

Inquiries, Comments, and Suggestions on the SPU

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As a former Manager of Social Development in ADB (1995 - 2002) it is with great regret that I continue to learn about continuing efforts, by all development finance institutions, to limit the scope of their safeguard policies. A vicious cycle is in the process: it is the same race to the bottom, which is lead by business corporations and their narrow quartile economy interests. It is these transnational organisations that now wish to get access to the land and resources of indigenous people and then run away with the money, without contributing to the taxes of the governments. In the end they will weaken the role of the governments to take care of their citizens. Already the public space of all governments is decreasing. It is completely wrong to assume (para 5) that the private sector players will adopt socially responsible investment practices. In fact, they are now footloose and leave unemployed workforce and barren and poisoned lands behind, when they seek for ever lucrative deals with tax havens, cheap labour, unsafe work practices, undemocratic governments, lack of legislation and poor governance, in general.

It is the deeds that matter, not words on their glossy brochures!
It now hampers equality and dignity of the life of major parts of populations, not just the vulnerable. Indigenous people and poor carry the biggest burden of these neoliberal trickle-upp efforts.

The game seems to be that one of the development financing institutions weakens its safeguard policy, and in the name of misplaced harmonisation, others follow suite and so the un-merry goes around! The blame for this unfortunate state of affairs is not just with the development financial institutions. They, after all, have to stay in business. The blame is with the governments that sit in the Boards of these institutions. The question is: do they convey to the financing institutions the majority voice in their countries? At the same time, a truly socially responsible global governance would be required. One of the major countries would need to put the runaway development train badk to sustainable and virtuous tracks. Can we expect this from the new US government after the elections? Or any of the Asian countries wishing to become more responsible in deeds, and not just in words? In any case, what we need is truly inclusive economy.

Having said all this, I do have some more detailed comments. They mainly relate to arguments through which the ADB tries to justify decrease of safeguards:

1) All development finance institutions have had problems in implementing their safeguard policies. Inefficiencies result from lack of will to do a good job. The cost of democratic processes claimed in the paper is a non-issue. Any financial cost should be judged against social, political and financial costs of NOT doing them and not doing them earnestly. (para 17). Development finance institutions should not shift the responsibility to the developing countries, particularly in this situation when WTO and the bilateral development agreements increasingly weaken countries' capacity to look after the social and human rights interests of their citizens. Again I would emphasise that the developing financing institutions should help countries

to see that business and finance, in general, benefits all development dimensions of developing countries.

2) Application of safeguard policies is always a bottom-up exercise, a true nature of which the ADB still fails to understand and how it provides the required flexibility for development planning. (para 18).

3) It is completely wrong to say that the concept of indigenous people is ambiguous and unclear. There is a global consensus on these now, fixed also in global jurisdiction. The concept also includes a flexibility, which the application in various country contexts requires. It needs to be pointed that the concerns of indigenous people are now - with the climate change - even more important. And their time-tested adaptive and mitigative approaches are more "modern" than those of the rest of population. Aspirations are always part of safeguarding too. You need to know what you are doing and why. Values are at the heart of development, and so are people. All in all, the problem with aspirations and safeguarding has been self-created when the ADB dismantled the Social Development Division and established a separate Safeguard Unit. As a manager I was not in favor of this move.

4) I hope talking about consolidated environment safeguard elements does not mean integrating the two approaches? This would lead only to more confusion. (para 23) And social situational analysis is a key to good development planning. Otherwise, we end up with a one-size-fit-all straightjacket! Also triggers from outside (para 24) is a nice but completely futile technocratic suggestion. Clearly invented by engineers, who do not understand, how human societies function and how their situation can be analysed.

5) Categorization process was also another of those technocratic institutions that we in Social Development Division opposed because we knew it would not work. (paras 24 and 25). So it is even more important to forget "triggers" other than those that emerge from initial social assessments and in consultation with people and their organisations.

6) There is another confusion in the paper: confusing sectors with cross-cutting social policies. The latter are important in mainstreaming concerns and development needs of vulnerable peoples and women into all development planning including in social sectors.

7) It is important to spell out what "consensus" by indigenous people (and other vulnerable peoples) means. Consent to bad plans is not what we want. We want that development programs incorporate the views of these people so that development benefits them and provides a basis for inclusive planning and hopefully more inclusive and stable economy (para 26).

8) Loan documents require clear commitments from the governments with detailed requirements on implementation. After-planning-open agreement is not an alternative. They are the ones that create problems, confusion and ever increasing work for Bank staff. (para 27)

9) When private sector is supported with public financing - with tax-payers money- , it needs to apply public policies. The chapter on financial intermediation (para 29) is not clear.

10) It is important to underline the changed global and regional environment of development planning. The countries are no more free to do as they please and to fulfill their public policies and democratic obligations, because they are now dictated by WTO and EU and bilaterals that are demanding market access and provide financing only with decreasing legislation and safeguards. Talking about the country responsibility is meaningless without looking at the whole changed global development structure and how it now operates. (para 30 onwards).

It is also important to note that the clients for developing country products (facilitated by development finance institutions, for example, through infrastructure development) is the whole world. The world with civil society not only monitors corporate and country responsibility, but the consumers too vote with their purses. In fact, from this point of view, the paper is terribly outdated. It is there where you would need to think of innovative solutions, such as new indigenous people friendly financing instruments (also for the private sector) and other instruments that work for poor and vulnerable (para 32). ADB needs to be part of building truly sustainable economy.

11) Para 31 is a legitimisation effort for race to bottom in social standards.

12) Clear guidance is needed on how projects are scrutinised and this to be done through participatory processes. (para 44)

Finally, it is important that the minutes of the Board meeting discussions on the new Policy will be disclosed in line with the transparency requirements in the ADB's own policy on Information. If not yet there, the Information Policy needs to be revised to reflect increasing democracy requirements.

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