

**Panel Discussion on ADB Safeguard Policies**  
**5 May 2005, 10:00 am-11:30 am**  
**Ahmet Fethi Pasha Hall,**  
**Lutfi Kirdar Istanbul Convention and Exhibition Center**  
**Istanbul, Turkey**

This panel explored the application of ADB safeguard policies concerning indigenous peoples, involuntary resettlement, and the environment. NGO representatives provided information on perceived problems in applying the safeguards, and offered recommendations to ADB. Views expressed will be taken into consideration during the forthcoming update of the safeguards.

Summary of Discussions:

Mr. Bindu Lohani, Director General, RSDD

- ADB has safeguard standards through our policies on the environment, involuntary resettlement, and indigenous peoples.
- For environmentally (as well as socially) sensitive projects, or those that fall under category A, ADB requires a comprehensive environmental impact assessment. The assessment must be circulated 120 days before the project goes to the Board.
- The safeguard systems are in place, but ADB needs to strengthen its safeguards; ADB's key challenge is to focus more effort on implementation, to make sure that the safeguard requirements are implemented properly.
- With that in mind, one of ADB's objectives is to review its safeguard policies with a view to consolidating them into one safeguard policy, to which we can refer more easily. At the moment, ADB clients and staff need to consult to three separate documents. Unifying the policies will further strengthen ADB's results agenda by accomplishing more on the ground. ADB also needs to harmonize with others, including the World Bank and other donor organizations, so that borrowing countries will not be overburdened by several policies requiring different safeguard standards on the same issue.
- Discussions will commence in June 2005. External consultations will be held between June and October 2005. ADB will develop a W-paper during the first quarter of 2006, and we hope to go to the Board later next year.
- ADB will undertake to involve member countries and civil society organizations in consultations. The draft policy will be posted on the website for comments.

Mr. Mushtaq Gadi, SUNGI Development Foundation

- ADB tends to make claims and do exactly the opposite, particularly as it advocates poverty reduction. The Chashma Project presents a classic case where, in 1990-1991, communities were displaced despite studies prepared by consultants that were given very high professional fees. Half of the project cost was allotted for flood protection, but the project itself causes flooding.
- The Inspection Process is designed to distort the truth and that is why NGOs have decided to disengage from the process. NGOs see no hope from the Inspection Process. As a demonstration of our protest, NGOs will organize an indefinite hunger strike in front of the ADB office in Pakistan in December 2005.

Ms. Cinnamon Dornsife, Advisor, First Voice International

- As a member of the ADB Board, one of the concerns we identified was the fact that some ADB policies did not have operations guidelines which made them “uninspectable”. ADB has very good policies that compare with the best policies among IFIs. The language of the safeguard policies is very strong but the challenge actually lies in their implementation.
- From the donor perspective, ADB has the best safeguard policies but from the borrowing country perspective, the cost of implementing the policies is onerous. These countries are forced to forego financing from ADB. In implementing safeguard policies, ADB has to consider perspectives of the borrowing countries.

Mr. Renato Redentor “Red” Constantino, Greenpeace Southeast Asia

- Living in this planet can be compared to living in an airplane that is about to crash. There is no other time in history that humans have had such a destructive influence on the earth as they have today because of climate change. The development goals of ADB are put under question because of projects that cause climate change.
- Mr. Constantino cited the destructive Mae Moh project in Thailand as a case in point. Unbelievably, coal projects are still considered part of ADB’s renewable energy program.
- ADB should assess its role in creating climate change. It lacks the right policy support to stop climate change. What the ADB says is light years away from what it actually does.

#### Question and Answer:

The following issues were raised during the open forum.

- On the issue of **climate change**, Mr. Lohani acknowledged that ADB lacks a strong and proactive action to pursue a renewable energy program. The Clear Development Mechanism (CDM) Program is seen as an instrument to influence projects in the pipeline on issues related to climate change. ADB should take up the responsibility to move this concern forward by coming up with a definitive strategy for renewable energy. ADB looks forward to consulting with Greenpeace in preparing this strategy. ADB insists on implementation of safeguards. As Chief Compliance Officer, Mr. Lohani noted that this is his main responsibility. As a response, Mr. Constantino encouraged the ADB to bring the issue of climate change and the need to redirect policies toward renewable energy to the governments of member countries with a sense of urgency.
- Regarding the observation that ADB becomes less competitive due to the **onerous cost of implementing safeguard policies**, Ms. Dornsife explained that ADB can be judicious in terms of *conditionalities* in offering its products (in the form of loans) to its clients. While it is a tough call, ADB might consider increasing availability of grants for poverty reduction.
- On the issue of **costs of transaction versus costs of safeguard**, Mr. Lohani explained that doing business with developing countries involves costs for processing, procurement, and consulting. The complex nature of procedures involved leads to significant transaction costs. ADB needs to start realigning processes on how it conducts its business. However, Mr. Lohani emphasized that when it comes to safeguards, it is not a compromising cost. Safeguards have to meet the standards. If agencies lending to developing countries require different standards, this is not beneficial to borrowing governments. The ADB has improved a lot in designing and processing projects that adhere to safeguard principles but it has to improve its implementation. This means

providing the resources for implementation and doing it right. Costs may be saved by harmonizing ADB's safeguard systems.