



NEWS RELEASE

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NGOs Cease Talks with ADB on Crucial Environmental and Social Issues

8 February, Manila - Non-governmental organizations from different parts of the world have halted their on-going consultative talks with the Asian Development Bank (ADB) over the latter's egregiously prepared consultation paper on its environment, involuntary resettlement and Indigenous peoples policies.

The NGO Forum on ADB is asking the institution to stop its public consultations and revise the draft document known as the Safeguards Policy Statement (SPS) released in October 2007 because the SPS is an "unacceptable and unsuitable basis for public review and consultation." The coalition of civil society organizations from Asia, Europe, Australia and the United States urged ADB to resume public consultations only after it has issued a re-written SPS that no longer promotes "weak protective measures" for the environment and people affected by its operations.

The move to cease discussions builds on actions taken by South Asian NGOs that boycotted the New Delhi consultation last January 16- 18. Oxfam Australia also decided not to participate in the Australia/Pacific consultations last January 30 - 31, stating that the draft SPS was too compromised to represent a valid basis for discussions.

In Indonesia, the 40,000-strong labor union of State Electricity Company (PT. PLN) has joined the calls of Indonesian NGOs for the ADB to cancel the SPS consultation scheduled on February 12-13 in Jakarta. Ahmad Daryoko, senior PLN official in charge of the ADB-funded Tanjung Jati Power Project, said their group is asking ADB to re-write the SPS to meet international best practice. PLN has also pressed for a full and open process where affected communities and civil society groups could decide who would best represent them at national and regional SPS consultation meetings.

The NGO Forum reminded the ADB of the promises made by Bank president Haruhiko Kuroda and other senior officials during the 2007 Annual Governors Meeting in Kyoto, Japan that there would be no weakening of existing Safeguard policies. Helen Leake of Forest Peoples Program said, "the content of the draft is regressive and damaging, in violation not only of the Bank's commitment to uphold the existing ADB Safeguards, but of international laws and standards on such protections like the recently adopted UN Declaration on the Rights of Indigenous Peoples."

Stephanie Fried of Environmental Defense, who developed a critique of the SPS with other NGO Forum members, stressed that the current Safeguards Policy Statement "eviscerates the ADB's detailed and mandatory safeguards on the environment, involuntary resettlement, and Indigenous Peoples and replaces them with one page each of vaguely-worded policy principles."

Other loopholes and contentious points identified by the NGO critique include: (1) the SPS generally ignores a broad range of internationally agreed upon principles and commitments regarding economic and social development and environmental protection. For example, it allows ADB to support projects in protected areas as defined by the Ramsar Convention and World Heritage Sites, allows projects which could adversely impact species identified in

IUCN's Red List of Threatened Species, and does not require project sponsors to reduce greenhouse gas emissions or require that they "avoid" emitting pollutants. (2) It also does not clearly require that social impacts be assessed as part of project due diligence; (3) or sanction borrowers that fail to comply with ADB safeguards.

The SPS also (4) removes the 120-day public consultation period for environmental impact assessment (EIA) and (5) proposes a flawed involuntary resettlement policy which does not allow for displaced persons to share in project benefits nor does it provide land-based resettlement options for persons whose livelihoods are land-based. Moreover it (6) downgrades the principle of "free prior informed consent" of Indigenous Peoples to free prior informed consultations with IP communities; and (7) introduces the use of country safeguard systems to govern ADB-funded projects in a rushed manner without allowing for a thorough debate on the pros and cons of a governance system which carries deep implications for the ADB and its borrowers accountability and the ability of project affected persons to seek recourse.

Hemantha Withanage, NGO Forum executive director said, "The protections that the Safeguard policies provide for the poor and vulnerable groups are not like toilet paper that the ADB can dispose of anytime it wants to. Their strengthening should be ADB's top priority if the institution truly believes in and respects its poverty reduction mandate."

Titi Soentoro of NADI-Indonesia said "the current SPS unwittingly promotes 'gender injustice' because it excludes the participation of women in decision-making concerning ADB's development projects. This runs counter to the United Nation's Convention on Elimination of all Forms of Discrimination Against Women (CEDAW)."

According to Jessica Rosien of Oxfam Australia, "Under its current version, the SPS lacks teeth and does not really advance the paramount protection of the environment and social rights of people that are often victimized by poorly implemented ADB operations. Until the draft contains strong, mandatory safeguard provisions, we see no value in participating in the current consultation process."

Shalmali Guttal of Focus on the Global South said, "It seems the ADB is manipulating the ongoing review of the Safeguard Policies to make itself less accountable for the adverse impacts of its operations in its member countries."

The NGOs believe that the ongoing review is an outcome of the extreme pressure ADB faces from its developing member countries to lower the existing safeguard standards and prepare projects faster without any environmental and social strings attached. Likewise, its reputation as a premiere Asian development financial institution, with a triple A rating, has been continuously threatened by the strong competition posed by commercial and EXIM banks that serve as alternative funding sources for development projects. The latter have less stringent loan requirements and conditionalities.

The Safeguard Policies were established to ensure that negative impacts of ADB's development intervention in its member countries are mitigated, if not totally avoided. However, the NGO Forum said that the Manila-based regional bank has broken its promise not only to conduct a participative consultation but to enact a stronger set of policies as well.