



THE NEW DEVELOPMENT BANK AND THE ROAD TO BETTER SAFEGUARDS FOR COMMUNITIES AND A JUST TRANSITION



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Authors

Bhima Yudhistira Adhinegara
Muhammad Zulfikar Rakhmat
Yeta Purnama
Shafa Kalila Aryanti

Designer

Mazdan Maftukha Assyayuti

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
AM	Accountability Mechanism
BRICS	Brazil, Russia, India, China, and South Africa
CAO	Complaints Advisor Ombudsman
CHF	Swiss Franc
CNY	Chinese Yuan
CSO	Civil Society Organization
Danantara	Daya Anagata Nusantara
E&S	Environmental and Social Safeguards
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
EUR	Euro
FCPC	The Forest Carbon Partnership Facility
FPIC	Free, Prior, and Informed Consent
GEUDP	Geothermal Energy Upstream Development Project
HQ	Headquarter
IAM	Independent Accountability Mechanism
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IMIP	Indonesia Morowali Industrial Park
IPAM	Independent Project Accountability Mechanism
IRM	Independent Review Mechanism
IsDB	Islamic Development Bank
ITDC	Injourney Tourism Development Corporation
K3	Keselamatan dan Kesehatan Kerja
KfW	Kreditanstalt für Wiederaufbau
LNG	Liquefied Natural Gas
MDB	Multilateral Development Bank
MICI	Independent Consultation and Investigation Mechanism
MW	Mega Watt
NDB	New Development Bank
NSUP/Kotaku	National Slum Upgrading Project / Kota Tanpa Kumuh
OHS	Occupational Health and Safety
PCM	Project Complaint Mechanism
PLN	Perusahaan Listrik Negara / The State Electricity Company
PPM	Project-affected People's Mechanism
RIDF	Regional Infrastructure Development Fund
RMB	Renminbi
SDG	Sustainable Development Goals
SOPs	Standard Operating Procedures
UAE	United Arab Emirates
UN	United Nations
ZAR	South African Rand

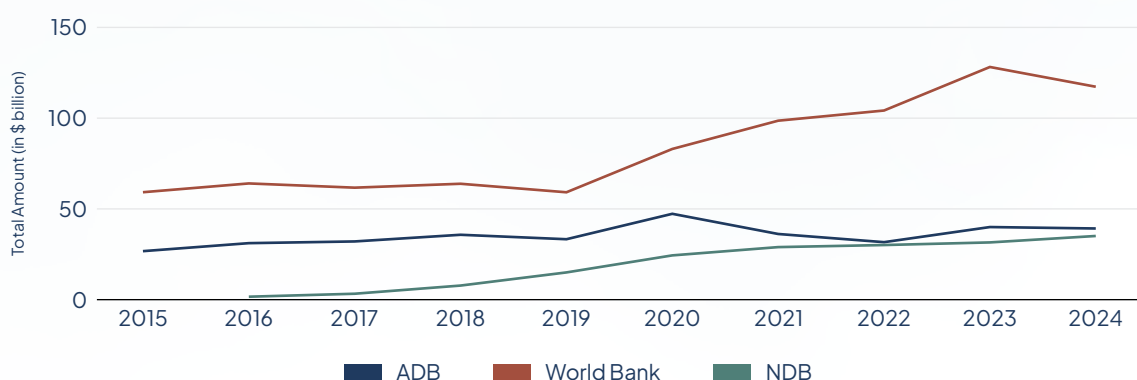


INTRODUCTION AND CONTEXT

MDBs are central actors in global development finance. They provide long-term financing, technical assistance, and policy support for infrastructure, energy, transport, water, urban development, and other sectors critical to economic and social development. Through their investments, MDBs shape development pathways, influence public policy, and affect the lives of communities across diverse social, economic, and environmental contexts.

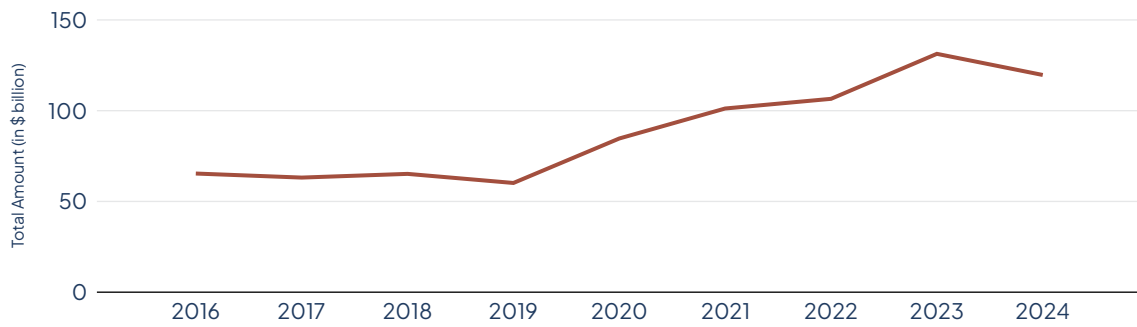
In recent years, the role of MDBs has expanded significantly as governments seek to address climate change, environmental degradation, and growing inequality. MDBs are now key financiers of renewable energy, climate-resilient infrastructure, and sustainable urban development. These investments are increasingly framed as contributions to a global transition toward low-carbon and resilient economies.

Total MDB Financing to Developing Countries: ADB, World Bank, and NDB (2015–2024)



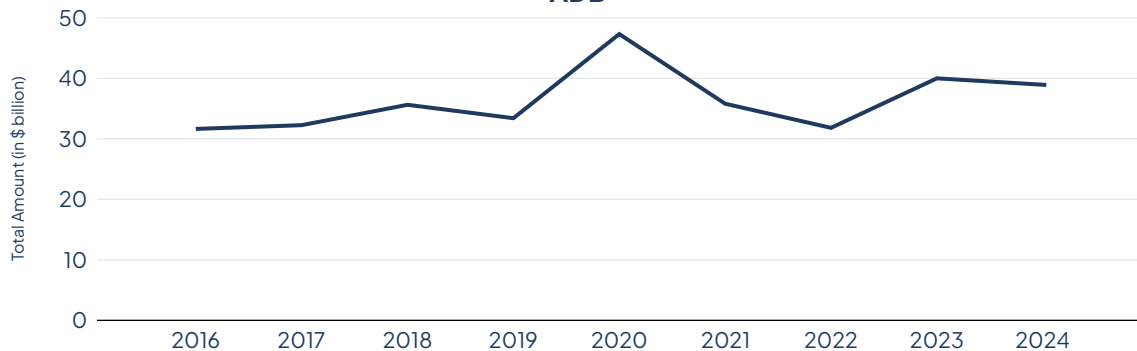
Source: Asian Development Bank (2015–2024); World Bank (2015–2024); New Development Bank (2025); compiled by the authors

World Bank



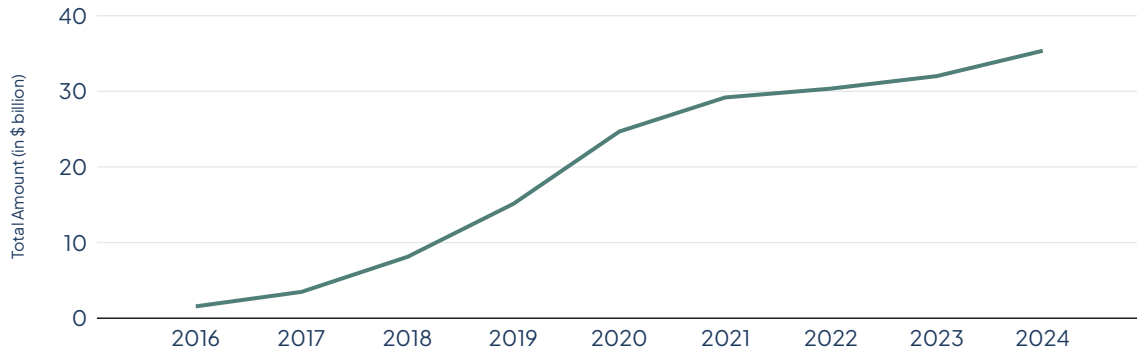
Source: World Bank (2015–2024), compiled by the authors

ADB



Source: World Bank (2015–2024), compiled by the authors

NDB



Source: New Development Bank (2025)

Community Complaints to MDBs in Indonesia

Case / Project	MDB/Link	Location	Period	Community Grievance / Protest	Actions Taken (Local, CSO, Formal Complaints)
Mandalika Urban & Tourism Development ¹	AIIB financed; implemented by ITDC	Lombok, West Nusa Tenggara	2019–2025	<ul style="list-style-type: none"> Forced evictions without FPIC; loss of land, sea access, livelihood (fishing/seaweed farming). 	Community protests; CSO coalition appeals to AIIB for suspension, compensation, and FPIC respect;

¹ Koalisi Pemantau Pembangunan Infrastruktur Indonesia, "Kalau merugikan masyarakat lokal, buat apa pembangunan?: Dampak-Dampak Hak Asasi Manusia dan Sosio-Ekonomi dari Proyek Pembangunan Infrastruktur Urban dan Pariwisata Mandalika," Koalisi Pemantau Pembangunan Infrastruktur Indonesia, April 2023, <https://justfinanceinternational.org/wp-content/uploads/2023/04/Bahasa-Mandalika-Report-Apr.-13.2023.pdf>.

Case / Project	MDB/Link	Location	Period	Community Grievance / Protest	Actions Taken (Local, CSO, Formal Complaints)
				<ul style="list-style-type: none"> Intimidation & restricted movement; security presence during resident resistance. 	repeated calls for human rights due diligence; UN expert interventions.
Suralaya Coal Power Expansion (Java 9 & 10) ²	IFC (World Bank) indirect via Hana Bank equity	Banten	2023–2025	<ul style="list-style-type: none"> Health/environment impacts (respiratory issues, pollution). Eviction of families and inadequate compensation claims. Climate & social harms tied to coal expansion. 	Formal complaint to IFC's CAO by Trend Asia, PENA Masyarakat, Inclusive Development International, Recourse; demands stoppage, mitigation, and redress.
World Bank Emission Reduction (Forest Carbon FCPF) – Long Isun ³	World Bank	East Kalimantan	2025	Indigenous rights violation claims (sham FPIC, discrimination, insecure land rights).	Accountability Mechanism complaint seeking project halt, benefit-sharing revision, and mediation.
Geothermal Protests – Flores Island (Mataloko, Sokoria, Wae Sano, Poco Leok) ⁴	ADB-linked national geothermal expansion (ADB funds national geothermal facilitation; State-owned PLN implementing)	Flores & Nusa Tenggara Timur	2020–2025	<ul style="list-style-type: none"> Broad community rejection of geothermal projects — environmental harm, water contamination fears, lack of consent, cultural/ancestral land concerns. Protests against water diversion at Tiwu Bala (river/ancestral source). Physical injuries of villagers in protests; criminalisation and reprisals. 	<ul style="list-style-type: none"> Protests including rituals and candle vigils, letters/statements from community alliances rejecting projects; Church leadership, civil society coalitions reject provincial task force reports and call for just energy transitions; Some reports indicate provincial moratorium on new geothermal approvals.
Geothermal Opposition – Customary Land Protests (Ulumbu & Poco Leok) ⁵	German bank (KfW)-funded geothermal expansion with Indonesian PLN	Manggarai Regency, Flores	2021–2024	Indigenous protests against expansion on customary land; police beatings, physical injuries; FPIC violations alleged; reprisals	Local protests against land surveys and infrastructure presence; documented physical confrontations;

² "Ombudsman to investigate World Bank Group ties to toxic Indonesia coal project," Trend Asia, 11 July 2024, <https://trendasia.org/en/ombudsman-to-investigate-world-bank-group-ties-to-toxic-indonesia-coal-project/>.

³ "World Bank under fire for backing toxic and unnecessary coal project in Indonesia," Trend Asia, 14 September 2023, <https://trendasia.org/en/world-bank-under-fire-for-backing-toxic-and-unnecessary-coal-project-in-indonesia/>.

⁴ Paul Rahmat, "World Bank under fire for backing toxic and unnecessary coal project in Indonesia," Vivat International, 25 May 2025, <https://www.vivatinternational.org/2025/05/25/why-are-locals-rejecting-geothermal-projects-in-flores/>.

⁵ Aryo Bhawono, "Warga Poco Leok Surati Kedubes Jerman Soal Tolak Perluasan PLTP," Betahita, 27 September 2023, <https://betahita.id/news/detail/9291/warga-poco-leok-surati-kedubes-jerman-soal-tolak-perluasan-pltp-.html?v=1701291809>.

Case / Project	MDB/Link	Location	Period	Community Grievance / Protest	Actions Taken (Local, CSO, Formal Complaints)
				and intimidation reported.	appeals by human rights defenders and civil society to KfW for accountability.
AIIB / MDB Mechanism Access Concerns (Meta-level)	AIIB PPM comments	Nationwide (impacting communities in project areas)	2021-2025	Civil society notes access barriers to infrastructure-focused MDB grievance mechanisms, complicating community challenge options.	Advocacy for streamlined mechanisms and better access for local communities to MDB Project-Affected People Mechanisms.
NSUP / KOTAKU + RIDF + Dam Operational Safety (AIIB/World Bank financed) ⁶	AIIB & World Bank projects	Various	2015-2025	Civil society monitoring indicates hundreds of complaints related to implementation but unclear resolution.	Local grievances documented by environmental groups (924 reported), with concerns over transparency, remedy completeness, and resolution reporting.

However, large-scale development and climate-related projects often involve complex trade-offs. Infrastructure development can bring economic opportunities and improved services, but it can also affect land use, livelihoods, ecosystems, and social structures. Communities may experience displacement, changes in employment patterns, or environmental impacts that persist long after a project is completed. Ensuring that development finance delivers positive outcomes while minimizing harm is therefore a core challenge for MDBs.

Environmental and social safeguards have emerged as the primary institutional response to this challenge. Safeguards provide structured processes through which MDBs and borrowing governments identify risks, engage affected communities, and manage project impacts. As MDBs scale up financing for climate-related and infrastructure projects, the adequacy and effectiveness of these safeguard systems have become increasingly important for ensuring inclusive and equitable development.

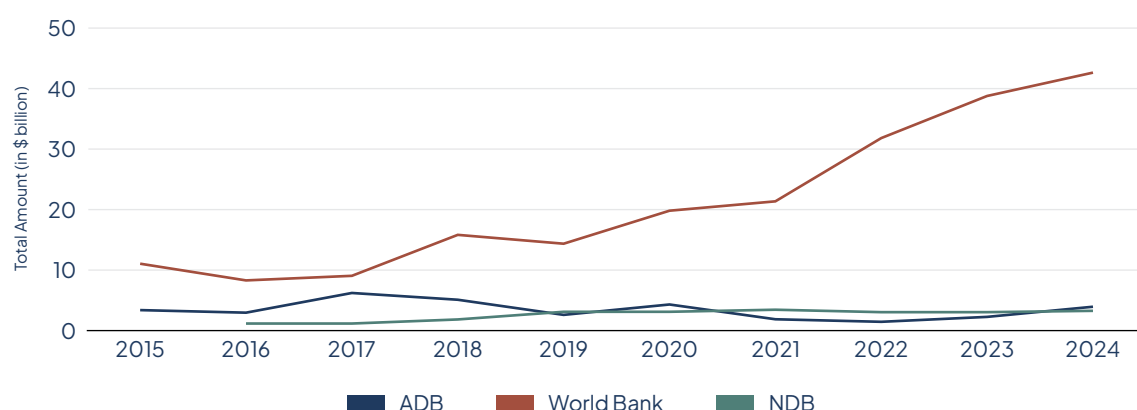
⁶ "Laporan Auditor Independen Atas Laporan Keuangan Konsolidasian National Slum Upgrading Project / NSUP (Kotaku) Loan IBRD No. 8636-ID, AIIB LN 0004-IDN Pada Direktorat Jenderal Cipta Karya Kementerian Pekerjaan Umum dan Perumahan Rakyat Untuk Tahun Anggaran yang Berakhir Per 30 Juni 2023 (Closing Date)," Badan Pengawasan Keuangan dan Pembangunan, 29 December 2023, <https://documents1.worldbank.org/curated/en/099040824213518264/pdf/P15478213c2fef0291ac3b15283f06a30c5.pdf>.

Development Finance and the Just Transition

The concept of a Just Transition has gained prominence as countries pursue economic transformation in response to climate change. A Just Transition emphasizes that the shift toward sustainable and low-carbon development should be fair, inclusive, and attentive to social impacts. It highlights the need to protect workers, Indigenous Peoples, and vulnerable communities, and to ensure meaningful participation in decision-making processes.

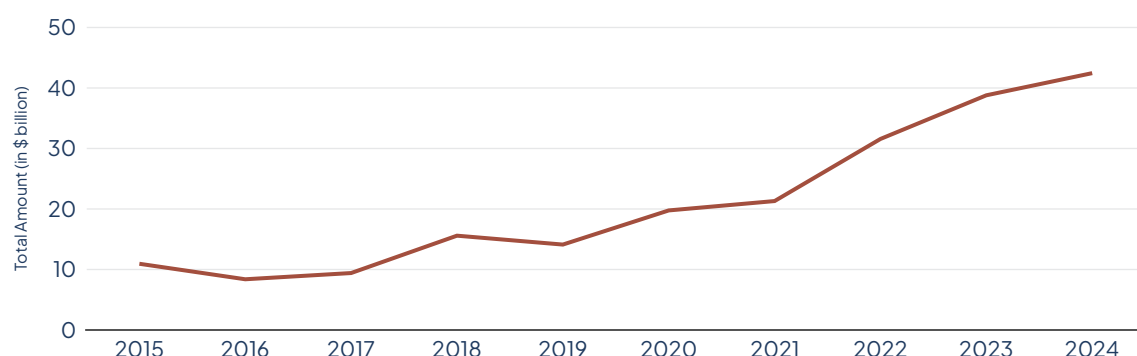
MDBs play a critical role in shaping how Just Transition principles are translated into practice. Through their project financing and policy engagement, MDBs influence whether climate-related investments contribute to social resilience or deepen existing inequalities. As a result, the institutional frameworks that govern MDB operations—including safeguard systems—are increasingly viewed as integral to the success of climate and development goals.

**Total Energy Transition Financing to Developing Countries:
ADB, World Bank, and NDB (2015–2024)**



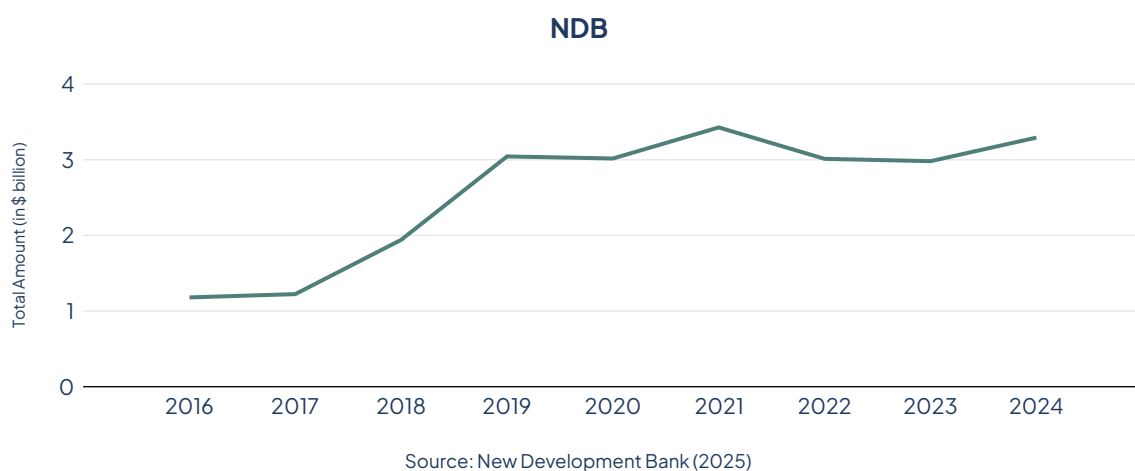
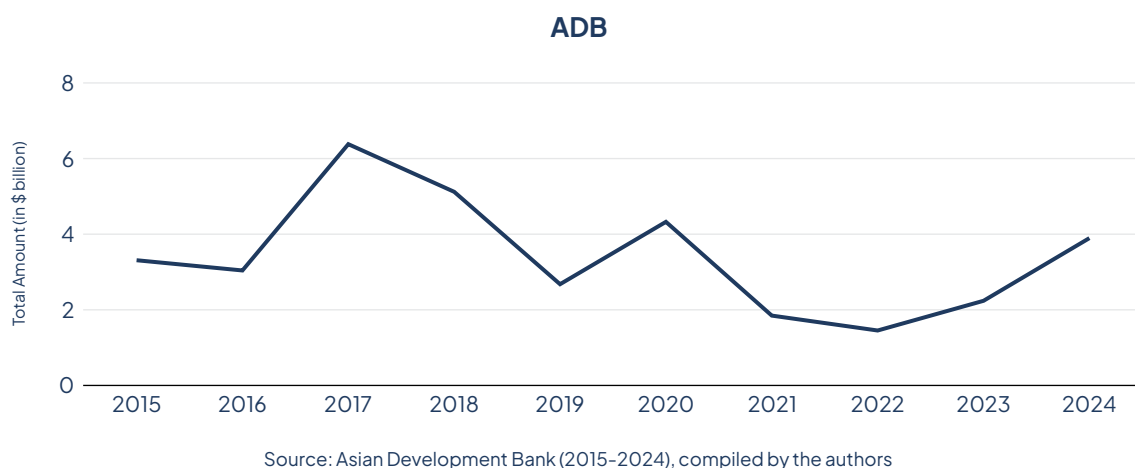
Source: Asian Development Bank (2015–2024); World Bank (2015–2024); New Development Bank (2025); compiled by the authors⁷

World Bank



Source: World Bank (2015–2024), compiled by the authors

⁷ While ADB and NDB reports provide explicit classifications for the energy sector, the World Bank does not publish reports that directly specify total commitments to the energy sector. Therefore, this analysis relies on the World Bank's Climate Finance Annual Report.



The NDB

The NDB was established in 2014 by Brazil, Russia, India, China, and South Africa, collectively known as the BRICS countries. The bank was created to mobilize resources for infrastructure and sustainable development projects in emerging economies and developing countries. It was envisioned as a complement to existing MDBs and as a platform for South–South cooperation.

The NDB's operations are primarily focused on infrastructure sectors such as energy, transport, water and sanitation, and urban development. The bank places emphasis on efficiency, flexibility, and responsiveness to borrower priorities. It also promotes the use of national systems and seeks to streamline project preparation and approval processes.

Since commencing operations, the NDB has expanded its membership beyond the original BRICS countries and has gradually increased its lending portfolio across multiple regions. As a relatively new institution, the NDB continues to refine its operational policies and institutional practices as it gains experience.

Creation & Development of NDB⁸



Source: New Development Bank (2025)

⁸ "Key Milestone," National Development Bank, accessed 6 January 2026, <https://www.ndb.int/about-ndb/history/>.

⁹ "BRICS New Development Bank: 2025 Development Update", Russia's Pivot to Asia, 26 May 2025, <https://russiaspivottoasia.com/brics-new-development-bank-2025-development-updates/>.

Top 15 Selected NDB Projects and Approved Amounts (US\$)¹⁰¹¹

Rank	Project Name	Country	Sector	Approx. Financing / Impact
1	Delhi–Ghaziabad–Meerut Regional Rapid Transit System	India	Transport	USD 500 M loan from NDB (major regional transit system)
2	Qingdao Metro Line Six (Phase I)	China	Transport	RMB 3,237 M (large metro infrastructure)
3	Beijing Gas Tianjin Nangang LNG Emergency Reserve	China	Energy / Infrastructure	EUR 436 M (major LNG reserve facility)
4	Rajasthan Water Sector Restructuring	India	Water & Sanitation	USD 345 M (critical water infrastructure)
5	Xinjiang Alashankou Port Infrastructure Development	China	Transport	Large (Airport/transport expansion)
6	Anhui Tongling G3 Road–Rail Bridge	China	Transport	RMB 2,190 M (major connectivity project)
7	Guangxi Trunk Road Network Improvement	China	Transport	Up to EUR 465 M (major road system program)
8	Corridor 4 – Chennai Metro Rail Project (Phase II)	India	Transport	~USD 347 M (urban rail expansion)
9	Urban & Sustainable Infrastructure Program – Aracaju City	Brazil	Multisector	USD 84 M (sustainable urban upgrade)
10	Banco do Brasil Sustainable Finance Project	Brazil	Finance & Infrastructure	USD 200 M (sustainability lending)
11	SABESP Investment Program	Brazil	Utilities / Sanitation	Up to USD 300 M (water & sanitation)
12	Desenvolve SP Sustainable Infrastructure Project	Brazil	Infrastructure	USD 90 M (regional development)
13	Mizoram Tuirini Small Hydro Project	India	Clean Energy	(smaller hydro energy project)
14	National Investment & Infrastructure Fund: Private Markets Fund – II	India	Multisector	(finance facility in private/infrastructure equity)
15	Wastewater Integration & Pipeline Rehabilitation	China	Water & Sanitation	(significant urban water project)

Source: New Development Bank (2024)

¹⁰ “NDB’s Development Results with a Focus on Climate and Environment, First Edition”, New Development Bank, December 2024, <https://www.ndb.int/wp-content/uploads/2025/04/ndb-ieo-report-on-ndb-development-results.pdf>.

¹¹ Prominence is judged by project size, strategic impact, multi-sector benefit, and official highlighting by the NDB project portal. Financing figures may be in different currencies; amounts here reflect the project scale and role rather than strict ranking by amount.

NDB Project Approvals (by Country)

Country	Approx. Number of NDB Projects Approved
India	27
China	27
Brazil	21
South Africa	13
Russia	14
Bangladesh	0-1
Egypt	0-1
COVID-19 Multi-Country Emergency Assistance	1 consolidated item

Source: New Development Bank (2024)

Situating NDB within the Broader MDB Landscape

To situate the NDB within the broader landscape of development finance, this paper compares it with several other major MDBs that operate globally or regionally. These institutions differ in size, geographic focus, governance structures, and historical experience, but all play significant roles in financing development and infrastructure.



World Bank Group

The World Bank Group is the largest and oldest multilateral development finance institution. Through its main lending arms—the IBRD and the IDA—it provides financing and policy support to low- and middle-income countries worldwide. The World Bank has a global mandate and extensive operational experience across sectors and regions.



EBRD

The EBRD was established to support the transition to market economies, initially in Central and Eastern Europe and later expanding to Central Asia, the Middle East, and parts of Africa. It focuses on infrastructure, private sector development, and institutional reform, with a strong emphasis on countries undergoing economic transition.



ADB

The ADB supports economic and social development across Asia and the Pacific. Its operations span infrastructure, social services, and regional integration. The ADB works closely with governments to address poverty reduction, economic growth, and regional connectivity.



AfDB

The AfDB is the primary development finance institution for Africa. It provides financing and technical assistance to support economic development, regional integration, and social progress across the continent. Its operations are tailored to the diverse economic and institutional contexts of African countries.



IDB

The IDB serves Latin America and the Caribbean, supporting development through public and private sector financing. It focuses on infrastructure, social development, institutional strengthening, and economic inclusion across the region.



IsDB

The IsDB is a multilateral development institution that operates in member countries across Africa, Asia, the Middle East, and parts of Europe. It provides development financing in accordance with Islamic principles and emphasizes social development, infrastructure, and economic cooperation among member states.



AIIB

The AIIB is a newer MDB established to support infrastructure development and regional connectivity, primarily in Asia but with an expanding global reach. The bank focuses on sustainable infrastructure and works with both public and private sector partners.

Framing the Comparative Analysis

These MDBs collectively represent a broad spectrum of development finance models, governance approaches, and operational practices. Comparing their approaches provides valuable context for understanding how different institutions address the environmental and social dimensions of development finance.

Within this landscape, the NDB occupies a distinctive position as a newer institution with a mandate shaped by emerging economies. Examining its safeguard framework alongside those of other MDBs offers an opportunity to reflect on how development finance institutions can evolve to better support communities and ensure that large-scale development and climate investments contribute to a fair and inclusive transition.

SAFEGUARD FRAMEWORKS: A CROSS-MDB COMPARISON

To better understand how different multilateral development banks approach environmental and social risk management, this section presents a structured comparison of safeguard frameworks across selected institutions. The comparison focuses on key safeguard categories that are commonly used to assess how development banks identify, manage, and address the environmental and social impacts of their projects.

The institutions included in this comparison operate in different regions and institutional contexts, and vary in age, size, and mandate. As a result, their safeguard frameworks reflect different priorities, operational models, and levels of prescriptiveness. The purpose of this comparison is not to rank institutions, but to provide a clear, side-by-side overview of how safeguard coverage and emphasis differ across banks.

The table below compares safeguard approaches across the following thematic areas:

- » Environmental Assessment, including requirements for environmental impact assessment, pollution control, and biodiversity protection
- » Social Safeguards, covering community health, safety, and social risk management
- » Labor and Occupational Health and Safety, including labor standards and workplace protections
- » Indigenous Peoples and Vulnerable Groups, including recognition and protection of groups that may face heightened risks
- » Resettlement and Livelihood Restoration, addressing displacement and economic impacts
- » Stakeholder Engagement and Public Consultation, including disclosure and participation requirements
- » Climate and Just Transition, reflecting how climate considerations are incorporated into project design

- » Accountability and Grievance Mechanisms, providing avenues for affected communities to raise concerns
- » Use of Country Systems, indicating the extent to which national laws and systems are relied upon

Information presented in the table is drawn from publicly available policy documents and institutional frameworks. Descriptions are intended to be indicative rather than exhaustive and reflect the general scope and emphasis of each institution's safeguard approach rather than project-specific application.

While safeguard systems continue to evolve, the comparison provides a snapshot of current frameworks and highlights areas of convergence and divergence across institutions. The table serves as a reference point for subsequent discussion on safeguard implementation and the broader role of safeguards in supporting community protection and a just transition.

Safeguard Category	NDB ¹²	World Bank ¹³	EBRD ¹⁴	ADB ¹⁵	AfDB ¹⁶	IDB ¹⁷	IsDB ¹⁸	AIIB ¹⁹
EIA	Environmental Impact Assessment; mitigation plans; pollution control	Comprehensive Environmental Impact Assessment including biodiversity conservation and pollution prevention	Environmental Impact Assessment including cumulative and trans-boundary impact assessment; pollution prevention	Environmental assessment with project categorization (Category A/B/C); pollution prevention	Environmental risk screening; biodiversity protection; pollution control	Environmental risk categorization including cumulative impact assessment	Environmental Impact Assessment; biodiversity conservation; pollution control	Environmental Impact Assessment; pollution prevention; resource efficiency
Social Safeguards	Community health and safety; social risk management	Comprehensive social safeguards including community health, safety, and social risk management	Community health, gender equality, social inclusion	Social risk management and community protection	Community health and social protection	Social protection, community health and safety	Community health and social protection	Community health and social protection

¹² "New Development Bank Environment and Social Framework", New Development Bank, March 2016, <https://www.ndb.int/wp-content/uploads/2017/02/ndb-environment-social-framework-20160330.pdf>.

¹³ "Bank Policy: OP 4.00 – Table A1 – Environmental and Social Safeguard Policies – Policy Objectives and Operational Principles", World Bank, 1 July 2005, <https://thedocs.worldbank.org/en/doc/81ae1d6ae53abc5652cdfc5d53019236-0290012023/original/OP-4-0-Table-A1-Environmental-and-Social-Safeguard-Policies-Policy-Objectives-and-Operational-Principles.pdf>.

¹⁴ "Environmental and Social Policy", European Bank for Reconstruction and Development, October 2024, <https://share.google/SPV0wDPJbiOjHvdaa>.

¹⁵ "Safeguard Policy Statement", Asian Development Bank, June 2009, <https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>.

¹⁶ "African Development Bank Group's Integrated Safeguards System 202", African Development Bank Group, 2 May 2023, https://www.afdb.org/sites/default/files/documents/policy-documents/final_-_updated_integrated_safeguards_system_en.pdf.

¹⁷ "Environmental and Social Policy Framework", Inter-American Development Bank, 31 October 2021, <https://www.iadb.org/en/who-we-are/topics/environmental-and-social-solutions/environmental-and-social-policy-framework>.

¹⁸ "Environmental and Social Safeguards Policy", Islamic Development Bank, February 2020, <https://www.isdb.org/sites/default/files/media/documents/2020-10/IsDB%20Environmental%20and%20Social%20Safeguards%20Policy%20%28Feb%202020%29.pdf>.

¹⁹ "Environmental and Social Framework", Asian Infrastructure Investment Bank, June 2024, https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf.

Safeguard Category	NDB ¹²	World Bank ¹³	EBRD ¹⁴	ADB ¹⁵	AfDB ¹⁶	IDB ¹⁷	IsDB ¹⁸	AIIB ¹⁹
OHS	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety; non-discrimination	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety	Labor standards; Occupational Health & Safety
Indigenous Peoples / Vulnerable Groups	Vulnerable groups included; Indigenous Peoples where applicable	FPIC for Indigenous Peoples; vulnerable groups protection	Indigenous Peoples protection where relevant	Indigenous Peoples protection; vulnerable groups	Vulnerable groups protection	Indigenous Peoples, gender, and vulnerable groups	Indigenous Peoples and vulnerable groups protection	General Indigenous Peoples protection
Resettlement / Livelihood Restoration	Resettlement mitigation; livelihood restoration encouraged	Involuntary resettlement standards; livelihood restoration required	Resettlement mitigation; livelihood restoration	Resettlement plans; livelihood restoration	Resettlement and livelihood restoration	Resettlement and livelihood restoration	Resettlement and livelihood restoration	Resettlement mitigation
Stakeholder Engagement & Public Consultation	Stakeholder engagement required; disclosure of environmental and social information; less prescriptive	Mandatory stakeholder engagement; public consultation; FPIC	Extensive consultation; early disclosure; grievance mechanisms	Mandatory consultation and public disclosure	Consultation required; disclosure of ESMP	Stakeholder consultation and disclosure	Stakeholder consultation; culturally adapted	Consultation scaled to risk; disclosure of information
Climate and Just Transition	Green and sustainable infrastructure promoted; emerging Just Transition approach	Climate risk screening; Paris Agreement alignment; low-carbon transition	Climate-resilient infrastructure; green investment	Climate adaptation and mitigation integrated	Climate adaptation prioritized	Climate and disaster risk integration	Climate resilience aligned with SDGs	Climate resilience and green infrastructure
Accountability / Grievance Mechanism	IPAM – evolving	Inspection Panel (IBRD/IDA); Compliance Advisor Ombudsman (IFC)	PCM	AM	IRM	MICI	IsDB Accountability Mechanism	IAM
Accountability / Grievance Mechanism	IPAM – evolving)	Inspection Panel (IBRD/IDA); Compliance Advisor Ombudsman (IFC)	PCM	AM	IRM	MICI	IsDB Accountability Mechanism	IAM
Use of Country Systems	Strong reliance on national systems	Limited; assessed case-by-case	Limited; EBRD standards prevail	Limited; ADB standards prevail	Moderate; capacity building provided	Moderate	Strong alignment with national law and Sharia principles	Moderate reliance where national systems are adequate

Safeguard Category	NDB ¹²	World Bank ¹³	EBRD ¹⁴	ADB ¹⁵	AfDB ¹⁶	IDB ¹⁷	IsDB ¹⁸	AIIB ¹⁹
Notes / Strengths	Emerging safeguards ; focus on infrastructure; needs stronger community engagement and Just Transition alignment	Most comprehensive safeguards ; global best practice	EU-aligned; strong environmental & social safeguards	Strong regional safeguards ; detailed E&S categorization	Strong African regional relevance	Modernized safeguards ; regionally adapted	Strong regional & cultural context	Newer MDB; evolving safeguards ; capacity building support

The comparison of safeguard frameworks across development banks reveals both a shared commitment to managing environmental and social risks and significant variation in how this commitment is translated into policy and practice. While all institutions examined have adopted safeguard systems that reflect minimum international expectations, differences emerge in the depth of policy articulation, degree of prescriptiveness, reliance on borrower systems, and integration of emerging development priorities such as climate justice and social inclusion. These distinctions have direct implications for communities affected by development finance, particularly in large-scale infrastructure and climate-related projects.

Environmental Assessment: Depth, Scope, and Strategic Reach

Environmental assessment forms the backbone of all safeguard frameworks, yet the conceptual ambition and technical rigor of these assessments differ substantially across banks. The World Bank and the EBRD represent the most expansive approach, requiring comprehensive environmental impact assessments that address biodiversity conservation, pollution prevention, and ecosystem-level risks. Critically, these banks explicitly incorporate cumulative and transboundary impact assessments, recognizing that environmental harm often results from the interaction of multiple projects over time rather than from single investments in isolation.

ADB and AfDB adopt structured environmental categorization systems that differentiate projects by risk level. This allows for proportionate application of safeguards and ensures that higher-risk projects receive more intensive scrutiny. The IDB's inclusion of cumulative impact assessment reflects similar recognition of systemic environmental risk, particularly in densely developed or environmentally sensitive regions.

By contrast, the NDB, AIIB, and IsDB emphasize project-level environmental impact assessments focused on mitigation planning and pollution control. While these requirements establish an important baseline, they tend to frame environmental risk as contained within individual projects, rather than as part of broader ecological systems. This distinction becomes particularly important in sectors such as energy, transport, and extractives, where cumulative impacts can significantly affect ecosystems and livelihoods.

Social Safeguards: From Risk Management to Social Inclusion

Social safeguard frameworks exhibit some of the most pronounced variation across institutions. The World Bank's framework remains the most comprehensive, integrating community health and safety, social risk management, labor issues, and protections for vulnerable groups within a unified system. This approach reflects a shift from viewing social safeguards as narrow risk mitigation tools toward understanding them as integral to development effectiveness.

EBRD and IDB similarly emphasize gender equality, social inclusion, and differentiated impacts, embedding these considerations into project appraisal and supervision. Their frameworks increasingly require explicit analysis of how projects affect different social groups, including women, Indigenous Peoples, and marginalized communities.

In contrast, the NDB, AfDB, AIIB, and IsDB primarily focus on community health, safety, and social protection. While these are essential components, the absence of more detailed guidance on gender equality and social inclusion can result in uneven attention to social impacts. Where borrower systems lack strong social analysis requirements, safeguard implementation may default to minimum compliance rather than proactive inclusion.



Wae Sano Geothermal Project — World Bank Funding Withdrawal and Safeguard Implications

The Wae Sano geothermal project was planned in Sano Nggoang, West Manggarai, Flores Island, Indonesia, as part of Indonesia's national strategy to expand renewable energy, especially geothermal power²⁰. The initiative was initially supported under Indonesia's broader GEUDP, with financial backing from the World Bank and international partners, including New Zealand's aid program²¹. The goal was to develop geothermal electricity potential (around 35 MW) in a region designated as a "geothermal island," contributing to clean energy supply and national energy transition goals²².

Local Indigenous communities and residents of Wae Sano — particularly from the villages of Nunang, Lempe, and Dasak — raised early and sustained opposition to the project.

²⁰ Aryo Bhawono, "Warga Poco Leok Surati Kedubes Jerman Soal Tolak Perluasan PLTP."

²¹ "Restructuring Paper on a Proposed Project Restructuring of ID-Geothermal Energy Upstream Development Approved on February 9, 2017 to PT Sarana Multi Infrastruktur (Persero)", World Bank, 9 February 2017, <https://documents1.worldbank.org/curated/en/726181621927670322/pdf/Disclosable-Restructuring-Paper-ID-Geothermal-Energy-Upstream-Development-P155047.pdf>.

²² "World Bank Pulls Out of Indonesia's Disputed Power Project", Sunday Examiner, 1 November 2023, <https://www.examiner.org.hk/2023/11/03/world-bank-pulls-out-of-indonesias-disputed-power-project/news/>.

Residents argued that the proposed drilling points were located within their “living space,” affecting settlements, water sources, agricultural land, sacred areas, and burial grounds²³. They consistently framed their resistance in terms of protection of their cultural landscape, livelihoods, and autonomy over their ancestral territory²⁴. In letters to the World Bank in 2020 and 2021, community representatives explicitly rejected the geothermal project and asserted that FPIC processes had not been respected²⁵.

In response to community complaints, the World Bank engaged directly with local stakeholders. Bank representatives visited Wae Sano at least twice in 2022, meeting with residents and civil society groups who reiterated their opposition²⁶. These engagements were part of the Bank’s social risk screening and due diligence processes, aimed at understanding local concerns and applying safeguard standards in line with its environmental and social policies.

Despite technical arguments for geothermal as a renewable energy source, community resistance remained firm. Many villagers maintained that the project threatened their “living space” and that consultations were insufficient or did not meet community expectations for meaningful participation, deepening distrust in the project’s design and planning process.

By late 2023, the World Bank withdrew its financial support for the Wae Sano project²⁷. Official communications from the local government confirmed that the Bank would no longer be involved in financing the project, and that future exploration was to be pursued by the Indonesian government under different funding arrangements. Wae Sano residents and allied advocates continued to oppose the project regardless of the funding source.

- » The Wae Sano case highlights critical aspects of MDB safeguard practice: Community agency and complaint mechanisms can influence institutional decisions when local opposition is sustained and clearly articulated.
- » Field engagement by safeguards teams — including direct dialogue with affected people — plays a role in validating and elevating community concerns.
- » Assessment of Indigenous status and consent processes can become contentious when local peoples feel their way of life and rights are not fully recognized under prevailing safeguard criteria.
- » Ultimately, unresolved social concerns can lead to withdrawal of financing, especially when banks conclude that effective risk management and social license to operate are unlikely.

As such, Wae Sano serves as a practical lesson for NDB on the importance of clear social risk frameworks, culturally appropriate engagement guidance, and mechanisms that respond effectively to community grievances in project design and financing decisions.

23 Debbra Goh, “The Paradox in Southeast Asia’s Decarbonization Agenda”, Carnegie Endowment for International Peace, 24 September 2025, <https://carnegieendowment.org/research/2025/09/southeast-asia-decarbonization-geothermal-backlash-protest?lang=en>.

24 Ebed de Rosary, “Proyek Geothermal Wae Sano: Antara Penolakan, Kepentingan Pariwisata, dan Pengurangan Energi Fosil”, Mongabay Indonesia, 12 February 2022, <https://mongabay.co.id/2022/02/12/proyek-geothermal-wae-sano-antara-penolakan-kepentingan-pariwisata-dan-pengurangan-energi-fosil/>.

25 Aryo Bhawono, “Warga Wae Sano Minta Bank Dunia Hentikan Pendanaan Geothermal”, Betahita, 11 May 2022, <https://betahita.id/news/lipsus/7511/warga-wae-sano-minta-bank-dunia-hentikan-pendanaan-geothermal.html?v=1757092195>.

26 Ario Jempau, “Bank Dunia Kembali Datangi Wae Sano, Warga Tolak Jadi Korban Atas Nama Proyek Rendah Karbon”, Floresa, 14 December 2022, <https://floresa.co/reportase/peristiwa/51990/2022/12/14/bank-dunia-kembali-datangi-wae-sano-warga-tolak-jadi-korban-atas-nama-proyek-rendah-karbon>.

27 “World Bank Pulls Out of Indonesia’s Disputed Power Project”, UCA News, 26 October 2023, <https://www.ucanews.com/news/world-bank-pulls-out-of-indonesias-disputed-power-project/103057>.

Labor and Occupational Health & Safety: Policy Convergence, Practice Variability

Labor standards and OHS represent one of the areas of strongest policy convergence across MDBs. All institutions reviewed require adherence to labor standards and OHS measures, reflecting alignment with international labor norms and conventions.

The World Bank explicitly incorporates non-discrimination principles alongside labor standards, while other banks embed similar expectations either implicitly or through national law. Despite this convergence at the policy level, differences persist in supervision, monitoring, and enforcement, particularly in projects implemented through contractors or public-private partnerships. While labor safeguards are generally well articulated, their effectiveness often depends on the strength of national labor systems and the capacity of implementing agencies, highlighting the importance of oversight rather than policy design alone.



Critical Minerals Rush and Health & Safety Incidents in Indonesian Nickel Smelters

The rapid expansion of Indonesia's nickel smelting sector — driven by global demand for critical minerals used in electric vehicle batteries and renewable energy infrastructure — has produced a series of serious health and safety incidents. Many of these smelters are part of China-linked industrial investments, including facilities within the IMIP, where major Chinese stakeholders such as Tsingshan and other firms operate alongside Indonesian partners²⁸. IMIP is now one of the world's largest nickel processing hubs, employing tens of thousands of workers and serving key international supply chains²⁹.

However, the sector has been plagued by frequent and sometimes fatal workplace accidents. For example, in December 2023, a furnace explosion at a nickel smelter unit operated by a Chinese-linked firm killed at least 13–18 workers and injured dozens more while they conducted maintenance work, making it one of several deadly incidents in the region³⁰. Similar events include sludge collapses from waste disposal sites, landslides in

²⁸ Pius Ginting and Ellen Moore, "Indonesia Morowali Industrial Park (IMIP)", The People's Map of Global China, 22 November 2021, <https://thepeoplesmap.net/project/indonesia-morowali-industrial-park-imip/>.

²⁹ Ibid.

³⁰ News Agencies, "Workers protest in Indonesia after blast at Chinese-funded nickel plant", Al Jazeera, 27 December 2023, <https://www.aljazeera.com/news/2023/12/27/workers-protest-in-indonesia-after-blast-at-chinese-funded-nickel-plant>.

industrial areas, and other accidents that have resulted in additional deaths and injuries in recent years^{31,32}.

Data from safety monitors and civil society point to recurring occupational hazards: between 2019 and 2025, at least 104 workplace accidents in the nickel smelting industry were recorded, resulting in over 100 fatalities and more than 100 serious injuries³³. These incidents reflect patterns such as inadequate safety management systems, poor enforcement of SOPs, insufficient personal protective equipment, and hazards associated with furnace operations, slag handling, and waste disposal.

Workers and advocacy groups have also raised concerns about a weak safety culture, prioritization of production over hazard prevention, and lack of effective training and oversight — trends described in journalism and civil society reports as “production first, safety later”³⁴. These conditions have prompted calls from Indonesian labor inspectors and lawmakers for stronger implementation of K3 protocols and independent audits of industrial safety systems.

The spate of safety incidents in nickel smelters highlights key areas where the New Development Bank’s safeguards could be strengthened:

- » OHS Standards — The NDB currently lacks detailed, enforceable OHS requirements comparable to those applied by other MDBs. Nickel smelters illustrate the real consequences when workplace safety protections are weak or inadequately enforced.
- » Supervision and Monitoring — Recurring accidents underscore the need for routine compliance monitoring and independent oversight during project implementation, not just policy articulation.
- » Worker Protection and Inclusive Risk Assessment — A systematic approach to identifying and mitigating hazards affecting workers — including subcontractors and temporary labor — is critical.
- » Use of Country Systems — Heavy reliance on national regulatory systems, which in some contexts may be unevenly enforced, can result in gaps in worker safety outcomes.

These factory incidents demonstrate that as development finance supports critical minerals infrastructure, institutional safeguards must explicitly cover labor risks and industrial health & safety, not just environmental and social risk categories. When these risks are unmanaged, communities and workers bear the human cost of the transition to low-carbon technologies — underlining why robust, enforceable safeguards are essential for responsible development finance.

31 Hans Nicholas Jong, “Landslide deaths again highlight safety failures in Indonesia’s nickel industry”, Mongabay, 1 May 2025, <https://news.mongabay.com/2025/05/landslide-deaths-again-highlight-safety-failures-in-indonesias-nickel-industry/>.

32 Riza Salman, “Kolam Limbah Nikel IMIP Jebol Tewaskan Tiga Pekerja”, Mongabay Indonesia, 8 April 2025, <https://mongabay.co.id/2025/04/08/kolam-limbah-nikel-imip-jebol-dan-tewaskan-tiga-pekerja/>.

33 “Just Work On It!: Risks of Workplace Accidents Looms Over Morowali Workers”, TuK Indonesia, 27 February 2025, <https://www.tuk.or.id/en/2025/02/just-work-on-it-risks-of-workplace-accidents-looms-over-morowali-workers/>.

34 “Indonesia: Workers Allege ‘Production First, Safety Later’ Culture at IMIP Nickel Complex Leads to Unsafe Conditions & Rising Accidents”, Business & Human Rights Resource Centre, 28 November 2024, <https://www.business-humanrights.org/en/latest-news/indonesia-imip-nickel-park-workers-allege-poor-safety-accidents-deaths-union-retaliation-restricted-movement-of-chinese-staff/>.

Indigenous Peoples and Vulnerable Groups: Specificity Versus Flexibility

Protections for Indigenous Peoples and vulnerable groups illustrate a clear divergence in institutional philosophy. The World Bank's requirement for FPIC represents the most explicit and enforceable standard, supported by detailed guidance on consultation, documentation, and decision-making processes. IDB and IsDB also provide relatively strong protections, often integrating cultural considerations and gender dimensions into engagement processes. EBRD and ADB apply Indigenous Peoples protections where relevant, balancing specificity with contextual flexibility.

The NDB and AIIB, by contrast, refer more generally to vulnerable groups and Indigenous Peoples without providing detailed procedural guidance. While this allows adaptability across diverse national contexts, it can also lead to inconsistent application and uncertainty for both borrowers and affected communities, particularly in countries where Indigenous rights are weakly protected in domestic law.

Resettlement and Livelihood Restoration: Mitigation Versus Development Outcomes

Approaches to involuntary resettlement and livelihood restoration range from mitigation-oriented to outcome-oriented models. The World Bank, ADB, AfDB, IDB, and IsDB require comprehensive resettlement planning and livelihood restoration, treating displacement as a development issue that requires long-term socio-economic recovery.

These frameworks typically mandate baseline socio-economic surveys, compensation at replacement cost, and monitoring of livelihood outcomes. Such requirements aim to ensure that affected people are not left worse off as a result of development interventions.

The NDB and AIIB emphasize resettlement mitigation and encourage livelihood restoration but provide less detailed guidance on planning standards, timelines, and monitoring. While this approach offers flexibility, it places greater reliance on borrower capacity and national frameworks, increasing the risk of uneven outcomes.

Stakeholder Engagement: Structure, Timing, and Meaningfulness

Stakeholder engagement is universally recognized as a core safeguard, yet approaches vary widely in structure and enforceability. The World Bank, EBRD, and ADB require mandatory consultation, early disclosure, and formal grievance mechanisms, emphasizing participation as a right rather than a procedural step. Other banks, including the NDB and AIIB, require stakeholder engagement and information disclosure but allow significant discretion in timing and format. This flexibility can support efficiency but may also limit meaningful participation, particularly for communities with limited access to information or decision-making processes. IsDB's emphasis on culturally adapted consultation highlights

the importance of context-sensitive engagement, while IDB's disclosure practices reflect strong transparency norms.

Climate and Just Transition: Emerging but Uneven Integration

Climate considerations are increasingly integrated across MDB safeguard frameworks, reflecting global priorities around climate mitigation and adaptation. The World Bank and EBRD explicitly align projects with the Paris Agreement and low-carbon transition pathways, incorporating climate risk screening into project appraisal. ADB, AfDB, IDB, and AIIB integrate climate adaptation, resilience, and disaster risk management into project design, often emphasizing green infrastructure. However, Just Transition principles, such as labor impacts, social dialogue, and community resilience, remain unevenly articulated. The NDB promotes green and sustainable infrastructure and has begun to engage with Just Transition concepts, but these remain emerging and are not yet fully embedded within safeguard systems. This reflects a broader system-wide challenge rather than an isolated gap.

Accountability Mechanisms: Formal Systems, Variable Impact

All banks reviewed have established accountability or grievance mechanisms, signaling recognition of the importance of access to remedy. The World Bank's Inspection Panel and IFC's Compliance Advisor Ombudsman remain the most established and widely used mechanisms. Other institutions operate independent mechanisms with varying degrees of accessibility, independence, and authority. The NDB's Independent Project Accountability Mechanism is still developing, reflecting the bank's relatively recent establishment. Differences persist in community awareness, procedural clarity, and the extent to which findings lead to institutional learning and policy refinement.

Use of Country Systems: Efficiency Versus Safeguard Consistency

Reliance on country systems represents a defining feature for several banks. The NDB's strong reliance on national systems reflects its emphasis on sovereignty and efficiency, while IsDB similarly aligns projects with national law and cultural principles. By contrast, the World Bank, EBRD, and ADB apply institutional standards more consistently, using country systems selectively based on equivalence assessments. AfDB and IDB adopt hybrid approaches that combine national systems with capacity-building support. While reliance on country systems can enhance ownership, it also introduces variability in safeguard outcomes, particularly where national regulatory frameworks or enforcement capacity are weak.

Cross-Cutting Observations

The comparative analysis underscores a clear imbalance in safeguard ambition across the MDB landscape. While longer-established institutions have developed detailed and enforceable safeguard systems, newer banks—including the New Development Bank—continue to rely on more flexible, less prescriptive frameworks. These choices have real implications for community protection and accountability. Building on this comparison, the next section focuses squarely on the NDB, examining where gaps in its safeguard framework limit alignment with established MDB standards.

ZOOMING IN: WHERE NDB STANDS

The New Development Bank has established an environmental and social safeguard framework that reflects its mandate to finance infrastructure and sustainable development in emerging economies and developing countries. The framework incorporates core safeguard components that are widely applied across multilateral development banks, including requirements for environmental and social assessment, labor and occupational health and safety, resettlement mitigation, stakeholder engagement, and the availability of an independent accountability mechanism. These elements provide an essential baseline for identifying and managing environmental and social risks associated with NDB-financed operations.

When assessed in comparative perspective, however, differences become apparent in the breadth, level of prescription, and institutional maturity of the NDB's safeguards relative to those of longer-established multilateral development banks such as the World Bank, the European Bank for Reconstruction and Development, and the Asian Development Bank. These differences are partly attributable to the NDB's more recent establishment and evolving operational experience, but they also reflect deliberate institutional choices regarding flexibility, borrower ownership, and reliance on national systems. Taken together, these features shape how safeguards are interpreted and applied in practice.

Policy Architecture and Level of Prescription

The NDB's safeguard framework is largely principles-based, setting out broad requirements while allowing significant discretion in how risks are assessed and managed at the project level. This contrasts with the safeguard systems of several peer MDBs, which are characterized by detailed policy architecture, defined procedural steps, and explicit compliance expectations. At institutions such as the World Bank and EBRD, safeguard frameworks specify minimum content for assessments, required management plans, documentation standards, and conditions for project approval.

The lighter level of prescription within the NDB's framework can facilitate efficiency and adaptability across diverse country contexts. At the same time, it may result in variability in

safeguard application, particularly in complex or high-risk projects where more detailed guidance can support consistent interpretation and implementation.

Social Risk Management, Community Protection, and Gender

The NDB's safeguards address social risks and community health and safety as core components of project risk management. However, the framework provides limited guidance on how social impacts should be assessed across different population groups or how mitigation measures should respond to differentiated impacts related to gender, age, or socio-economic status.

In contrast, many peer MDBs have progressively integrated gender equality and social inclusion into their safeguard frameworks as cross-cutting considerations. These institutions increasingly require gender analysis, inclusive consultation processes, and monitoring indicators that capture differentiated outcomes. The absence of similarly explicit standards within the NDB's safeguards places greater reliance on borrower capacity and national policy frameworks to identify and address such impacts.

Supervision, Monitoring, and Institutional Oversight

The effectiveness of safeguard systems depends not only on policy design but also on supervision and oversight during project implementation. The NDB requires borrowers to monitor and report on environmental and social performance, and it retains supervisory responsibilities throughout the project lifecycle. However, compared to several peer MDBs, the NDB's supervision and compliance arrangements remain less formalized.

Other MDBs apply structured supervision processes, including periodic safeguard compliance reviews, standardized reporting formats, and defined escalation procedures for addressing non-compliance. These mechanisms are often supported by dedicated safeguard staff and publicly available supervision information. In the NDB context, the relative lack of publicly accessible information on safeguard supervision outcomes makes it more difficult to assess consistency of implementation across the portfolio.

Indigenous Peoples and Free, Prior, and Informed Consent

The treatment of Indigenous Peoples within the NDB's safeguard framework reflects a general recognition of vulnerable groups but provides limited operational detail. In particular, the framework does not clearly define circumstances under which FPIC is required, nor does it specify procedural steps for conducting consent processes.

By comparison, several MDBs define clear FPIC triggers, documentation requirements, and culturally appropriate engagement processes when projects affect Indigenous Peoples. These provisions are designed to reduce conflict risk, ensure respect for

Indigenous rights, and provide clarity to both borrowers and affected communities. The absence of similarly detailed guidance within the NDB's safeguards may introduce uncertainty during project preparation and implementation, particularly in contexts where national legislation offers limited protection for Indigenous Peoples.

Involuntary Resettlement and Livelihood Restoration

Involuntary resettlement and livelihood impacts remain among the most complex safeguard challenges in development finance. The NDB's safeguards address resettlement mitigation and encourage livelihood restoration, but they provide limited specification regarding planning requirements, timelines, and long-term outcome monitoring.

In contrast, several peer MDBs require comprehensive resettlement action plans, baseline socio-economic surveys, and sustained monitoring to assess whether livelihoods have been restored or improved. These requirements reflect an understanding that displacement impacts often extend beyond physical relocation and can persist over extended periods. The NDB's less prescriptive approach may lead to variation in how resettlement impacts are managed across projects and countries.

Stakeholder Engagement, Consultation, and Disclosure

Stakeholder engagement and information disclosure are recognized within the NDB's safeguard framework as essential components of project preparation and implementation. However, the framework allows significant flexibility regarding the timing, structure, and depth of engagement activities.

Other MDBs increasingly emphasize early and continuous stakeholder engagement throughout the project cycle, beginning at the concept stage and continuing through implementation and monitoring. They often define minimum requirements for disclosure timing, consultation processes, and grievance responsiveness. Differences in engagement practices can affect the extent to which affected communities are informed, able to influence project design, and positioned to raise concerns before impacts materialize.

Climate Finance and Just Transition Considerations

As climate-related financing becomes an increasing share of the NDB's portfolio, the integration of social dimensions into climate investments has gained importance. While the NDB promotes green and sustainable infrastructure, its safeguard framework does not yet systematically incorporate Just Transition considerations, such as labor transition, social dialogue, and community-level resilience.

Several peer MDBs are moving toward more integrated approaches that link climate mitigation and adaptation with social and labor safeguards, reflecting the distributional

impacts of climate transition investments. The absence of an explicit Just Transition lens within the NDB's safeguards means that social implications of climate-related projects may be addressed unevenly.

Use of Country Systems and Institutional Consistency

A defining feature of the NDB's safeguard approach is its strong reliance on national environmental and social systems. This aligns with the bank's emphasis on borrower ownership and efficiency. However, national systems differ widely in legal coverage, institutional capacity, and enforcement effectiveness.

While some MDBs permit the use of country systems, they often do so following equivalence and capacity assessments and apply supplemental institutional standards where gaps are identified. The NDB's greater reliance on national systems introduces variability in safeguard outcomes across projects and jurisdictions, particularly where national frameworks are less comprehensive or weakly enforced.

Overall Observations

Overall, the comparative analysis suggests that the NDB has established a foundational safeguard framework aligned with core MDB practices, while differences remain in policy specificity, procedural clarity, and institutional oversight compared with several peer institutions. These differences are most evident in areas involving complex social risks, differentiated community impacts, Indigenous Peoples' rights, and the social dimensions of climate-related investments.

This analytical context provides a basis for examining how safeguard frameworks function in practice and how institutional design choices influence outcomes for affected communities. It also informs discussion on how safeguard systems may evolve in response to expanding development and climate finance mandates.

RECOMMENDATIONS: ADVANCING NDB SAFEGUARDS FOR COMMUNITY PROTECTION AND A JUST TRANSITION

As the New Development Bank continues to scale up its operations and expand its role in financing infrastructure and climate-related investments, the strength and effectiveness of its environmental and social safeguard framework will be increasingly important. Safeguards are not only risk-management tools; they are institutional mechanisms that shape project quality, stakeholder trust, and development outcomes over the long term. Strengthening these systems can enhance the NDB's credibility, reduce implementation risks, and support more inclusive and sustainable development.

The following recommendations are intended to support the continued evolution of the NDB's safeguard framework. They focus on policy clarity, institutional practice, and alignment with emerging international norms, while remaining consistent with the bank's emphasis on efficiency and borrower ownership.

1

Further Develop the Safeguard Policy Architecture

The NDB should continue to elaborate its environmental and social safeguard framework to provide greater clarity on minimum requirements and procedural expectations, particularly for projects with significant or complex risks. This includes clearer articulation of the scope and content of environmental and social impact assessments, environmental and social management plans, and associated monitoring and reporting arrangements.

A more developed policy architecture would support consistent application across projects and jurisdictions, reduce interpretive uncertainty for borrowers, and strengthen the bank's ability to supervise safeguard implementation. Clearer procedural guidance can coexist with flexibility by establishing a common baseline while allowing context-specific adaptation.

2

Embed Community Protection and Gender Equality as Cross-Cutting Priorities

Community protection and social inclusion should be more explicitly embedded as cross-cutting elements of the safeguard framework. This includes clearer expectations for identifying differentiated impacts on women, men, and marginalized groups, and for integrating gender-responsive and inclusive mitigation measures into project design.

Strengthening guidance on social analysis, consultation, and outcome monitoring would help ensure that projects contribute to equitable development and that community-level risks are addressed systematically rather than on an ad hoc basis. This is particularly relevant for infrastructure and climate projects, where social impacts are often unevenly distributed.

3

Formalize Indigenous Peoples Safeguards and FPIC Processes

The NDB should clarify its approach to projects affecting Indigenous Peoples by providing more explicit guidance on Free, Prior, and Informed Consent. This includes defining when FPIC is required, outlining procedural steps for culturally appropriate engagement, and clarifying documentation and verification processes.

Formalizing FPIC procedures would reduce uncertainty for borrowers, strengthen respect for Indigenous rights, and help prevent conflict during project implementation. Clear guidance is especially important in contexts where national legal frameworks may not provide sufficient protection for Indigenous Peoples or where consultation practices vary widely.

4

Strengthen Standards for Involuntary Resettlement and Livelihood Restoration

The NDB should further develop its resettlement and livelihood restoration standards to ensure that displacement impacts are addressed comprehensively and consistently. This includes clearer expectations regarding resettlement planning, socio-economic baseline assessments, compensation frameworks, and long-term monitoring of livelihood outcomes.

Explicit standards can help ensure that affected people are supported beyond physical relocation and that livelihood restoration is treated as a development objective rather than a mitigation measure alone. Stronger clarity in this area would also reduce variability across projects and strengthen accountability for outcomes.

5

Institutionalize Early, Continuous, and Meaningful Stakeholder Engagement

Stakeholder engagement requirements should be strengthened to emphasize early engagement during project identification and design, continuous consultation throughout implementation, and clear mechanisms for responding to stakeholder concerns. This includes timely disclosure of information in accessible and culturally appropriate formats.

More structured engagement processes can improve project design, enhance community trust, and reduce the likelihood of disputes or delays. Institutionalizing these practices would reinforce the NDB's commitment to transparency and participation without undermining efficiency.

6

Integrate Just Transition Principles into Safeguard Frameworks

As the NDB increases financing for climate mitigation, adaptation, and green infrastructure, it should more explicitly integrate Just Transition considerations into its safeguard system. This includes assessing labor impacts, supporting worker transition, promoting social dialogue, and considering community resilience in climate-related projects.

Embedding Just Transition principles within safeguards would help align climate objectives with social protection and inclusive development. It would also provide a clearer framework for managing the distributional impacts of climate-related investments.

7

Strengthen Safeguard Supervision, Monitoring, and Learning

The NDB should continue to strengthen its safeguard supervision and monitoring systems to ensure that policy commitments translate into practice. This includes standardized reporting requirements, periodic safeguard performance reviews, and clear escalation procedures for addressing non-compliance or emerging risks.

Enhanced transparency around safeguard implementation—within appropriate confidentiality limits—would support accountability and institutional learning. Lessons from project implementation and accountability mechanism cases should be systematically fed back into policy refinement and operational guidance.

8

Refine the Use of Country Systems

While reliance on country systems supports borrower ownership and efficiency, the NDB should further clarify how national frameworks are assessed and supplemented where necessary. This could include more systematic equivalence

and capacity assessments and the application of additional institutional standards where gaps are identified.

A more structured approach to the use of country systems would help ensure consistency of safeguard outcomes across projects and jurisdictions while maintaining flexibility and respect for national processes.



How Danantara Can Shape NDB Safeguards (and Vice Versa)

The newly established Indonesian sovereign investment platform Danantara — designed as a consolidated state investment vehicle modeled on Temasek — offers a strategic entry point for aligning national development priorities with multilateral safeguard standards³⁵. Danantara manages and optimizes state assets and investments across priority sectors, including energy, infrastructure, and industrial transformation, and is positioned to collaborate with international partners such as NDB.

By serving as a national coordination hub, Danantara can deepen engagement with the NDB around safeguard design and implementation. Its role in mobilizing and aligning investment flows provides a platform for promoting shared expectations on environmental and social risk management, particularly in areas where national practice interacts with MDB oversight. Through joint planning processes, Danantara can help ensure that projects supported by NDB financing meet both Indonesian development mandates and evolving international safeguard norms.

In practical terms, this could include embedding clear social and environmental risk assessment criteria into project preparation supported by Danantara, aligning them with NDB's safeguard standards to reduce ambiguity in application. As Danantara develops project pipelines — for example in renewable energy, critical minerals processing, or infrastructure — early coordination with the NDB can help harmonize approaches to stakeholder engagement, labor and occupational health and safety, and community consultation.

Conversely, collaboration with the NDB can strengthen Danantara's own internal risk management and governance. Exposure to NDB's evolving safeguard practice — especially in areas such as independent accountability mechanisms, gender and inclusion

³⁵ "Danantara Equation: Investment, Governance, Test of Credibility", The Jakarta Post, 15 March 2025, <https://www.thejakartapost.com/business/2025/03/15/danantara-equation-investment-governance-test-of-credibility.html>.

analysis, and cumulative environmental impact assessment — can inform Danantara’s investment screening and due diligence. This cross-institution learning can elevate Danantara’s capacity to manage safeguard risks in large, multi-stakeholder investments that have both national and regional implications.

Finally, through structured cooperation with the NDB, Danantara can help advance capacity building for safeguard implementation within Indonesia’s broader public and private investment ecosystem. Shared training, joint supervisory frameworks, and coordinated stakeholder engagement protocols can support deeper localization of safeguard practice, ensuring that community and environmental protections are both credible and consistent across national and multilateral investment portfolios.

9

Strengthen Accessibility and Effectiveness of the Accountability Mechanism

The NDB’s Independent Project Accountability Mechanism is a critical component of its safeguard system. Continued efforts should focus on enhancing its accessibility to affected communities, ensuring independence, and increasing awareness of its role at the project level.

Strengthening the feedback loop between the accountability mechanism and policy development would support continuous improvement and reinforce the credibility of the safeguard framework.

10

Position Safeguards as Enablers of Development Effectiveness

Finally, the NDB should continue to frame safeguards not as compliance obligations but as tools that enhance development effectiveness, project sustainability, and institutional credibility. Strong safeguards can reduce project risk, improve outcomes, and support long-term partnerships with borrowers and communities.

Positioning safeguards as integral to development quality and Just Transition objectives would reinforce their strategic value within the NDB’s operational model.

Concluding Reflection

Safeguard systems evolve over time, shaped by institutional experience, stakeholder engagement, and changing development priorities. For the New Development Bank, continued refinement of its safeguard framework offers an opportunity to strengthen community protection, support inclusive and just development outcomes, and align its growing climate finance portfolio with social responsibility.

By building on its existing foundations and drawing on comparative experience across the MDB system, the NDB can further enhance the effectiveness, legitimacy, and impact of its development finance operations.



**Center of Economic and Law Studies
(CELIOS)**

Jl. Banyumas, Menteng, Jakarta Pusat, Indonesia

E : admin@celios.co.id
W : celios.co.id