

Act Now! Demand for Greater Safeguards

ADB Safeguards Policy Statement open for public comments

To keep up with the stiff competition posed by commercial banks and bilateral institutions investing in both public and private sectors, the Asian Development Bank has taken steps to keep its relevance as the premiere regional development bank in Asia and the Pacific. Civil society groups believe that this has been the primary impetus of the Bank for updating its Safeguards.

Background

In order to avoid, minimize or mitigate adverse environmental and social impacts of its funded projects, the Asian Development Bank came up with its three safeguards: the Involuntary Resettlement Policy (1995), the Indigenous Peoples Policy (1998), and the Environment Policy (2002).

The IR Policy aims to avoid or minimize involuntary resettlement as a result of its so-called development project. The IP Policy seeks to address the vulnerability of indigenous peoples to ADB projects. The Environment Policy requires that possible environmental impacts of ADB projects should be evaluated and minimized.

However, over the years, the Safeguards have been poorly implemented and violated in numerous ADB-funded projects. This has also been proven by the findings in the special evaluation studies by ADB's Operations Evaluation Department.

Safeguard Policy Update (SPU)

In 2005, the Bank initiated a review of its existing Safeguard Policies, which was primarily brought about by the increasing pressure from member-countries and shareholders to formulate a less stringent and cumbersome Safeguards requirements vis-à-vis the processes involved in the approval and implementation of ADB-financed development projects. Headed by a team appointed by the Bank, the review aims to address emerging environmental and social challenges of development in its developing member countries (DMCs). Specifically, the SPU aims to:

- Improve the coherence and consistency of the present safeguard requirements;
- Improve internal processes and resource allocation of the Bank;
- Balance emphasis on procedural requirements with actual implementation;
- Make the safeguards implementation adaptable to evolving range of lending products and innovative financing modalities;
- Harmonize safeguard practices across multilateral financial institutions (MFIs); and
- Tailor safeguard approaches to the needs and capacities of its clients.

In October 2007, taking into account the stakeholders' comments on the SPU discussion note, as well as the results of the special evaluation studies done by the OED on the existing Safeguard Policies, the

SPU Team came up with a consultation draft of the Safeguard Policy Statement. It proposes to consolidate the three policies to enhance their development effectiveness. In November 2007, the SPU Team began its sub-regional multi-stakeholder consultation workshops on the draft policy statement.

Merits of the Draft Safeguard Policy Statement

The Draft Safeguards Policy Statement has incorporated some positive provisions:

- Removal of the environmentally Category B sensitive classification
- Requiring the conduct of safeguard due diligence for financial intermediaries (FIs) that was absent in the original Environment Policy

Serious concerns on the Draft Safeguards Policy Statement

There are certain provisions in the draft policy that contradict the Bank's principles of ensuring the implementation of environmentally and socially sound projects.

- No mention of human rights-based approach in the entire document
- Removal of the 120-day public consultation period for environmental impact assessments; there is no tacit mention of specific timelines allocated for public consultations
- Introduction of the Country Safeguards Systems: relying on member countries' Safeguards' laws and regulations that usually fall below international standards and are prone to corruption, especially those countries under military regime
- Move towards a framework approach. ADB will use frameworks agreed with borrowing countries for non-sensitive components of an environmental sensitive project
- Unclear period of time for the implementation of mitigating measures to ensure avoidance of both adverse environmental and social impacts
- Unclear definition of environmental soundness and how will sustainable development be promoted
- Lacks rigor in promoting conservation of critical habitats or preventing infrastructure projects in protected areas. Moreover, it condones opening up of protected areas to infrastructure developments in the name of financial feasibility
- Condones the implementation of projects leading to greenhouse gases emissions, release of hazardous materials, and toxic use
- Less stringent requirements for private bank and/or corporate activities with minimal impacts on the environment. (Safeguards implementation and same level of impact assessments should be implemented across the board)
- Absence of disclosure for projects implemented by private banks and corporations;
- For IP Policy, free prior informed consent has been downgraded to free, prior, informed consultation

- Non-requirement for the submission of reports on the assessment of the implementation of the IP plans and compliance to safeguards
- Less stringent requirements for private bank and/or corporate activities with minimal impacts on IPs. This is in contrast with the UN Declaration on the Rights of the IPs.
- Passing ADB's accountability and responsibilities to the governments and private banks/corporations in ensuring that adverse impacts to communities and the environment are avoided or mitigated

Importance of the ADB Safeguards

Civil society groups that have been monitoring the safeguards implementation on ADB-funded projects and programs for the past years have been worried that the ongoing Safeguards review would not only cater to the demands of the borrowing countries but will indeed lead to a less stringent, water-downed Safeguard Policies. A weaker set of Safeguards will make the ADB and the governments less accountable to the adverse impacts of their so-called development projects.

Although some countries may have good Safeguards standards, majority of the borrowing countries have environmental and social policies/systems that do not meet best international standards and practices. This situation is exacerbated by bad governance and systemic corruption in most developing countries, particularly those with limited political and democratic space. Once the ADB weakens its existing Safeguards, it would raise further alarm on the negative impacts of projects and programs on the affected communities and the environment.

Call for vigilance and greater Safeguards

It is imperative for the civil society groups of Asia and the Pacific with serious stakes on the ongoing Safeguards update to keep vigilant in ensuring that the review would result in a better omnibus policy. It's about time that we assert our rights over our lives, livelihoods and access to natural resources. We must challenge and confront the Asian Development Bank and our governments to adopt stringent social and environmental measures and regulations.

Let us demand for a stronger set of Safeguards that will truly promote the rights and welfare of the poor and marginalized, and protect the environment from the disastrous impacts of their so-called development projects. Let us demand for greater accountability. The ADB should take foremost responsibility to what its development money is doing to our respective countries. Greater Safeguards! Greater Accountability!

Read the Draft Safeguards Policy Statement:
<http://adb.org/Documents/Policies/Safeguards/Consultation-Draft.pdf>

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