

Consultation Paper on Asian Development Bank's Revision of their Safeguard Policies on (1) Involuntary Resettlement (2) Indigenous Peoples (3) Environment

Special evaluation studies on the safeguards have been carried out between 2006-2007. Based on these a Consultation Paper has been prepared for stakeholders' comments.

The objectives are;

1. To improve clarity, coherence and consistency
2. Balance a "front loaded" procedural approach with one more focussed on results
3. Make policy implementation more adaptable to a new range of lending products and innovative financing modalities
4. Achieve greater harmonisation with other MFIs that have updated their policies
5. Improve internal processes.

Opinions are being sought on policy objectives, principles, requirements and delivery processes. Based on comments received ADB will produce a Working Paper and a further Restricted Paper for ADB Board consideration and approval.

The proposed output will be one overarching Safeguard Policy Statement (giving general objectives, ADBs commitments, individual safeguard policies, policy delivery processes applicable to all safeguards, clear delineation of roles and responsibilities). This will integrate the three existing safeguard policies. This will be accompanied by a set of requirements required by client in delivering the policy's principles an explanation of ADBs internal review procedures for due diligence/ monitoring and supporting guidelines and handbooks. This is generally similar to the IFC who produced an overarching Sustainability Policy Statement (that integrated social and environmental considerations) supported by eight Performance Standards that clarify requirements from clients plus detailed supporting Guidance. The EBRD have similarly revised their policies to reflect greater integration between environmental and social considerations.

This revision is necessary because with separate policies for social and environmental considerations the risk for ambiguity, duplication and inconsistency is high. (One example of where this can confuse is in project classification-where it is feasible to have one project classified differently for all three safeguards policies and thus requiring different levels of assessment detail). An integrated policy will remove this problem. It is recommended proposals to eliminate separate classification and the general integration be supported.

Comments

The Consultation Draft is very comprehensive. It includes a Draft overarching Policy Statement, Draft Policy Principles for the three key safeguards, A delivery process, Detailed roles and responsibilities

Much of the language is lifted straight from the IFC's and World Bank's previous processes. For example: The motivation for this update process is considered to be "to enhance their relevance and strengthen their effectiveness..." (This is IFC language pertaining to their need to better address private sector clients issues) but it is not clear what exactly this desire for "relevance" relates to in ADB's case? This could be better explained. (It seems to be a desire to be in line with other MFIs, changing and more complex financing modalities that make current project specific safeguards less effective and the immense pressures rapid growth, urbanisation etc is putting on the regions environmental systems)? A clearer understanding of the driving need for greater 'relevance' is fundamental to any evaluation of the efficacy of the revisions. It would be of particular interest to know what regionally specific dynamics motivate the revisions so that consideration can be given to assessing if the revisions are rigorous enough to address these. This regional specificity is not well covered, limited to two paragraphs of generalities.

Strong links are made with the Paris Declaration and the principles of: country ownership, alignment, harmonisation, managing for results and mutual accountability. This is good and gives the key principles ADB is trying to address-which the others did not do explicitly because their revisions pre dated the Paris Declaration.

One issue of contention is the desire to make greater use of partner country social and environmental systems (as part of the alignment goal). The World Bank have a pilot exercise on this underway- which has just been subject to evaluation. There is likely to be good scope for greater use of country systems by ADB.

The current safeguard requirements involve assessment, planning and avoidance/ minimizing/ mitigation. This linear process is focussed on managing negative impacts – which safeguards traditionally and necessarily do. However, there is a need – especially with a renewed commitment to outcomes - for more emphasis on ways to enhance positive impacts. Yet, paradoxically, the Consultation suggests that these are "aspirational" elements and cannot be too mixed in with the run of the mill, "do no harm" elements. It is therefore suggested that they (as cross cutting aspects) should be extracted and delivered through a corporate level environmental strategy - at a wider strategic level. There seems to be a danger in that this would not well serve the desire to ensure positive / aspirational outcomes (eg promoting environmental intervention to reduce poverty, mainstream environmental considerations into

economic growth etc). This is an area that requires detailed consideration. The proposed Draft Policy Statement says nothing about seeking out or enhancing the positive potential of projects.

An acknowledged failing has been in the emphasis on the "front end" of the project assessment and approval process. This has resulted in less success in ensuring that the findings and recommendations of the assessment process are actually carried out. This tends to result in a (linear) process focussed on the decision on the assessment results and less on an (interactive and iterative) process between client and ADB throughout the life cycle of the project.

However, a greater emphasis on the implementation phase should not allow any dilution of the approval process and in fact there is a need to more rigorous assessment right at the front end in the strategic decision making process before project specs are designed.

Associated with this is the need for ADB to do more on capacity building to encourage the desired greater use of country systems in not only assessment but also monitoring and implementation. Implementation is the acknowledged weak point (see above)- so greater attention to the assessment of institutional capacity of the borrower/client is needed and measures to build capacity where needed should be encouraged. Supporting efforts to strengthen and use a country's own systems would enhance country ownership and extend development impacts - as is key to the Paris Declaration.

An old issue resurfaces in the Consultation Document over the use of the words consultation or consent. Inconsistencies exist between existing ADB safeguards implying the need for free prior informed consent with affected people and communities in safeguard planning and implementation- this needs to be more explicit. This general rule is contradicted in the 1998 Policy on Indigenous Peoples which allows for the "consent" of affected communities rather than "consultation". It is now generally agreed that consent would allow small groups to jeopardise development that would have far reaching benefits - so consultation (free prior and informed) should be the common language.