlement activities by providing additional staff and consulting resources;
- strengthen the institutional capacity of the DMCs by providing technical assistance;
- improve cooperation among multilateral and bilateral agencies within each DMC.

Evaluation of Social/ Environmental Safeguards

- Intended date of publication on web: August 2006, with Management Response and summary of the DEC Chairperson by end September 2006.
- RSDD's review and consultation processes will draw on the results of these evaluations.

Objectives of Safeguard Evaluations

- provide an independent assessment, particularly in terms of efficiency of processes, transaction costs, added value, and actual impacts on the ground.
- identify key issues for the improvement of the safeguard policies, procedures, and their implementation.

Safeguard Evaluation Questions

SEE: <http://www.adb.org/Evaluation/safeguard-policies.asp>

- Were mitigation measures adequately implemented?
- Did they mitigate negative impacts?
- Do the safeguard policies enhance the effectiveness of ADB-supported projects?
- Is there a good balance between front-end procedural requirements and implementation activities?
- Has ADB played a role in improving country safeguard systems and capacities?
- What transaction costs are associated with ADB's social and environmental safeguards system?
- What issues can be identified and what improvements can be suggested for the safeguard procedures and their implementation?

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Evaluation Methods and Resources

- 2 full time OED specialists, 2 national officers and support staff
- Use of consultants, sometimes representing NGOs or research institutions, some with prior involvement in ADB operations, others with none
- Desk research and review of files and documents
- Interviews with selected stakeholders in four case study countries: India, the People's Republic of China, the Philippines and Viet Nam;
- Project case studies in the case study countries, including interviews with selected affected people;
- Questionnaire surveys for (a) all ADB operational staff, (b) appraisal mission leaders (environment), and (c) executing agencies of selected ongoing projects;
- Interviews with selected ADB staff

Status of the Safeguard Evaluations as of 30/4/06

- 3 country missions completed both for social and environmental studies; project studies and consultant reports in progress.
- May: Viet Nam mission.
- May: More field study of IPs.
- Future: Survey responses analyzed.
- Future: Draft separate reports evaluating the environment and social safeguards.

Preliminary Findings: Involuntary Resettlement

- Policy has changed considerably over the years (last OM revision in October 2003 added many requirements): confusion for ongoing projects.
- Policy addresses resettlement and the effects of projects on land and access to land and public resources/ facilities.
- ADB's 2002 restructuring scattered ADB social development/resettlement specialists over 5 regional departments, the safeguard division and the Chief Compliance Officer who approves compliance memos.
- Slow build up of expertise within ADB in last 5 years. Few ADB staff available for project administration reduces the support to executing agencies regarding proper resettlement.

Preliminary Findings: Involuntary Resettlement

Processes:

- ADB project preparation model approves loans based on feasibility studies – at this stage RPs are not very precise and need to be validated later.
- ADB's implementation model gives the principal to role for executing agencies to supervise and implement. Project administration support less than that of World Bank. ADB's policies require EA staff to have intimate knowledge resettlement policies; more ADB support needed.
- Number of sector projects is increasing in ADB -- current procedures are rather mechanical
- Proliferation of RPs especially in sector projects; uncertainty regarding their nature leads to long resettlement plans. Difference between full and short RP is disappearing; more RPs in sector projects. Clients perceive transaction costs of 'moving goal posts'
- Organization of safeguard support and compliance may need to be looked into

Preliminary Findings: Involuntary Resettlement

- Improvements needed in design procedures for certain types of interventions (e.g., private sector operations; credit lines).
- Gaps: Expropriation; influx of squatters; squatter syndicates.
- NGOs and APs identify cases where ADB's policies have not been implemented and people have been harmed. Resettlement has been at the center of the two project inspections and a compliance review in Sri Lanka.
- Serious weaknesses in implementation and ADB project administration.
- Policies of international agencies sometimes inconsistent with national law. Strong divergence of views between DMCs and NGOs about the use of country systems.
- Safeguard issues have become central to the international debate on harmonization of donor agency approaches and alignment with country systems.

Preliminary Findings: Involuntary Resettlement

- Social safeguards have become a contentious issue in the ADB's dialogue with civil society organizations.
- Improvements in consultations and public communication and disclosure are needed.
- Consultations with several of the larger DMCs have highlighted social and environmental safeguards as associated with delays, bureaucracy and high transaction costs.
- DMCs argue that the insistence on the compliance with safeguards has become a disincentive to use ADB financing.
- Some DMCs argue that their safeguard policies are of an acceptable standard and ADB needs to become more flexible.

Preliminary Findings: Involuntary Resettlement

Outputs:

- Of 497 projects approved between 1994 and 2004:
 - 34% had full RPs
 - 5% had short RPs
 - 10% had RFs: need to be established after project approval.
- These projects expected to affect 1.5 million persons in terms of resettlement or reduction in their land resources or use of their land (although compensated for).
- The distribution of APs across projects with resettlement is very skewed. 75% of all APs affected by 30 of the 174 projects involving resettlement.

Resettlement 1994-2004

By Country	Estimated No. of Affected Persons (AP)		Projects	
	No.	% of Total	With AP	Without AP
China, People's Republic of	998,633	60.10	64	15
Bangladesh	145,481	8.76	16	17
Viet Nam	142,188	8.56	16	20
India	99,676	6.00	14	30
Philippines	74,664	4.49	8	23
Nepal	64,341	3.87	6	14
Indonesia	44,646	2.69	9	22
Cambodia	42,419	2.55	11	12
Pakistan	18,546	1.12	9	26
<u>Sri Lanka</u>	<u>15,946</u>	<u>0.96</u>	<u>5</u>	<u>23</u>
Total (including smaller cases)	1,661,572	100.00	174	323

Resettlement 1994-2004

By Sector	APs	% APs	Projects with APs	Projects without APs
Transport and Communications	1,282,393	77.18	74	35
Energy	116,987	7.04	29	30
Water Supply and Sanitation	116,182	6.99	18	23
Agriculture and Natural Resources	95,343	5.74	22	33
Multisector	48,652	2.93	26	43
Industry and Trade	1,815	0.11	4	16
Health, Nutrition, and Social Protection	200	0.01	1	15

Preliminary Findings: Involuntary Resettlement

Outcomes:

- Added value of TA to develop capacity and country systems has been high.
- Many gaps in consultation, proper disclosure of RPs in the past (gradually improving) and in grievance redress systems.
- Some added value to project impacts in terms of less harm to those affected by projects. Large variation in impacts across countries and projects.
- Entitlement approach (additional assistance for poor and vulnerable beyond what is required by policies/law often not fully accepted by executing agencies and has been difficult to implement.
- Full rehabilitation of resettled peoples has remained elusive in many cases, as a result of the project approach.
- Country wide safety nets lacking for vulnerable people.

Further analysis will be undertaken during the next few months.

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Preliminary Findings: IP Safeguards

Outputs:

- Between 1998 and 2005, ADB issued 31 IPDPs, 21 IPDFs, and 71 IP actions (28% of all approved loans had measures addressing IPs)
- Few projects with IPDPs have actually been completed so their impact on the ground is difficult to gauge.
- TA financed studies of issues particular to indigenous peoples. The range of subjects was diverse. The Regional and Sustainable Development Department (RSDD) in 2002 published seven reports on "Indigenous Peoples/Ethnic Minorities and Poverty Reduction" covering four Asian countries and the Pacific Region. However, ADB did not provide good follow up in all countries.

Preliminary Findings: IP Safeguards

Outcomes

- Very uneven – many IP plans are relatively 'empty'
- IPDPs often hampered by lack of special budget sanctioning by Governments
- IPs geographically concentrated and can constitute majority populations in districts covered by the Project – this sometimes obviates the need for IPDP
- Need for integration of IP policy issues in country strategy
- Gradual improvements in the level of free, prior, informed consultations over the last 3 years or so
- Need to more systematically address IP issues at the level of the country strategy and program

Preliminary Findings: Environment Safeguards

Outputs:

- From 1997- 2005, a total of 632 public sector loans were approved amounting to \$12.26 billion. Of these projects, 11% fall under Environmental Category A. 56% are under Category B.
- Of the 69 Category A projects, 5 (7%) are in the Energy Sector, and 42 (61%) are in the Transport sector. The remaining 22 (32%) projects are in other sectors, mostly Agriculture and Natural Resources.
- For Category B projects, 44 (12%) are in the Energy Sector, 61 (17%) in the Transport sector and 248 (70%) in the other sectors.
- Concerns about the rigor or the application of ADB's environmental classification system – treatment of similar projects in different countries.
- Downgrade rating to facilitate project processing?

Preliminary Findings: Environment Safeguards

- Uneven distribution of environmental category A projects across countries. In India, of a total of 43 category A and B projects approved since 1997, only one was categorized as A. In comparison, in the PRC, out of more than 85 A and B projects, 59 were category A projects.
- Environmental safeguard procedures mostly focus on front-end procedures requirements; implementation is weak.
- The Philippines, India, and PRC all have relatively complete environmental safeguard systems but implementation is weak due to lack of resources and capacities.
- Preliminary conclusion: ADB's value added limited.

Preliminary Findings: Environment Safeguards

- Generally, PRC appears to have the best implementation capacity. Typically, the EA is already conducted when ADB starts its processing. Assigning category A to a project does not introduce much delay. In India or the Philippines, appraisal missions and EAs hesitate to give an A category to a project as this may introduce delays, despite the fact that ADB has adopted standard TORs for EIAs in PPTAs for all countries.
- For some sector loans, only subprojects which can be classified into B category are selected, leaving more environmental sensitive subprojects to Government's own financing.
- ADB's future efforts should be directed more at improving the outcome of using environmental safeguards rather than procedural requirements. For some countries with more complete safeguard systems, this may be achieved through helping improve the countries' environmental safeguard systems and related monitoring and implementation capacities. De-emphasize project-by-project assessment and interventions.

Environment Safeguard Issues: Hydropower Projects

Problems in environmental safeguard compliance have been encountered in some hydropower projects. Problems encountered include:

- Water supply problems
- Water quality issues → impact on drinking water
- Erosion → roads collapsing
- Transportation → bridges inundated
- Increased access to forest and protected areas → logging and poaching
- Damage to fish habitats and breeding
- Affected livelihoods for fisher folk and cultivators and lack of alternative employment
- Displacement of households and communities

Environment Safeguard Issues: Hydropower Projects

- ❑ Some Recommendations from the 1999 **Special Evaluation Study on Environment and Social Impacts of Hydropower Projects**:
 - The projects were economically and technically successful, but some safeguard shortcomings could have been avoided with more due diligence.
 - The preparation of safeguard measures was weak due to poor quality baseline data, incomplete coverage of potential impacts, and ineffective consultation process.
 - Identification and mitigation of impacts improved in later projects.
 - Multi-skilled teams are needed for the design and implementation teams.
 - Adequate local institutional capacity has to be developed to supervise mitigation responsibilities

Environment Safeguard Issues: Hydropower Projects

- Trade-off between displacement of people due to hydropower plants and emissions from thermal stations?
- Whether run-of-the-river weirs or large dams are better depends on the context because each site has unique costs and benefits
- Benefits and costs take a long time to evaluate as the both plant running costs and impacts vary with seasonality and time.

The Safeguard Evaluations Welcome Evidence from NGOs

- The views on, and experiences of, NGOs, positive or negative, on the application of the safeguard policies in ADB supported operations would deepen our understanding of various issues.
- However, OED will not be able to evaluate individual cases, beyond what is planned for the four country studies.
- Contact us no later than 1 July at:
evaluation@adb.org

Thank You

ADB