

Results of the Public Consultation Process on the ADB Environment Policy Working Paper

Background

ADB is currently formulating its environment policy to complement its poverty reduction strategy and agenda based on its Long-Term Strategic Framework (LTSF). In this context, the proposed principal policy problems to be addressed by the ADB environment policy are to assist DMCs:

- ensure that environmental resources on which the poor depend for their livelihoods are conserved;
- integrate environmental objectives into the economic development process; and
- bring about institutional change, to ensure accelerated flow of resources for environmental improvement.

In the formulation and implementation of its environment policy, ADB has adopted a strategy for gaining wide participation from a diverse group of stakeholders to ensure that they will have the opportunity to comment and provide suggestions on the proposed environment policy. This approach will ensure that the conceptual framework of the policy has been thoroughly reviewed and that a mutual understanding has been developed during the consultation process of the developmental and environmental challenges underpinning the policy. The consultation process is also needed to identify ways by which partnerships with various stakeholders could be strengthened.

Process of Consultation

ADB is implementing a two-step process to solicit feedback and gather information from its stakeholders.

Step 1. Dissemination of Overview Document

With the help of resident missions or local consultants, ADB identifies key stakeholders in each DMC who will be personally invited to provide feedback.

ADB then disseminates the overview document entitled “A Note on the Draft Environment Policy Working Paper” to generate ownership and partnership in the development of an environment policy. This five-page document provides background into the need for an ADB environment policy, and an overview of the ADB’s philosophy and proposed policy reforms. Accompanying the overview is a short questionnaire for soliciting feedback on the proposed direction. The overview document is available on the web for discussion by electronic groups. The local consultant follows up with each stakeholder, answers questions and encourages participation.

After receipt of comments, ADB synthesizes the comments and uploads the synthesis to the web. ADB takes these comments into consideration during further preparation of the environment policy working paper.

Step 2. Dissemination of Environment Policy Working Paper and Country Consultations

After receipt of initial comments and completion of the second environment policy working draft, ADB disseminates the draft and holds at least one consultation meeting in each of the DMCs (and Japan) identified earlier with participants from Step 1. Commencing at end of February, these meetings will be completed by end of June. Environment Specialists will participate in those meetings according to their fluency in the national language. Trained consultants will facilitate the sessions.

The results from Step 1 will serve as the springboard for discussion although focus of discussion will be on the working paper.

In undertaking the two-step consultation process, a translated copy of the Note and the ADB Environment Policy working paper are disseminated to the stakeholders in the generation of the comments. The working paper is translated into the member country's local language/dialect. The comments in the local language/dialect from the consultation workshop are then translated into English when these are submitted to ADB. The translation of the working paper is overseen by the local/domestic consultant from the member country.

Consultation Workshops

While participation is open to stakeholders in all DMCs, the involvement of the following DMCs are deemed crucial for ensuring wide participation: Bangladesh, Bhutan, India, Indonesia, the Central Asian Republics, Lao PDR, Pakistan, PR China, the Philippines, Sri Lanka, Thailand, and Vietnam. ADB will gather a regional representation from the South Pacific Developing Member Countries. In addition, ADB will also solicit feedback from stakeholders in Europe, Japan and North America.

Consultation workshops were undertaken in the following member countries:

- Philippines – 16 February
- People's Republic of China – 8, 9, 14 March
- Japan – 1 March
- Central Asia Republics – 11 March
- Bangladesh – 31 March
- Pakistan – 18 April
- Sri Lanka – 27 April
- India – 30 April
- Honolulu – 10 May

- Viet Nam – 25 May
- Indonesia – 12 June
- Laos – 14 June
- Washington, D.C. – 19 June

Consultation meetings with individual stakeholders were done in the South Pacific Developing Member Countries (SPDMCs) from 15 March – 23 May¹

Consultation workshops are yet to be scheduled in the following DMC & member countries:

- Thailand – Mid July
- Australia/New Zealand – August
- Europe – August

Results of Completed Consultation Workshops

Initial comments on the working paper have been gathered from the public consultation workshops held in the Philippines, Japan, PR China, Central Asia Republics, and Bangladesh, Pakistan, and Sri Lanka. Included also are comments solicited from stakeholders from Cook Islands and Samoa. In these consultations, the draft ADB Environment Policy working paper was presented to and commented upon by identified stakeholders.

Profile of the Respondents/Stakeholders:

Philippines	–	government, research and academic institution, NGOs, foreign-funded projects, environmental law office
Japan	–	government, NGOs, multilateral donor agencies
PR China	–	government, research and academic institutions, NGOs, private sector
Central Asia Republics	–	NGOs and communities
Bangladesh	–	government, professional organizations/NGOs, multilateral and bilateral donor agencies
Cook Islands	–	government, NGOs, private sector, individuals
Pakistan	–	government, research and academic institutions, NGOs, private sector, foreign funding institutions
Sri Lanka	–	government, NGOs, research and academic institutions, private sector, foreign funding institutions
Samoa	–	government, intergovernmental organization, foreign funding institution
Vanuatu	–	national, regional and local government, NGOs, government project, private sector

¹ The consultation activity undertaken in the SPDMCs was the dissemination and gathering of the comments to the Note and the working paper directly with the individual stakeholders.

India	–	government, research and academic institutions, NGO, private sector, media
Viet Nam	–	government, research and academic institutions, organizations implementing projects, private sector, NGO, media
Lao PDR	–	government, NGO

Synthesis of the Comments:

The comments gathered so far have been synthesized into the following: Strengths of the Policy; Gaps in the Policy and Recommended additional provisions/changes; and the Recommended Role(s) for the ADB when implementing the Policy.

Strengths of the Policy

Overall Policy Perspective

- The ADB Environment Policy has a holistic perspective. Commendable are ADB's initiatives to link poverty alleviation with environmental issues, like desertification/poverty nexus, to integrate environmental concerns in the planning and development process and to use the participatory approach/consultative process in the member countries.
- ADB should be commended since the Policy attempted to link its corporate and sectoral mandated policies to cross-cutting issues such as environment.
- ADB pays attention to the environment aspect in the Asia-Pacific region; The Policy is well oriented and adaptive to the development in most countries in the Asia-Pacific, and is comprehensive.
- It is a comprehensive document in terms of technical information and format. Technical-wise, it gave reference to promotion of education, public awareness, and training and integrated environmental considerations for sustainable development, land, water, biodiversity (and ecosystems) and pollution. It spelled out the operational norms underlying the Environment Policy. It made reference to the SPREP Convention.
- ADB has dramatically moved beyond loans alone to become a rich source of strategic country frameworks, advice, and knowledge.
- On the aspect of multilateral cooperation, the Policy serves as an additional instrument and useful tool in addressing the global concern on poverty reduction.
- The Policy has included sound environmental management that is critical to sustainable development and will lead to poverty reduction.

Environmental Management Aspect:

- It puts emphasis on international interventions and pressures on behalf of environmental protection.
- The environmental mitigation measures at least cost – no trans-boundary effects – operational norms are welcomed.
- The inclusion of issues on natural disaster mitigation and integrated coastal zone management were welcomed. These efforts will facilitate adaptation to climate change.
- It seeks to increase allocation of resources.
- The Policy has given importance to the role of civil society, NGOs, and the private sector, like the enterprise in policy formulation and implementation.
- Through this Policy, government’s commitment to integrate environmental concerns at the policy level is ensured. Environmental governance will facilitate EA process.
- The Policy acknowledges the “polluter pays principle”.
- ADB thoroughly studies the environmental policies of developing countries and selects priority projects based on these studies.
- Environmental mitigation and compliance monitoring guidelines are stated in the Policy. It also covers many important issues pertaining to the promotion of environmental management and environment-friendly development in the member countries
- The Policy has specified 120 as the number of days for EIA studies.
- The Policy’s emphasis on Strategic Environment Assessment (SEA) over individual project EIAs is welcomed.

Economic Aspect:

- Small activities with potentially big impacts were addressed, like the use of more efficient cooking stoves.
- The Policy mentions loan classification categories and gives prominence to incentive base systems.

Format:

- The practice of translating the Policy into the local dialect needs to be continued.
- Format-wise, it provided clear definitions throughout the document.

Gaps in the Policy:

The following points, categorized according to environmental, social/economic, health, infrastructure, financial, project management, government/political concerns, and format, are the areas that the ADB needs to include in the Policy or further look into:

Environmental concerns:

- Why is ADB coming up with an environmental policy only now?
- How will ADB link environmental issues across other sectors, like agricultural policies? Linkages of this Policy to other policies are not clear.
- ADB needs to define a common sustainable development framework harmonized with other donor institutions.
- ADB must learn how to think “small” and understand the conditions at the community level.
- How to localize standards on the ground to ensure ground-level compliance? It does not provide for means to establish partnership with provincial and local governments.
- Capability-building for stakeholders has to be addressed. It should take note of the limitations of local capabilities, i.e. weak in project implementation.
- How will environmental strategic planning be integrated into the design and feasibility study of projects?
- How will the Policy be linked to a government’s national processes?
- Will there be change in portfolio with poverty alleviation as the new thrust? Are not the environmental concerns already integrated in the overarching poverty reduction strategy?
- Would the process be a barrier for poor countries to obtain donor funding?
- Is there a system for evaluating effectiveness of the Policy? A system for enhancing CDM?
- The Policy does not mention the process to evaluate environmental initiatives of a country nor the way to obtain public participation for the scoping process in EIA.
- It should consider environmental governance, education and awareness.
- Although the Policy’s provision on SEA is very good, how it will be implemented is inadequately explained.
- Does the Policy promote GMOs? Untested actions, e.g., water use charges?
- Focus should be on Asia and Pacific, not only Asia.
- Specific references to provisions of the Policy:
 - i. Page 13, 2e. Polluter Pays Principle, the use of penalties is not a good strategy for compliance.
 - ii. Page 12, 2a. Environmental assessment and management plans should aim to ensure that there is no significant unmitigated environmental harm to innocent third parties – Who defines adverse impacts, and partnerships and partners involved in

- outcome? What is the cost of compliance? What is results-based?
- iii. Page 12, 2b. No significant transboundary effects – this issue is difficult to control but it is a good tool to caution third party liability under environmental law.
 - iv. Page 12, 2d. Environmental mitigation measures should be least-cost – How is the cost of mitigation measured and monetary value of mitigation benefits monetized? Does the concept document adequately classify categories A, B, C, and D?
 - v. Paragraph 32: Public Participation – the Policy is not clear on the time frame for each stage of a complete project/program development cycle.
 - vi. Paragraph 41: Criteria for selecting international environmental agreements – Although criteria have been set in selecting international environmental agreements, there should still be some flexibility to accommodate assistance for genuine cases outside the five criteria set by the Policy.
 - vii. Section H: Enhancing Environmental Protection Measures to Conserve Resources for the Livelihoods and Protect the Health of the Poor – Although the Policy identifies very good environmental problems, these should include others which are outside of the list.

Social/Economic concerns:

- How will other stakeholders participate?
- How will it increase private/informal sectors involvement and mobilize civil society?
- Why is there a need to link macro-economic reforms with the Policy?

Financial concerns:

- How to capitalize funds from the private sector and mobilize them toward environment-friendly decision-making?
- How can the poor access funds at low rates?
- Under “Operational Principles”, can the borrowers expect to have access to funds?
- The emphasis on “precautionary principle” and “resource rents” may stifle the development of small businesses in communities.
- What are the instruments and mechanisms to ensure accelerated flow of resources for the environment?
- How can monitoring be done if there are no funds?
- Since poverty is the worst polluter, do the poor have to pay?
- Are export credit guarantees included? Will the same environmental standards be applied to these?

Project Management concerns:

- What are the mechanisms to ensure internal consistency within ADB?
- The “Key Operational Principles” indicate a first world bias, thus the question of implementability in developing countries arises.
- With the introduction of the Environment Policy, will the change be at the project level? Will local expertise be given priority in environmental studies? Or will indigenous capacity using indigenous knowledge be developed?
- ADB’s institutional evolution for the environment should be an ADB-internal concern.

Government/Political concerns:

- ADB’s strict/stringent standards can be taken to mean as an imposition on DMCs. In ADB projects, what is the certainty that “strings” attached to the project may not lead to environmental destruction? Imposition of conditions of the Policy may conflict with the national and socio-economic policies/conditions in the DMCs.
- In the planning stage, how will environmental concerns be integrated into the budgeting processes of DMCs? What are the instruments and mechanisms to ensure accelerated flow of resources for the environment?
- When should the Environment Policy be linked to a country’s structural adjustments? Why is there no relation to the private sector?
- The rich nations are the major polluters and the poor nations are often the worst victim of environmental degradation.
- There is no sufficient emphasis nor government data on the results of the application of natural resources and environment management by communities.

Format:

- The paper needs to be more user-friendly. The Paper needs to be revised; ideas/concepts have to be further explained.

Recommended additional provisions/changes:**Environmental concerns:**

- The Policy should highlight adverse impacts of climate change, with emphasis on long-term adaptation aspects.
- There is a need to involve not only a segment of the industry but the whole industry, its forward and backward linkages, like the small enterprises.

- The document needs to address the impact of globalization. It should emphasize pollution prevention and cleaner production. It needs to introduce a system of incentives to encourage clean technologies.
- The document needs to have a conceptual framework on the relationship between poverty and environmental protection. An environmental situational analysis should be performed in each member country. It should include a statement that the poor should be better off as a result of such activities.
- It should mention ADB's support for appropriate technology development and technology transfer. It should specify the technology's delivery mechanism.
- It should emphasize renewable sources of energy or the promotion, development, and use of alternative energy sources that depends less on fuel wood and fossil fuel.
- Key environmental concerns should reflect the regional priorities, like depletion of mineral resources, environmental degradation, water pollution due to effluent of industries, salinity intrusion into the rivers, application of fertilizers, income sources in conflict with environmental conservation, like eco/nature tourism.
- It should integrate target environmental components (TECS).
- Market-based instruments should be included.
- Consider environmental sustainability as a factor in project planning and a basis for evaluation of project loans.
- Sustainable agriculture should be mentioned. The Policy's overall goals should be made part of a long term action plan anchored on sustainable economic growth.
- It should support forestry ecological and bio-diversity conservation as well as pollution prevention of water sources.
- It should provide stronger ecology and environmental guidelines into EIA studies.
- It should also support environmental projects in the urban areas.
- Inclusion of a third party post project evaluation is suggested.
- Priority should be given to environmental research.
- Environmental laws and requirements should be revised rather than establish new but stricter provisions.
- The Policy paper needs to include an equally important section, a public participation section. This section can provide a way of relating public concerns to ADB.
- The Policy needs an IEC component.
- The Policy document should not contain any controversial issues such as GMOs since these issues conflict with national interests.
- The Policy should consider recommendations made in international fora, meetings, and the like.
- There is a need to have environmental standards for development.

- The Pacific region deserves a specific ADB policy on the environment.
- ADB has to develop composite indicators and targets. It needs to present conditions that will enhance the improvement of the total policy system of DMCs. There is a need to highlight policy integration in the document.
- Additional areas to be covered are:
 - a) Noise (under Appendix 1)
 - b) Hazardous waste
 - c) POPS, ODS, ERS
 - d) Safeguards on GMOs
 - e) Cross sectoral resource management
 - f) Mitigation of trans-boundary issues
 - g) Natural Disasters
 - h) Issues related to arsenic contamination.
 - i) Habitat enhancement

Social/Economic concerns:

- In addressing poverty reduction, the Policy document should include the marginalized small and medium enterprises (SMEs) and the households.
- Include a statement or a mechanism to give priority to the poor, to enable them to have access to resources, to social equity, microfinance.
- It should be systematic and strongly consider the economic traits of the developing countries.
- Emphasis on building awareness among women for their role in ensuring “pollution-free households” is recommended.
- Sub-regional cooperation is important since there are socio-economic differences from other sub-regions.
- The poor will be better off using the UNDP socio-economic indicators.
- The role of the private sector/corporate sector should be defined distinctly from the other stakeholders.

Project Management concerns:

- While the WB conducts policy-driven approaches, ADB should conduct more practical approaches.

Financial concerns:

- It should reconsider the subsidy policy.

- ADB can be more effective if the Policy provides a provision requiring as prerequisite to ADB loans the presence of a strong environmental impact assessment procedure at the national level.

Government/Political concerns:

- The Policy needs to put more emphasis on regional and global environmental governance, like directing more funds to institutional capacity building, increased access to information through environmental education and awareness building even of international treaties/protocols/conventions, regular monitoring and evaluation by the local community to determine environmental compliance.
- Include a mechanism where the local community monitors environmental impacts of ADB funded projects and ensures proper environmental governance.
- Once the ADB Environment Policy is in effect, it should be discussed in relevant intergovernmental meetings like Economic Ministers' Meeting, SPREP's Annual Meeting, and the like. The Policy can establish the ADB's partnership with SPREP.

Format:

- The document has to be simplified since it is too "wordy".
- All EIAs should be translated into the local language.
- It should include an Executive Summary and a List of Acronyms and their meanings, and the need to finalize the bibliography.
- It needs to finalize all the incomplete portions (information boxes) of the Policy paper so that the reader will get a holistic overview of the Policy.
- The language of the Policy should be able to link the Policy itself to the appendices. Through the language used in the Policy, the reader/user will be able to perceive how the appendices support and give justification to the content, nature and direction of the Policy.
- The Policy logical framework needs to be restructured so that the Policy's legislative mandate and objectives are set at the start.

Role(s) ADB should take on in implementing the Policy:

The respondents suggested that in the implementation of the ADB's new Environment Policy, there are certain prerequisites and/or activities that have to be in place or undertaken by the ADB to realize the Policy's effective implementation. These are as follows:

- ADB can take on the role of a facilitator for participatory management to ensure consistent position on environment issues in the government.

- ADB must foster strong private-public partnerships for project sustainability.
- ADB can influence governments on policy-making towards environmental concerns.
- ADB should not interfere with the affairs of countries.
- Providing supervision and inspection over environmental projects of the government and the public can enhance ADB's practice of project management. ADB should still conduct post environmental assessment.
- ADB is expected to promote community awareness on the management of natural resources and encourage community actions in support of natural resources management.

However, for some respondents, there are areas in the Policy that are still not clear. Questions like what exactly will ADB do, need to be addressed.