

Chair's Summary of Meeting of the Board of Directors

20 July 2009

Safeguard Policy Statement

1. The Board of Directors discussed the R-paper and approved the ADB Safeguard Policy Statement (SPS) as described in the paper, including Chapter V and VI, and Appendices 1-6. The SPS will supersede the *Involuntary Resettlement Policy* (1995), the *Policy on Indigenous Peoples* (1998), the *Environment Policy* (2002), and the second sentence of para. 73, paras. 77-85, and para. 92 of the *Public Communications Policy* (2005).
2. The Directors supported the policy objectives, scope and triggers, principles, and requirements of the three key safeguard areas: environmental safeguards, involuntary resettlement (IR) safeguards, and Indigenous Peoples safeguards.
3. One Director emphasized that the policy could have done more to further decrease transaction costs for DMCs and reduce complexity of projects; provide additional flexibility to staff to adjust to country context; ensure sustainable and additional funding for capacity building and meeting higher standards; and give clearer direction in determining priority amongst competing objectives within a limited resource envelope.
4. Some Directors expressed concern about the implementation challenges and higher transaction costs, including provisions in the IR safeguards, as a result of the SPS and urged that the five-year policy review covers these issues. Directors supported the policy's emphasis on capacity development in the DMCs. In this context, most Directors also supported the establishment of a trust fund for this purpose, although several Directors emphasized that ADB should also commit its own resources for safeguard capacity development. Directors welcomed the incremental staff-years estimated in the R-paper and emphasized that Resident Missions, including those in the Pacific DMCs, should be equipped with safeguard specialists.
5. Directors supported the provisions on the strengthening and use of country safeguard systems (CSS). Some Directors welcomed the cautious approach adopted in the SPS, and suggested that, based on the findings of the three-year operational review, the Board should provide guidance on how to continue the use of CSS. Some Directors expressed a desire that the use of CSS should be hastened and applied to a larger number of DMCs than the targeted number in the Medium-Term Action Plan, and that CSS should be applied at the national level. One Director emphasized that DMC governments should be consulted in determining equivalence and acceptability. Some Directors also suggested that the three-year operational review should provide recommendations on how to expand and streamline the use of CSS.
6. Most Directors expressed satisfaction on how community engagement with Indigenous Peoples has been addressed in the SPS, in light of the Board discussion of the W-paper. One Director reported that most of their constituencies are concerned that the notion of Indigenous

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Peoples communities' free, prior and informed consent prior to the approval of any projects affecting them, was no longer used in the SPS R-paper. One Director stated that the constituencies represented by him and another Director all supported the United Nations Declaration on the Rights of Indigenous People and the use of free, prior and informed consent, and thus the spirit behind this must be rigorously protected.

7. Some Directors highlighted that under the United Nations Framework Convention on Climate Change, DMCs do not have an obligation to reduce greenhouse gas emissions and that provisions in the SPS R-paper should be viewed in this context. One Director emphasized that any options to be pursued on emission reduction at the project level should be technically and financially feasible and cost-effective.

8. Most Directors had no objection to the 120-day information disclosure requirement under the environmental safeguards for both public and private sector operations. However, some Directors preferred a shorter period for private sector operations, and one Director suggested that the Bank evaluate the impact of this requirement on ADB's private sector operations as part of the three-year operational review.

9. Directors appreciated the circulation of the draft Operations Manual (OM), along with the SPS R-paper, for the Board's information.