



## **BIC Comments on Draft Updated AfDB ISS**

May 15, 2022

The Bank Information Center (BIC) welcomes the African Development Bank (AfDB)'s review and update of its Integrated Safeguards System (ISS). The update is a critical opportunity for the AfDB to bring its safeguards framework into line with peer institutions by broadening coverage of the ISS to promote inclusion of the most marginalized groups, and to enhance the institutional commitment to stakeholder engagement. Overall, we view the draft updated ISS released in March 2022 as a robust and comprehensive document, and an improvement on the 2013 ISS. We are encouraged to see that many of the issues that BIC and our civil society partners have pushed to be included in other MDBs' safeguard policies are also reflected in the draft updated ISS. These include references to persons with disabilities and children, strong language on climate change, a standalone policy on stakeholder engagement and information disclosure, and commitments to remedy harm and prevent reprisals against project stakeholders. However, there are several shortcomings in the document that must be addressed in the final version of the updated ISS in order to bring the policy into line with AfDB's peer institutions.

- 1) The updated ISS should take an integrated, systematic, and consistent approach to the inclusion of marginalized groups, including persons with disabilities and children.**

While the specific references to persons with disabilities and children in the updated ISS draft are welcome, we are concerned about the fact that the draft includes different definitions for the terms "vulnerable," "vulnerable groups," and "disadvantaged or vulnerable," and these definitions are not consistent across the ISS. See Annex 1 of this document for details. We urge the AfDB to adopt a single, consistent definition across the ISS. The definition should specifically include persons with disabilities and children.

- 2) Rename and reframe Operational Safeguard 7 to clarify its purpose.**

We understand that Operational Safeguard 7 is intended to act primarily as a policy on Indigenous Peoples, while using broader language to be inclusive of groups that may not hold that formal designation. However, the current draft OS7 is titled "Vulnerable Groups" and includes both requirements for how Borrowers should seek Free, Prior, and Informed Consent from Indigenous Peoples and Highly Vulnerable Rural Minorities along with more general language on how to identify and accommodate other groups that may be "vulnerable" for other reasons. To most effectively prevent harm and enable access to project benefits for all, we recommend that references to "vulnerable groups," including persons with disabilities and children, be consistent and integrated throughout the ISS rather than grouped together with the specific requirements pertaining to Indigenous Peoples in OS7. We also urge AfDB to use a

different title for Operational Safeguard 7 on “Vulnerable Groups” to clarify the more specific purpose of this Safeguard, reframe OS7 to focus on Indigenous Peoples, and integrate requirements for the consideration and inclusion of other “vulnerable groups” across all OSs.

**3) Provide a detailed plan for implementation of the updated ISS, including an accounting of the necessary increase in staff capacity, budget, and training.**

For the AfDB’s new Integrated Safeguards System to work well it must be fully resourced. Proper implementation of the updated ISS will require development of new staff capacity, expertise, and training of existing staff both at headquarters and in country offices, including on social issues such as the inclusion of persons with disabilities and children. An implementation plan detailing the process and timeline for building the needed capacity to operationalize the updated ISS should be developed and considered by the Board of Directors in conjunction with the draft policy.

In addition to the above priority recommendations, we offer the following more detailed recommendations on the specific areas of the Bank’s role and responsibility, community workers, disability, children, climate, biodiversity, and stakeholder engagement.

Bank role and responsibility

It is critical that the AfDB maintains an important role in project due diligence, clearance, and supervision of compliance with all aspects of the ISS throughout project implementation. To strengthen the draft, we recommend the following:

- We recommend that the AfDB move to using four risk classes instead of three in order to provide more granularity and enable stakeholders to better track projects based on levels of risk. This would also enable the Bank itself to better manage (and subsequently mitigate) risks, provided that the risk classification process properly accounts for all environmental and social risks and associates appropriate requirements for due diligence, environmental and social impact assessments, and supervision with each risk category level.
- The list of circumstances in the ESP under which a waiver or deferral could be used, with approval from the Board of Directors, is very broad and we are especially concerned about the inclusion of Borrower capacity constraints to implement ISS requirements as a possible reason to seek a waiver. Waivers or deferrals of any requirements in the ISS should be rarely if ever used. The updated ESP should include specific language defining the situations under which waivers can and cannot be used. The ESP should clarify that any use of waiver or deferral requires formal approval by the Board of Directors in each instance, and should require that the request for a waiver of any ISS requirement should be publicly disclosed in advance of Board consideration along with the justification for that request and a plan for how the AfDB and Borrower will prevent harm and meet the substance of the ISS objectives in the project.

- Footnote 41 in the Environmental and Social Policy should be removed to avoid the possibility of interpretation as an elimination of any responsibility of the Bank toward the supervision of Borrowers' compliance with the ISS, or in a way that would discourage the AfDB from conducting rigorous due diligence for all projects.

### Community workers

People who would fall into the category of “community workers,” as defined in the draft updated OS2, are among the most vulnerable to forced labor, exploitation, discrimination, and retaliation. This group may also include marginalized groups including persons with disabilities and others. Applying a different, less clear set of requirements to this group puts them at greater risk. To strengthen the draft, we recommend the following:

- The AfDB should remove the category of “community workers” from the draft updated ISS. Instead, the provisions of OS2 relevant to “direct workers” or “contracted workers” should apply, depending on whether the workers are employed directly by the Borrower or by a third party.

### Disability

We welcome the language in the draft updated ISS that includes assessing and mitigating the specific disaggregated impacts of projects on persons with disabilities, applying universal access in new construction, and providing for accessibility of all consultations and stakeholder engagement to persons with disabilities. The updated draft makes significant advances in the inclusion of persons with disabilities, compared to the 2013 ISS which our monitoring of the [Uganda Water Supply and Sanitation project](#) showed had serious gaps. However, there are significant issues related to definitions in the draft ISS that make it difficult for implementing agencies to identify which groups or individuals may be more vulnerable to harm or may face obstacles to project benefit. Unless persons with disabilities are specifically referenced, it is unlikely that their needs will be adequately addressed. To strengthen the draft, we recommend the following:

- It is imperative that disability be specifically referenced in any definition related to “vulnerable,” “vulnerable groups,” “disadvantaged or vulnerable,” or any reference to individuals or groups who have been historically marginalized and may face obstacles to project benefit. The definition should be in line with the United Nations Convention on the Rights of Persons with Disabilities (CRPD) and the African Charter on Human and Peoples' Rights on the Rights of Persons with Disabilities. This means that the definition should change from “the disabled” to “persons with disabilities.”
- Project budgets should reflect costs to support the full participation of persons with disabilities, and their representative organizations in stakeholder engagement activities — for example support for personal assistance, caregivers, access to assistive technologies, sign language, documents that adjust for various needs, including those with intellectual or psychosocial disabilities.

### Children

We are encouraged to see specific mention of children as a ‘vulnerable group’; reference to inherent risks and adverse impacts of projects on children, including SEA/H and child labor; and the inclusion of mitigation measures such as Codes of Conduct around labor camps, and provisions for access to remedy around SEA/H issues. It is essential that the AfDB protects children in the design and implementation of AfDB-funded projects by including children as a stakeholder group and incorporating strong, clear policy language in line with the United Nations Convention of the Rights of the Child (CRC) and the African Charter on the Rights and Welfare of the Child (ACRWC) into its updated ISS. To strengthen the draft, we recommend the following:

- Expand the collection of disaggregated project data on children beyond OS1 Annex references and OS7 to include disaggregated data on children and youth as stakeholders as well as CSOs that closely work with children in project affected areas.
- Align the ISS with international standards on minimum age and hazardous work and expand OS2 measures to prevent child labor to include contractor disqualifications and/or sanctions.
- Strengthen child SEA/H response measures by expanding the treatment of Grievance Redress Mechanism (GRM) in OS10 to include specific language on provisions for handling GBV and SEA/H cases, and a requirement that GRMs be set up in a child-friendly manner.
- Strengthen OS5 to require resettlement plans to specifically consider the needs of women and girls in forced displacement and involuntary resettlement due to increased risks of GBV, SEA/H, and intimate partner violence (IPV) in these contexts, and explicitly require Borrowers to include children separately in the census survey and baseline socio-economic study so as to understand and make provisions for their needs.
- Include children as stakeholders and promote meaningful participation in line with the UN Committee on the Rights of the Child standards. OS10 should require that Borrowers include children as a stakeholder group in all stakeholder engagement plans (SEPs), with meaningful, accessible, and safe opportunities to participate. OS5 should include plans to engage children when planning resettlement by mentioning children explicitly and including children through meaningful participation.
- Provide a detailed plan and appropriate resources for ISS implementation. This will require the development of new staff capacity, expertise, and training of existing staff at headquarters and in country offices in order to strengthen their capacity to supervise Borrowers’ compliance with safeguards and provide Borrowers concrete guidance on how to prevent, mitigate, and response to child labor and child SEA/H cases and how enable child meaningful participation. This should include how to address the root causes and drivers (i.e. push-pull factors) of child labor; how to set up and implement GRM in a child-friendly manner; and how to identify, prevent and respond to child labor and child SEA/H cases.

### Climate Change

We are encouraged to see that the Operational Safeguards generally consider climate change as a risk to be managed through environmental and social assessment and pollution prevention and resource efficiency, following the mitigation hierarchy. We urge the AfDB to clarify that international conventions for pollution prevention and control to be applied must include the UN Framework Convention on Climate Change and that the AfDB definition of “greenhouse gasses” is that of the UNFCCC. Similarly, the OSs should mandate consistency with the objectives and

requirements of the [Paris Climate Agreement](#) (2015), [Glasgow Climate Pact](#) (2021), and regional member countries' most recent [Nationally Determined Contributions](#) under the UNFCCC. To strengthen the draft, we recommend the following:

- The exclusion list in OS1, Annex 4 [Environmental And Social Exclusion List as Complementary to the Bank Group's Negative List] should be expanded to prohibit, *inter alia*, direct or indirect financing of, or support for, 1) fossil fuel activities resulting in significant point-source or aggregate non point-source emissions, including from stationary sources such as fossil fuel-fired power stations or from mobile sources such as substantial operation of internal combustion engine vehicles, 2) upstream coal, oil and gas, that is, exploration of oil and natural gas fields, and drilling and operating wells to produce oil and natural gas, as well as coal mining for use in coal-fired power stations, 3) industrial livestock/concentrated animal feeding operations or other unsustainable agricultural practices; 4) deforestation<sup>1</sup>; 5) unsustainable biofuel production; and 6) large dams on free-flowing rivers, or any dams that do not meet World Commission on Dams (WCD) guidelines as set forth in [WCD's final report](#) (see Annex 3 of this document for additional recommended text).
- The social cost of carbon equivalent should be incorporated in determining projects' financial feasibility. Calculation of the social cost of non-CO2 GHGs must use a 20-year, or shorter, time horizon for assessing global warming potential.
- Regarding OS3, Assessment of Climate Change Impacts and Effects, the Bank must commit to disclosure of estimated gross GHG emissions associated with all projects with greater than 25,000 tons of CO2 equivalent per annum. When Borrowers may not have the capacity to develop estimated GHG emissions, the Bank must commit to providing or procuring technical and financial assistance to achieve the analysis. Scopes 1, 2, and 3 should be included in calculating gross GHG emissions resulting from the project.
- The climate change assessment process should be strengthened, consistent with BIC's prior safeguards recommendations, to provide for a robust, strategic assessment (see proposed Climate Change Assessment Policy text in Annex 2 of this document) of mitigation and adaptation risks and opportunities, and follow-up actions.

## Biodiversity

While the ISS's treatment of habitat and biodiversity conservation and sustainable management of living natural resources has a number of positive elements and is consistent with the World Bank's ESS6, there remain gaps that should be addressed, given development pressures and the high value of biodiversity to economies and peoples across Africa. To strengthen the draft, we recommend the following:

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<sup>1</sup> This is intended to cover specifically: 1) Production and trade, in wood or other forestry products that promotes the conversion, deforestation or degradation of natural forests or any forests of high conservation value, *inter alia*, through industrial logging, conversion of natural forests to tree plantations, or other large-scale agricultural or industrial conversion. Forests of high conservation value include areas of socioeconomic and cultural value to local communities and indigenous peoples. 2) Production or trade in wood or other forestry products other than from sustainably managed forests. This includes palm oil, other than palm oil certified as sustainable under guidelines of the Roundtable on Sustainable Palm Oil (RSPO). And 3) Use of natural tropical forest or high conservation value forest for the production of pulp and paper.

- Requirements for primary suppliers of natural resource commodities must exclude financing of those engaged in significant conversion or degradation of natural or critical habitats or similar unsustainable practices. For such suppliers, Borrower must either change suppliers or AfDB financing should be withheld.
- Offsets should not be considered for environmentally harmful activities in areas of critical habitat. For these, avoidance of adverse impacts should be required.
- Stakeholders to be engaged in the development of an offset should include directly impacted local community representatives, among others. Development of offsets should rely on the communities' experience, and traditional or acquired knowledge, as well as external experts' professional opinion.
- The definition of "critical habitat" should be expanded to include 1) areas recognized by international biodiversity-relevant conventions and agreements 2) IUCN Designated Areas (Categories IA – VI) and 3) protected or at-risk marine or coastland ecosystems, including mangrove forests, wetlands, reef systems.
- For assessment of risks and impacts, OS6 should enumerate areas of biodiversity importance that may be affected by AfDB projects. We propose using the eight areas listed in the [Banks and Biodiversity No Go Policy](#).
- OS6 should specify that Sustainable Management of Living Natural Resources involves maintaining ecosystem integrity and ecosystem services.
- OS6 should specify that projects involving industrial-scale commercial forest harvesting operations must adhere to relevant conventions (e.g. [CITES](#), [CBD](#)) and guidelines ([International Tropical Timber Organization](#)), and avoid deforestation or degradation of primary tropical and high conservation value secondary forest.

#### Stakeholder Engagement, Reprisals, Accountability, and Access to Information

We welcome the inclusion in the draft updated ISS of Operational Safeguard 10 on Stakeholder Engagement and Information Disclosure, and OS10's requirements for all projects to conduct and disclose a Stakeholder Engagement Plan, to disclose project information in accessible and understandable formats and languages, to hold consultations that are free from reprisal, and to create accessible project level grievance mechanisms. Our monitoring of the [Gambia Rice Value Chain Transformation Programme](#) demonstrates the importance of consulting with stakeholders, including marginalized groups and civil society organizations, in helping to identify key social risks so that they can be addressed in the project. We commend the AfDB's commitments to protecting stakeholders against reprisals and to developing a more specific staff Directive that will detail how this commitment will be applied. We are pleased to see references in the policy to assessing contextual risks and a description in OS1 Annex 1 of the specific Contextual Risk Assessment tool that can be used to conduct this analysis. To strengthen the draft, we recommend the following:

- The AfDB's commitment to protect project stakeholders from reprisals should clearly state the Bank's zero tolerance for reprisals.

- The Bank's environmental and social due diligence should include screening for contextual risks that would increase risk of reprisals, and reprisal risk should factor into project risk classification.
- For projects where an initial screening identifies high reprisal risk factors, the Bank should conduct, or require the Borrower to engage a third party specialist to conduct, a full Contextual Risk Assessment, including consultation with stakeholders, as part of the environmental and social assessment.
- The Staff Directive on reprisals should include preventative measures that should be used for projects where reprisal risks are identified, and should lay out a protocol for responding to reprisals.
- OS10 should specifically reference the important role that civil society plays as a stakeholder group and require that stakeholder identification and Stakeholder Engagement Plans include civil society organizations.
- OS10 should require that Stakeholder Engagement Plans and consultations specifically reference the AfDB's and the Borrower's commitments to prevent reprisals against project stakeholders.
- OS10 should require that Stakeholder Engagement Plans include a sufficient budget for implementation of all stakeholder engagement activities planned throughout the project lifecycle.
- The AfDB should conduct an audit of its website and information disclosure practices, identify the resources and capacity needed to comply with project documentation disclosure commitments laid out in the updated ISS, and factor the needed resources into the implementation plan.
- The Borrower should inform stakeholders of the availability and function of the Independent Recourse Mechanism (IRM) as part of project documentation, consultations, and the project GRM. The Borrower should also inform stakeholders about the AfDB's protocol for responding to reprisals.

## Annex 1: Inconsistent and Unclear References to Marginalized Groups Throughout the ISS

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

***Disadvantaged or vulnerable (OS1, Footnote 23):*** 'Vulnerable' refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. Depending on the specific context of the project, vulnerable groups may include, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, groups who are marginalized on the basis of ethnicity, religion, language as well as sexual orientation and gender identity, and highly vulnerable rural minorities including groups referred to as indigenous peoples in some contexts.

***Vulnerable (Glossary):*** means a group or individual likely to face harder conditions as a result of the resettlement because of such specific factors as a group's gender, economic status, ethnicity, religion, language or health condition. Depending on the specific context of the resettlement operation, vulnerable groups may thus include, for example, female-headed households, those below the poverty line, the landless, forest dwellers, minorities culturally and economically dependent on natural specific landscapes, indigenous peoples (as referred to by national legislation), those without legal title to assets, those with physical handicaps, or ethnic, religious and linguistic minorities. Identifying vulnerable and highly vulnerable minorities should be the result of careful analysis of the social and economic context, the presence of factors that may cause vulnerability and the capacity of the individual or group to cope or adapt.

***Vulnerable (OS1, Footnote 23):*** 'Vulnerable' refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from or unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

***Vulnerable groups (OS7, Paragraph 5):*** Depending on the specific context of the project, vulnerable groups may include, amongst others, female-headed households, the disadvantaged, the landless, the elderly, youth and children, the disabled, groups who are marginalized on the basis of ethnicity, religion, language as well as sexual orientation and gender identity, and highly vulnerable rural minorities including groups referred to as indigenous peoples in some contexts.

## Annex 2: Climate Change Assessment (CCA) Policy

[we propose that this policy be included in the ISS as an Annex at the end of OS1]

1. **Requirement:** The African Development Bank (“the Bank” or “AfDB”) requires climate change assessment (CCA) of all<sup>2</sup> activities proposed for Bank Group financing to help ensure that they are sustainable and sound from the climate change and disaster risk reduction perspective and thus to improve decision-making and outcomes. The CCA safeguard applies to all financing at all stages, including selection, design, planning, preparation, implementation and monitoring.

2. **Principles:** The CCA will assist the Bank to make sure that the investments it carries out do not increase the GHG footprint of the Bank’s portfolio and do not increase vulnerability or risk to communities and ecosystems directly or indirectly (i.e., are not maladaptive), or if they do, to take measures to reduce vulnerability and mitigate risk. Climate Change Assessment will assist the Bank and borrowers to meet their international and national objectives to address human-induced climate change and understand different plausible scenarios relating to climate change impacts.

3. **Objectives:** The objectives of the African Development Bank’s CCA safeguard are:

- i. To identify the direct and indirect impacts of the project, policy reform, or plan in increasing or decreasing greenhouse gas (GHG) emissions;
- ii. To identify the vulnerability and resilience of communities and ecosystems to adverse effects of climate change and climate-related disasters;
- iii. To identify and implement alternatives and measures, especially ecosystem-based approaches, to adapt to and/or to mitigate climate change that minimize social costs and maximize social benefits;
- iv. To select projects, policy reforms, and plans that will best reduce climate vulnerability, promote resource efficiency, and shift countries onto a low-carbon development path;
- v. To help the Bank and its borrower establish synergy, integrate the policy, project, and plan with any existing or planned climate-related measures in the impact area.

### Roles and Responsibilities

4. The African Development Bank is responsible for assessing climate risk at a strategic level through the country strategy and the preparation of a country climate change risk assessment, screening projects for climate change risk (see paras. 8 and 9), conducting due diligence to verify project information, including the adequacy of Alternatives Assessment, and for reviewing, monitoring, and supervising projects throughout the project cycle in conformity with the Bank’s Safeguard Policy Statement, including this CCA safeguard.

5. Climate Change Screening: The African Development Bank screens and categorizes all Bank-funded projects for climate change risks and impacts at the earliest stage of project preparation, i.e. beginning with project identification. Screening and categorization is undertaken to (i) reflect the significance of potential impacts or risks resulting from emissions of the project; (ii) assess the risk associated with climate change on the project; (iii) identify the resources

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<sup>2</sup> Over a minimum threshold of \$1 million of African Development Bank finance (grant, loan, equity, guarantee, or technical assistance) per transaction or related transactions.

required for safeguard measures; and (iv) determine disclosure requirements consistent with the ISS.

6. Each proposed project<sup>3</sup> is scrutinized as to its type, location, scale, and sensitivity and the magnitude of project impacts on climate. For the following projects, a CCA is required:

(i) Category A. A proposed project is classified as category A if it may have significant climate impacts, or be significantly impacted by climate change.

(ii) Category B. A proposed project is classified as category B if its potential climate impacts are moderate. These impacts are reversible, and in most cases any risk mitigation measure can be designed more readily than for category A projects.

Financing provided to financial institutions is screened in light of known or potential on-lending to third parties, which will be accorded the same weight as if provided directly by the Bank to the third party.

7. The borrower, in coordination with other responsible government agencies and third parties as appropriate, will conduct a climate change assessment, and establish and maintain a CCA appropriate to the nature and scale of the project and commensurate with the level of its climate change risks and impacts, as dictated by its risk categorization. The CCA requires the borrower to quantify the direct, indirect, induced and cumulative climate change impacts associated with a project, both *ex ante* as part of project appraisal and Alternatives Assessment, and *ex post* as part of project monitoring.

8. The CCA will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) stakeholder engagement, as per Safeguards requirements; and (vi) monitoring and review, as per Safeguards requirements. Additionally, the borrower will use the “best available technology” to improve efficiency and reduce emissions of greenhouse gases and short-lived climate pollutants. As climate change impacts on vulnerable communities are often magnified with displacement/denial of access to land and water resources, the borrower is required to integrate these into the CCA.

9. The Bank reviews the findings and recommendations of the CCA and climate change project management and/or action plan, to determine whether it provides an adequate basis for processing the project for Bank financing, and is responsible for borrower compliance with the Bank's CCA requirements. The Bank provides adequate support, financial and otherwise, to enhance borrower capacity to meet policy requirements.

10. The African Development Bank does not finance projects that do not comply with its CCA policy and procedures, nor does it finance projects that do not comply or are inconsistent with the host country's climate change laws, regulations, or commitments, including host country obligations under international law or commitments or plans in [Nationally Determined Contributions](#) (NDCs), National Adaptation Programs of Action ([NAPAs](#)), or Nationally

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<sup>3</sup> Further references to the “project” herein should be understood to include policies or programs being supported by the proposed ADB financing.

Appropriate Mitigation Actions ([NAMAs](#)) prepared for or submitted to the UN Framework Convention on Climate Change. The African Development Bank will prioritize projects that will help countries meet their international climate commitments.

### **Climate Change Assessment Content**

11. CCA examines and recommends project or policy alternatives based upon cost-benefit analysis that prices all relevant climate change mitigation and adaptation options, and identifies ways of improving project selection, siting, planning, design, and implementation by rigorous application of the mitigation hierarchy. Integral to the mitigation hierarchy is avoidance of harmful impacts; this includes avoidance of financing items in the Exclusion List (see Annex).

12. CCA identifies and takes into account relevant country climate change plans which set objectives for climate change adaptation and mitigation, including NDCs, NAPAs, NAMAs or related documents submitted to the UNFCCC.

13. The degree to which a natural or social and economic system is susceptible to climate change shall be determined at different levels. The CCA assesses to what extent areas, water resources, land-use types, communities, and socio-economic groups are vulnerable or at risk to climate change and how the proposed project or policy changes their climate vulnerability. As climate change is expected to continue over multiple project cycles, the CCA explicitly identifies, evaluates, and selects feasible ways that the project can be modified now and in the future to adapt to the effects of a changing climate.

14. Consideration of different socio-cultural and socio-economic vulnerabilities and adaptive capacities within societal groups is an important component of CCA. Climate change can affect men's and women's roles and activities in new, unplanned ways. Gender issues related to climate change should therefore be assessed and measures identified to address any and all the issues of different groups according to their unique vulnerabilities. Particular attention should also be paid to potentially disproportionate adverse effects on poor populations in drought-prone, flood-prone, and coastal areas subject to potential climate change impacts.

15. Where the country has national or relevant sectoral climate change plans in which objectives for GHG emissions or climate risk reduction have been set, these objectives should be clearly identified and used in the CCA. Where such objectives are not available, the CCA should clearly define the objectives to be met.

16. The CCA estimates the composition, magnitude and intensity of GHG emissions for each relevant element and phase of the project. This should be estimated by using a life-cycle approach and should include any effects of the project on carbon sinks. The estimate of the project's net emissions shall be evaluated in the context of any government or industry best practices and reduction targets or objectives.

17. An Alternatives Assessment is required to identify alternative plans and measures to reduce climate-related disaster risk and reduce or avoid GHG emissions directly or indirectly, for example, by expanding the project or choosing different technologies or designs. The CCA explicitly identifies and evaluates alternative ways to reduce and/or avoid GHG emissions for all elements and phases of the project. Alternatives should be assessed on their economic feasibility, not financial feasibility, and on their differential impacts on communities and ecosystems. Resource- and energy- intensive projects should be required to undertake

efficiency audits and implement resource reduction and demand-side management strategies to identify and capture opportunities for efficiency improvements. The Bank should also require clients to adopt rigorous efficiency standards, consistent with Safeguard Requirements 1-Environment, for the plant and equipment of the projects it supports.

18. Mitigation and adaptation may have different goals, and each can have consequences that interact in both positive and negative ways. The CCA assesses the interactions of mitigation and adaptation consequences and measures, and identifies those which contribute to both or which contribute to one, but reduce or limit the other. Potential synergies and modalities to achieve them should be addressed, along with conflicts and modalities to avoid them.

19. Broad scientific consensus exists that the climate is changing; however, there is significant uncertainty about the predictions in any precise geographic area or time. The CCA should address this uncertainty by explicitly:

- Considering a reasonable, credible range of possible future climate scenarios.
- Assessing the effects of climate change on the project, the beneficiaries, its goals and objectives.
- Assessing the effects of the project on climate change.

20. CCA takes into account the variations in project and country conditions; the findings of country climate change studies; national climate change action plans, NDCs, NAPAs, and NAMAs; the country's overall policy framework, national legislation, and institutional capabilities related to climate change; and obligations of the country, pertaining to project activities, under relevant international climate change treaties, agreements and pledges, including the UNFCCC Paris Agreement (2015) and any successor agreements or pledges, such as the [Glasgow Leaders' Declaration on Forests and Land Use](#), which the country has ratified or signed.

21. Where impacts are significant, climate change management plans (CCMPs) are required. These should address both long-term and short-term CC risks, as well as risk mitigation and adaptation options, prioritizing those that increase synergies and improve sustainability, such as ecosystem-based approaches that provide multiple natural resource management benefits.

22. CCA ensures, as per internationally accepted best practices, adequate baseline information, skill mix, budget, and proper sequencing in CCMPs. Adaptation and mitigation measures focus on those with top-ranked impacts, that are agreed upon, scheduled, and have identified responsibilities and specified durations. The total climate change budget is fully integrated as part of the overall project cost.

23. CCA requires the Bank and its Borrowers to assess how subsidies and regulations may support or impede them from achieving their sustainable development and climate mitigation objectives. CCA requires the Bank to provide clear policy direction regarding how the legal and regulatory landscape should be assessed and how the outcomes of those assessments should be factored into project decision-making. This will provide guidance as to what kinds of projects may or may not merit support given identified shortcomings in the regulatory and policy framework, and how better regulations should be considered as an alternative to a proposed project.

## **Climate Change Assessment Instruments**

24. CCA requires the use of transparent planning and assessment to ensure that Bank supported activities are as low-carbon, pro-poor, resilient and sustainable as possible, while favoring those with the lowest lifecycle cost, externalities included.

25. Depending on the project, a range of instruments can be used to satisfy the Bank's CCA requirement at different levels and covering the strategic and pre-decision period, and project and implementation period. These are:

- Strategic: (1) Greenhouse Gas Accounting (GHGA)/Protocol; (2) Country Climate Risk Assessments; (3) Low-Carbon Development Strategies; (4) Nationally Appropriate Mitigation Measures (NAMAs); (5) National Adaptation Plans (NAPs) or National Adaptation Programs of Action (NAPAs); (6) National Action Plans to Reduce Short-lived Climate Pollutants; (7) Integrated Resource Planning (IRP); (8) River Basin Assessment; (9) Strategic Environmental Assessment (SEA);
- Project: (1) Climate Resilience Assessments for projects (CRA); (2) Best Available Technology Assessment (BATA); (3) Alternatives Assessment; (4) Full Life-cycle Accounting of Environmental and Social Externalities; (5) Cumulative Impacts Assessment (CIA); and (6) Open Source Impacts of REDD Incentives Spreadsheet ([OSIRIS](#)) analysis.

Each use of these instruments should be communicated and explained in clear, easy-to-read language, and the relevant documents should be readily accessible to those interested and need to be consulted in advance.

### **Public Consultation and Access to Information**

26. CCA and any instruments it uses must adhere to the Bank's Safeguard Policy Statement. This means, inter alia, that the borrower should ensure that climate change risks and mitigation or adaptation options are meaningfully consulted and explained in clear, easy-to-read language. The relevant documents should be readily accessible to potentially affected communities and interested parties. Full and timely public availability of information, in a universally accessible place and in a language and form understandable to all affected people and the public, is essential for meaningful consultation, informed Bank decision-making, and to be in accordance with Bank [Disclosure and Access to Information Policy](#) requirements.

### **Due Diligence and Review**

27. The African Development Bank's due diligence requires field visits to climate-sensitive areas of proposed project influence (water supply, storm surge, flooding areas, sea-level rise, etc.) and desk reviews of relevant country climate change analysis (such as NAMAs, etc.). The Bank confirms that:

- i. all key potential direct, indirect, induced and cumulative climate change impacts and risks of a project are identified through the appropriate CCA, including potential trans-border risks;
- ii. effective measures to apply the mitigation hierarchy for the adverse impacts are incorporated into the project plans, design and implementation;
- iii. the borrower/client understands and is able to implement the Bank's integrated safeguard system (ISS) requirements and has the necessary commitment and capacity to manage climate change impacts and/or risks adequately. For all projects involving

- significant climate change risks, the Bank requires the borrower/client to engage an independent advisory panel with appropriate skills for country relevant climate change during project preparation and implementation;
- iv. the role of third parties is appropriately defined in the safeguard and climate change management plans;
  - v. consultations with affected people and other stakeholders are conducted in accordance with the Bank's safeguards (ISS) requirements, including meaningful free, prior and informed consultation or consent, when applicable, of the Indigenous Peoples; and
  - vi. the affected communities have been informed of and understand their right to access the Bank's Accountability Mechanism at the earliest possible stage in the project cycle, as per Bank safeguard (ISS) requirements.

### **Implementation**

28. Once a proposal has been implemented, the actual outcomes may be different from those that were identified through the use of CCA. The CCA should therefore identify and describe the impact monitoring, evaluation, management, and communication measures that will be carried out for unanticipated impacts after the proposal has been implemented. The CCA will review the adaptive management plan of the project proposal to be able to respond to changing climate conditions.

29. Legal documents shall bind the client to compliance with African Development Bank CCA requirements. The Bank reviews project performance against borrowers' commitments as agreed in the legal documents. Monitoring and supervision shall include climate change outcome indicators that enable the tracking of climate costs and benefits to affected communities and the environment. The Bank monitors projects on an ongoing basis until a project completion report is issued.

30. If a borrower fails to comply with legal agreements on CCA or other safeguard (ISS) requirements, then the Bank may exercise legal remedies, including suspension, cancellation, or acceleration of maturity, that are available under African Development Bank legal agreements.

### **Accountability**

31. The borrower establishes and maintains an independent grievance redress mechanism to receive and facilitate resolution of affected peoples' concerns and grievances about the borrower's climate change performance at project level. The grievance redress mechanism operates in accordance with the ISS and other applicable Bank policy. It addresses affected peoples' concerns and complaints promptly, using an understandable and transparent process that is gender-responsive, responsive to marginalized, discriminated against and vulnerable groups, culturally appropriate, and readily accessible to all segments of the affected people at no costs and without retribution. The mechanism should not impede access to the country's judicial, administrative, or alternative dispute resolution remedies. The borrower maintains a publicly available registry of complaints received, with identifying information of the complainants removed.

32. The borrower informs project-affected communities of the AfDB Independent Review Mechanism (IRM) and its procedures whereby people adversely affected by Bank-financed

projects or their climate-related impacts can voice and seek resolution of their problems, as well as report alleged violations of the Bank's ISS. Information related to the existence, the role of, and access to the Independent Review Mechanism, including brochures and other resources provided by the Independent Review Mechanism, should be publicly available, in a local language, including by the project grievance mechanism. Affected communities have the right to access the Independent Review Mechanism regardless of whether or not they choose to utilize the borrower's independent grievance redress mechanism.

### **Annex 3: AFDB Exclusion/Prohibited Investment Activities List**

The African Development Bank does not knowingly finance, directly or indirectly, operations involving or policies promoting the following:

- a. Coal-fired power stations or of coal mining for use in coal-fired power stations, or of upstream oil and gas, that is, exploration of oil and natural gas fields, as well as drilling and operating wells to produce oil and natural gas.
- b. Production of any hydrofluorocarbons (HFCs).
- c. Production of, or trade in, any product or activity disallowed under host country (i.e. national) laws or regulations, or international conventions and agreements, or subject to international phase-out or bans, such as:
  - i. Production of, or trade in, products containing Polychlorinated Biphenyls (PCBs).
  - ii. Production of, or trade in, pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans.
  - iii. Production of, or trade in, ozone-depleting substances subject to international phase-out.
  - iv. Trade in wildlife or plants, or production of or trade in wildlife or plant products, including [wood](#), protected or regulated under CITES.
- d. Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) [requirements](#).
- e. Production, trade, storage or transport of significant volumes of hazardous chemicals (including gasoline, kerosene, and other petroleum products).
- f. Production and trade, in wood or other forestry products that promotes the conversion, deforestation or degradation of natural forests or any forests of high conservation value, *inter alia*, through industrial logging, conversion of natural forests to tree plantations, or other large-scale agricultural or industrial conversion. Forests of high conservation value include areas of socioeconomic and cultural value to local communities and indigenous peoples.
- g. Purchase of logging equipment for use in primary tropical moist forest, including investment in infrastructure for such logging.
- h. Production or trade in wood or other forestry products other than from sustainably managed forests. This includes palm oil, other than palm oil certified as sustainable under guidelines of the Roundtable on Sustainable Palm Oil (RSPO).
- i. Use of natural tropical forest or high conservation value forest for the production of pulp and paper.
- j. Industrial livestock operations whose supply chains are not independently certified as deforestation-free, or concentrated animal feeding operations.
- k. Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.