

## ADB challenged to safeguard human rights and environment

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The Asian Development Bank is revising its 'safeguards' or policies that protect vulnerable groups, societies and the environment from the potentially harmful impacts of its development projects. In the Madrid meeting of the ADB Governors on 3-6 May, civil society organizations challenge the Bank not to risk social and ecological security. The Belgian public has its leverage to help influence the outcome of this policy revision exercise.

High in the agenda of this top-level meeting is the ongoing Safeguard Policy Update (SPU) at the ADB. Members of the NGO Forum on ADB, an 11.11.11 partner, organize discussions for civil society organizations (CSOs) and other stakeholders to present their views on the SPU process and draft. The coalition of CSOs from Asia, Europe, Australia and the United States will amplify a collective message to the Bank's decision makers: maintain mandatory requirements and improve standards to ensure that affected people are protected from potential adverse impacts from ADB investments.

Why are safeguards important and what concerns civil society?

The ADB's 3 safeguard policies, the Environment (2002), Involuntary Resettlement (1995) and Indigenous People (1998) mandate the Bank not to do harm to communities and people where ADB projects are to be implemented. They are critical documents as affected people, civil society and governments can use them to hold ADB accountable and to push it to "avoid, minimize or mitigate adverse environmental impacts, social costs to third parties, or marginalization of vulnerable groups that may result from its project investments."

In practice, community experiences with ADBs' projects show glaring evidence that these safeguards policies suffer from significant gaps between policy statement and implementation, and that the ADB's capacity to implement, monitor and to comply with its own policies has always been questioned.

Several ADB investments in Laos, Vietnam, Cambodia, Nepal, Thailand, the Philippines, Bangladesh, Sri Lanka, Pakistan and Papua New Guinea continue to cause disasters. Its resettlement measures cause more misery than security to affected communities due to property damage, land loss, food insecurity, increased conflict and indebtedness. When the Bank does not fully comply with its protection standards before and during the construction of large projects like dams, cross-border roads and plantations, they cause resource degradation and pollution, which threaten the livelihoods and health of communities. ADB projects also inflict dislocation of indigenous people from their ancestral domain, livelihood deprivation and cultural disruption.

The Safeguard policies, in short, do not allow communities to say "NO" to a project; these are only meant to lessen potential social and environmental impacts. They are outdated and do not comply with international standards on human rights, labor or the environment.

Dubious intentions

In July 2005, the ADB launched the SPU to improve their clarity, coherence, and consistency. The SPU will harmonize the three policies into one "Safeguard Policy Statement" or SPS, which entails an overall revamp of the content, spirit and scope of the Bank's safeguards.

There have been concerns that the ongoing review is an outcome of the extreme pressure ADB faces from its developing member countries to lower the existing safeguard standards and prepare projects faster without any environmental and

social strings attached.

"There is a lot of push on the ADB to refashion itself to make it more attractive to borrowing clients. It wants to reassert its relevance in the region so as not to be left behind vis-à-vis bilateral donors and private competitors," said Mishka Zaman of the Bank Information Center. But there are worries that the ADB is in a race with less stringent Asian donors such as China, which has become the leading project financier in countries like Cambodia.

While motivations behind this policy revision remain in question, several NGOs considered the SPU as a valuable opportunity to strengthen the safeguards and have then engaged with the ADB in good faith, predicated on the Bank's stated commitment to ensure that the SPU process and the resulting SPS would not lead to a dilution of the existing safeguards. Groups monitoring the process were relieved at the Bank's reassurance not to weaken the safeguards at a Panel organized by CSOs in last year's AGM 2007 in Kyoto.

#### Violating commitments not to weaken standards

But the SPU draft released in October 2007 is found to be weakening the Bank's existing safeguards. NGOs, specialists, former and some current Bank staff share similar findings that the project evaluation standards of the ADB are set to be watered down to unacceptable levels. They believe the current draft:

- essentially eliminates the ADB's detailed and currently mandatory safeguards despite ADB guarantee of "no weakening" and replaces them with one page each of vaguely worded "policy principles" for environmental, Indigenous Peoples' and involuntary resettlement safeguards;
- replaces strong language pertaining to compliance with language assuring borrowers that failure to comply with requirements will not necessarily result in penalty;
- fails to protect the rights of Indigenous Peoples;
- weakens environmental safeguards such that the 120 day public comment period is removed;
- fundamentally dilutes the Involuntary Resettlement Policy;
- lacks any mention or application of a human rights-based approach to development;
- lacks any reference to relevant international law, norms and standards, including the UN Declaration on the Rights of Indigenous Peoples;
- promotes the wholesale adoption of Country Safeguard Systems (CSS), which replaces the ADB standards and requirements by those of borrowing countries; findings of the World Bank country systems pilot projects show a reduction in environmental and social standards, and increased difficulty for impacted communities to demand accountability and grievance redress;
- suffers from severe lack of information disclosure for projects implemented by private banks and corporations;
- significantly removes requirement for, or reference to, consent for any project-affected peoples, including no mention of free, prior and informed consent (FPIC) for indigenous peoples in determining their own development priorities;
- fails to integrate gender concerns as required by ADB policy; and
- has missing information particularly on budget necessary for safeguard implementation and on Operations Manuals.

#### Shared goals, unified efforts

Groups attached to the NGO Forum on the ADB network calls on the ADB to HALT the ongoing consultation process and produce a second draft. They contend that the current Consultation Draft is significantly weaker compared with the current Safeguard Policies, policies of other IFIs, and international law. It is regressive, damaging and violates the Bank's stated commitment of upholding – at a minimum – existing standards.

The decision to disengage was further triggered by ADB's failure to ensure meaningful, participatory and good faith consultations. Forum members who joined the previous consultations felt that it was not worth participating in these exercises based on the unacceptable policy draft.

In South Asia, groups led by People's Forum Against the ADB boycotted the January 2008 consultation in Delhi in January 2008 citing the many ways the SPS Draft subverts the environment, resettlement and indigenous safeguard policies. "We need to let the ADB and our Governments know that we reject their attempts to manipulate and dilute our

rights. Boycotting the ADB's consultation meetings will be a crucial first step towards collectively formulating a strategy to achieve genuine accountability on the part of the ADB as well as governments", statement released by the South Asian groups.

Indonesian NGOs, meanwhile, pushed the ADB to halt the SPS consultation and demanded a revision of SPS while NGO leaders in Vietnam decided to pull out of the Hanoi Consultation citing concerns that the "SPU draft contains a number of provisions that are more concerned about keeping its business afloat than safeguarding the poor and marginalised communities."

Two largest NGO coalitions in Cambodia, the NGO Forum on Cambodia and the Housing Rights Task Force, also told the Bank Directors and Management that their refusal to attend the Mekong consultation are "simple: the draft SPS released in October 2007 is an unacceptable regression from your existing standards. It is an condemnable step backwards for donor accountability, transparency, the rights of indigenous persons, housing rights and the environment."

For Burmese groups, they stated that "the Consultation Draft is a matter of concern not only for countries with active loans from the ADB but also for Burmese people who will stand to lose if the powerless and regressive provisions of the Consultation Draft were to be applied to Burma. After all, the ADB, along with the other multilateral development banks (MDBs), has not totally disengaged from the country. The Bank continues its dealing with the Burmese military junta through its Greater Mekong Sub-region (GMS) Program and other non-direct lending services. They reiterated that "if ADB significantly weakens its safeguard policies, not only will it avoid its accountability but also encourage military and repressive governments, such as the military regime in Burma, to commit more human rights abuses."

Decisions by NGOs to disengage from the regional consultations took place in the Pacific (Sydney), East Asia (Beijing), Europe, and North America (Washington and Canada). Supported with multiple actions, the main message of these public strategies was clear: revise the draft Safeguard Policy Statement (SPS) released in October 2007 because it is an "unacceptable and unsuitable basis for public review and consultation", and issue a 2nd draft (not a Working Paper) that should be the focus on the remaining public consultations.

Why should Belgian citizens care about SPU? Consider these:

- A founding non-regional member (1966), Belgium has important stake in the policy direction and operational decisions of the Bank. It currently has a subscribed capital equivalent to 0.341% and a 0.576% voting power as of Dec. 31 2006
- Belgium constitutes one of the two clusters of EU governments (Belgium, France, Italy, Portugal, Spain and Switzerland) whose combined voting rights of 6.416%, makes a formidable player in the future of safeguards and ADB's accountability.
- At the Board of Governors, Belgium is represented by Mr. Reynders Didier and Alternate Governor Gino Alzetta from the Finance Ministry
- Executive Director representing Belgium is Patrick Pillon
- The country donor status allowed the employment/representaion of 10 Belgian professional staff in the ADB Headquarters in Manila
- The basic questions are: Should the Belgian people allow ADB to use Belgian aid for environmentally and socially disastrous projects? Should they let the ADB weaken its safegurad policies that will result to human rights violations?

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