
AN IRON FIST IN A VELVET GLOVE (Insidious Subtleties, Exploiting Opportunities in Central Asia and the South Caucasus)

LAYING THE FOUNDATION FOR REGIONAL COOPERATION AND INTEGRATION UNDER ASIAN DEVELOPMENT BANK'S STRATEGY 2020

Approved in April 2008, Asian Development Bank's Strategy 2020 reaffirms both its vision of an Asia and Pacific free of poverty and mission to help its developing member countries improve their living conditions and quality of life. Rapid economic growth and significant shifts in the development, aid and financial landscape fueled the Bank's new strategic course. The 2008-2020 strategic framework underlines the Bank's "relevant and innovative role in shaping the region's future."¹ Under Strategy 2020, the Bank puts high premium on regional cooperation and integration as one of the major strategic agendas (in conjunction with inclusive economic growth and environmentally sustainable growth). "An evidence of this shift is being incorporated in Strategy 2020 where ADB intends to increase by 30 percent its existing investment portfolio for regional operations."² The Bank also foresees the integral role of the private sector in spurring regional efforts and achieving institutional goals.

The Bank is one of the frontrunners in regional cooperation and integration in the Asia-Pacific, and believes that "it will play a significant role in growth and prosperity in Asia and the Pacific, and sees itself as a catalyst, with its decades of experience in the region allowing it to link national and regional possibilities."³ It also postures itself as a coordinator for regional cooperation and integration (RCI), with particular focus in the following sub-regions Greater Mekong Subregion (GMS); Indonesia, Malaysia, Thailand Growth Triangle (IMT-GT); Indonesia, Malaysia, Philippines, East ASEAN Growth Areas (BIMP-EAGA); Central Asian Regional Economic Cooperation (CAREC); and South Asia Subregional Economic Cooperation Initiative (SASEC).

The core activities of RCI are structured around four interdependent areas:

- 1) **Sub-regional economic cooperation** – the Bank will support and promote connectivity and competitiveness in transport infrastructure, energy infrastructure and integrated market and production;
- 2) **Trade and investment cooperation** –the Bank will assist developing member countries ensure consistency among the free trade and other cooperative agreements within the internationally agreed World Trade Organization (WTO) framework;
- 3) **Monetary and financial cooperation** – the Bank will support financial sector reform, monetary and financial cooperation; and
- 4) **Cooperation on regional public goods** – the Bank will support regional responses to communicable disease control and promote environmental sustainability including natural disaster response and clean energy and environmental protection.

Seen in the context of economic globalization the Bank's vision of regional cooperation and integration means an open and free market within the realm of neo-liberal economics; and according to the Bank "an Asian regionalism that is open to trade and investment within the region and with the global economy." And to accomplish this would entail the removal of barriers to free trade such as regulations, tariffs, certain standards, laws, legislation and regulatory measure and restrictions on capital flows and investments. The underlying assumption then is that the free markets are a good and sound thing in sustaining economic growth. By and large, this is the economic modernization model espoused by the Bank.

¹ <http://www.adb.org/documents/Policies/Strategy2020/default.asp?p=strtg>

² Roul, Avilash. The ADB's Regional Integration and Cooperation Strategy: Opportunities for the Civil Society Organizations. Bankwatch 3rd quarter 2009. Published by NGO Forum on ADB. January 2010.

³ In Brief. Regional Cooperation and Integration. Asian Development Bank. April 2006.

But seemingly, there is still a wide gap between reality and theory. Regional cooperation and integration policies are seeing upsides and downsides, pros and cons. “Economic regional integration has undoubtedly brought benefits to some. **By ADB’s measurement** [emphasis added], the proportion of people living on less than US\$ 1 a day has dropped significantly.”⁴ While the Bank hypes on the economic gains of regional cooperation (e.g., greater cooperation toward common development goals, affirmed participation of more countries in free trade agreements, increased intraregional exports) uneven development and global inequalities indicators are sharp. “Almost half of the world - over three billion people - live on less than US\$ 2.50 a day. At least 80% of humanity lives on less than US\$ 10 a day. The poorest 40 percent of the world’s population accounts for five percent of global income. The richest 20 percent accounts for three-quarters of world income.”⁵

According to the United Nations, more than 600 million people are still living on less than US\$ 1 a day in Asia and the Pacific. More than a billion people do not have access to electricity. The region still accounts for 75 percent of the world’s rural population and 60 percent of the urban population does not have safe sanitation.

Needless to say, amid continuing global economic crisis [and the world has still not recovered from] and [widening growth disparities between and within countries and sub-regions], the Asian Development Bank remains unperturbed and relentless in pursuing its vision of regional economic integration – a vision whose central tenet rests on creating and expanding economic corridors in all directions possible.⁶

STEADILY INCHING ITS WAY TOWARDS INTEGRATION: THE CENTRAL ASIAN REGIONAL ECONOMIC COOPERATION (CAREC)⁷ APPROACH

CAREC states and neighboring countries offer overwhelming economic opportunities in the Post-Soviet era. Although land-locked, poverty stricken, sparsely-populated and conflict-ridden, they are rich in oil, natural gas, gold and cotton. Strategic resources abound in the region making it a highly conducive environment for regional cooperation and integration. This is how the region is generally viewed by multilateral and bilateral development agencies, including (and perhaps most especially) the Asian Development Bank.

To address the region’s widespread poverty is a daunting challenge that necessitates coordinated and targeted interventions. According to the Bank, CAREC Program helps Central Asia and its neighbors realize their significant potential by promoting regional cooperation in four priority areas, such as:

- 1) Transport** – CAREC develops and upgrades key transport corridors connecting Central Asia’s major economic centers, and linking the region to large and dynamic markets across Eurasia⁸;
- 2) Energy** – CAREC harnesses the region’s immense energy potential by supporting balanced development of infrastructure and institutions, stronger integration of energy markets, and growth through energy trade.
- 3) Trade Facilitation** – CAREC smoothes the way for trade by improving customs cooperation, simplifying trade procedures, expanding data-sharing arrangements, and promoting joint customs control at key border points;
- 4) Trade Policy** – CAREC pursues concrete policy actions to support countries’ efforts to join the World Trade Organization and increase trade openness in the region to stimulate growth and development; and

In the context of integration and cooperation, the Bank continues to strengthen its intervention on trade and regional cooperation. The Bank’s bilateral and sub-regional level economic and diplomatic maneuverings are exemplified in the support extended in key sectors in infrastructure development such as transport (e.g., building roads, ports and bridges) energy (power and telecommunication networks) and water operations; and “untangling” trade relationships through harmonized policy and institutional environments.

⁴ Middleton, Carl. The ADB’s Greater Mekong Subregion: Cabal, Construction and Coercion. Bankwatch 3rd quarter 2009. Published by NGO Forum on ADB. January 2010.

⁵ Shah, Anup. Poverty Facts and Stats, Global Issues. March 2010.

⁶ Don, Abby. Mind the Gap: By Whose Standards Do We Measure?. Bankwatch 3rd quarter 2009. Published by NGO Forum on ADB. January 2010.

⁷ Established in 1997, CAREC is a partnership of eight countries: Afghanistan, Azerbaijan, the People’s Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan; and with unanimous backing from six multilateral institutions: ADB, the European Bank for Reconstruction and Development (EBRD), the International Monetary Fund (IMF), the Islamic Development Bank (IDB), the United Nations Development Programme (UNDP), and the World Bank (WB).

⁸ Front and center of CAREC is a plan to develop a seamless network of transport corridors connecting member countries to one another, to fast-growing economies of East and South Asia, and to established markets in Europe and the Russian Federation.
<http://www.adb.org/documents/feature-stories/2010/afg-railway.asp>

CAREC: Completed and Ongoing Loan Projects: 2000-2006 (As of 30 April 2007)						
Project No.	Approval Date	Sector	Project Name	ADB Financing (\$ million)	Co-financing (\$ million)	Status
			Almaty-Bishkek Regional Road Rehabilitation	70.0	25.8	Completed
1774	31 October 2000	Transport	Kazakhstan Component	65.0	25.0 (EBRD)	
1775			Kyrgyz Republic Component	5.0	0.4 (TRACECA)	
1853	31 October 2001	Transport	Third Rehabilitation Project (KGZ)	40.0	-	Ongoing
2062	18 December 2003	Transport	Dushanbe-Kyrgyz Border Road Rehabilitation Project , Phase I (TAJ)	15.0	6.0 (CDB)	Ongoing
2087	22 July 2004	Transport	Regional Road Development Project (MON)	37.1	23.9 (Rep. of Korea); 1.5 (PRC)	Ongoing
2106	23 November 2004	Transport	Southern Transport Corridor Road Rehabilitation Project (KGZ)*	32.8	-	Ongoing
2196	17 November 2005	Transport	Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase II (TAJ)	30.0	-	Ongoing
2205 2206	9 December 2005	Transport	East-West Highway Improvement Project (AZE)	52.0	10.4 (IsDB), 11.0 (Saudi Fund for Devt)	Ongoing
2257	26 September 2006	Transport	North-South Corridor (AFG)**	118.2	20.0 (JFPR)	Ongoing
9 Loans			Subtotal (Transport)	395.1	98.6	
	29 October 2002	Trade Facilitation	Regional Trade Facilitation and Customs Cooperation Program	25.0	-	Completed
1926			Kyrgyz Republic Component	15.0	-	
1927			Tajikistan Component	10.0	-	
	26 November 2004	Trade Facilitation	Regional Customs Modernization and Infrastructure Development Project	18.2	-	Ongoing
2113			Kyrgyz Republic Component	7.5	-	
2114			Tajikistan Component	10.7	-	
2307	20 December 2006	Trade Facilitation	Customs Modernization Project (MON)	5.0	0.5 e-Asia and Knowledge Partnership Fund (Grant)	Ongoing
5 Loans			Subtotal (Trade Facilitation)	48.2	0.5	
	19 December 2006	Energy	Regional Power Interconnection Project	56.5	35.0	Ongoing
2304			Afghanistan Component**	35.0	16.5 (ARTF)	
2303			Tajikistan Component	21.5	8.5 (OPEC Fund), 10.0 (IsDB)	
2 Loans			Subtotal (Energy)	56.5	35.0	
16 Loans			TOTAL (All Sectors)	\$499.8	\$134.1	
*The government chose not to pursue OPEC Fund cofinancing.						
**Afghanistan joined CAREC in November 2005.						
Source: http://www.adb.org/Carec/projects.asp						

Although hardly surprising – the Bank engaging headlong and promoting cooperation and integration to sustain economic growth – at this point, a reminder is in order: it is necessary to understand the context and roots of Central Asian and South Caucasian realities, examine beyond the economies of these countries, weigh in projects/policies implications and repercussions and respect political and cultural sensitivities between and among the countries.

CONNECTING THE [MISSING] LINK, FILLING AN [IMAGINARY] VACUUM

In its fanatic adherence to bring in rapid, “broad-based” economic growth (in sustaining poverty reduction) in Asia and the Pacific (including Central Asia and South Caucasus), the Bank heralds its well-placed and multi-hyphenated role as facilitator-coordinator-broker between public and private partnerships. “The public sector sees ADB as the bridge to the private sector, and the private sector views ADB as a bridge to the public sector. No other institution in Asia is well positioned to offer this service of facilitating public-private partnership.”⁹

Too much hope is pinned on private sector development and private sector operations to sustain economic growth (and share ADB’s objective of assisting DMCs improve their economic conditions). To this end, the Bank intends to scale up private sector development and private sector operations in all operational areas, targeting 50% of annual operations by 2020. In this context, external key players (private entities) are lured into a business environment with an assurance of conditions that very much favor them because the Bank anticipates positive impacts brought in by much-needed investments in the regional market.

Under a system that promotes private sector investment and ensures a pro-private sector reforms and policy environment is tantamount to escalated pursuit of massive profit. For many years, the unbridled need for profit has only driven and perpetuated the system to extract and produce products at the expense of people, culture and environment. Ironically, under such a system where profit accumulation is the primary motivation, there is a wide disconnect between the Bank’s overarching goal of poverty reduction and the development framework it adheres to.

Country	Number of Projects			
	Technical Assistance	Loan	Grant	Regional Technical Assistance
Armenia	9	14	0	1
Azerbaijan	25	10	3	12
Kazakhstan	69	21		
Kyrgyzstan	76	32	19	0
Mongolia	155	45	32	
Tajikistan	64	20	16	0
Uzbekistan	77	37	5	0

Source: <http://www.adb.org/projects/summaries.asp?browse=>

In truly keeping with its overarching mandate for poverty alleviation, the Bank needs to take a tough line, map out genuine, coherent, sustainable development interventions that mutually reinforce and complement country- and regional-level strategy programs, and pursue sound economic policies that uphold, prioritize and benefit respective national interests.

Seen in the context of the Bank’s poverty alleviation mandate and pro-poor targeted poverty intervention, a look at some of projects in parts of Central Asia and South Caucasus exemplify concretely the Bank’s flawed, biased and questionable priorities:

- **ADB and Azerbaijan: *Where Do the Long and Wide Roads Lead To?***

In line with CAREC’s objective of promoting regional economic integration and facilitating trade and cooperation, road infrastructure project is a requisite. The Bank has been playing an aggressive role in Azerbaijan’s transport sector, particularly in the development of roads. This is evident in the number of transportation and ICT project approved¹⁰. According to ADB, an efficient transportation system would ensure better trade flows, thus the inception of two road projects – East-West Highway Improvement Project and Massali-Astara Express Highway Construction Project.

⁹ In Brief. Private Sector Development. Asian Development Bank. April 2006.

¹⁰ As of April 2010, ADB’s lending portfolio in Azerbaijan was 50 projects with an approximate lending total of US\$ 585 million. Out of the total 50 approved projects, most of the lending is in infrastructure (10 are transportation and ICT projects). <http://www.adb.org/projects/summaries.asp?query=&browse=1&ctry=AZE&year=ALL>.

"In [December] 2005, ADB approved two loans totaling US\$ 52 million for the *East-West Highway Improvement Project*. The project will rehabilitate 127 kilometers [two-lane paved road on the sections] of the Yevlak-Ganja-Georgian border sections of the highway and 65 km of connecting [ten] local roads, as well as support policy reform by strengthening institutional capacity in the sector."¹¹ As one of Azerbaijan's main routes for external trade, the east-west highway has the potential to become an important route for transit transport between Asia and Europe. It is hoped that the Project will strengthen Azerbaijan's transport links trade relations with Georgia and Iran and thus promote regional cooperation.

"The Project is a priority in the Government's transport development program (2005-2014). The Project will facilitate socio-economic development by improving the east-west highway and local roads linking the western part of Azerbaijan closely to Baku, the country's capital; and increasing local communities' access to markets, job opportunities, and social services."¹²

All is well according to ADB's plan. Until the Public Association for Assistance to Free Economy (PAAFE), a Baku-based non-government organization, called the attention of the ADB Accountability Mechanism on grave concerns regarding the project. Approximately 702,300 people are leaving in 6 (six) districts – namely Yevlakh, Goranboy, Khanlar, Ganja, Qazax and Aghstafa districts under the Project area. During the project monitoring by PAAFE, the settlements in Yevlakh-Ganja road section of the highway project found to be riddled with pressing issues of resettlement and compensation. Project information disclosed was also wanting, and worst, thousands of communities' lives and livelihoods were affected as a result of the project.

In a similar vein, the Bank touted another milestone in the approval of another road development program in Azerbaijan. Under a multitranches financing facility (MFF), ADB approved a US\$ 500 million for the Azerbaijan Road Network Development program, with a US\$ 200 million first tranche to finance the construction of the *Massaly-Astara Highway*.

The Oil Worker's Rights Protection Organization Public (OWRPO), a Baku-based non-government organization, registered a complaint to the OSPF of ADB Accountability Mechanism. Although, the construction of the road has yet to be started, vital information (such as road design, maps, resettlement plan, draft design and monitoring framework) are not disclosed to project-affected communities. According to the head of executive authority in one of the village administrations, 126 families in one village would be affected and 21 hectares of agriculture land would be lost. All in all, eleven villages will be affected by the project.

It is disappointing that selective information is disclosed to the people. The people had to go the extra mile to receive project information. It is also alarming to note that mid July 2009, the project-affected people signed some documents provided by the executive authority. It appears that it was not an above-board dealing because the people were tricked into signing agreements in the absence of informed decision. Due to their illiteracy, the people did not know the document they signed. Several land owners have refused to sign the document because there were disagreements on land compensation. But the local executive authorities persisted and still unilaterally decided to give land for road construction.

• **ADB and Kazakhstan: "Road to Ply: ADB Faults on Sharing Information in Kazakhstan"**¹³

On a November 2009 morning, dozens of police stormed the community of Merke in Zhambyl Oblast in Kazakhstan to demolish some trade outlets people. It was only at this point when the residents learned that a road project was about to be constructed. This road is funded by the Asian Development Bank (ADB).

It was claimed that public hearings were held on the proposed on the US\$1.9 billion road that aims to connect the Chinese border up until the Caspian Sea. While it is true that announcements on public hearings were made on the newspapers *Znamya truda*, *Ak jol* and *Korday mayk*, these were not inclusive. Those that were conducted in January 2009 were only limited to officials of government agencies, local governments or *akimiats* and teachers but not the residents whose livelihoods would be severely affected by the project.

Moreover, no project-related documents such as environment impact assessment (EIA), poverty and social assessment nor the more basic project information sheet were distributed. The author of draft EIA also failed to present

¹¹ Asian Development Bank & Azerbaijan Fact Sheet. Asian Development Bank. As of December 31, 2008.

¹² Report and Recommendation of the President to the Board of Directors. Proposed Loans Republic of Azerbaijan: East –West Highway Improvement Project. Asian Development Bank. November 2005.

¹³ Eralieva, M. Failure to Deliver. NGO Forum on ADB Submission to Asian Development Bank. April 2010.

even some key findings. This is contrary to the loan agreement between the ADB and the Kazakh government which obliges the latter to follow ADB's environment, involuntary resettlement and public communications policies, among others. project covenants stipulate that "the borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental and social safeguards, and road maintenance and operational practices."

The **Regional Road Corridor "West China-West Europe"** is co-financed by the European Bank for Reconstruction and Development, Islamic Development Bank and World Bank. Despite its huge size and cost, the project has been confusing to civil society groups. It is not clear which road section is financed by a particular institution.¹⁴ There was no data on the institutions that must be held accountable for the forced displacement around the Zhambyl road section, for instance.

Four government agencies are most likely to have more information on the project, given their mandates. These are the Department of Highways, Offices of District and Rural Authorities, District Departments of Justice and the libraries. Yet nothing could be squeezed from them. The Department of Highways is based in Almaty, which is difficult to be accessed for affected residents who do not have US\$20 to spare for transportation.

The executing agency also failed to produce necessary documents for the land acquisition of existing properties of affected people. The only piece of evidence which affected people have is an ordinary letter issued by the head of Merke's local administration, which has no legal power. "This can't be the basis for land acquisition and demolition of existing people's property", quipped one affected person.

It also does not help that available information on the project could only be accessed through the internet. As Svetlana Koshelekova of the organization, Taraz Press Club remarked, "the executing agency and ADB usually refer only to the ADB website as the main source of information, without considering the fact that the population in some villages don't know what internet is." She asserted that project documents should be available in school libraries at each village covered by the project. Such documents must also be translated into the local language.

The affected communities sought the much-needed pieces of information from the ADB. Despite several attempts, none was heard from the bank. This forced villagers of Janaturmys to file a complaint before the ADB's Office of the Project Facilitator through the bank's Accountability Mechanism.

The findings of the ADB affirmed that there were indeed violations on information dissemination both by the ADB and the executing agency. Because of this complaint, a mission was organized, allowing the residents to articulate their concerns directly to the ADB.

While the Accountability Mechanism worked for the affected communities, the question remains, does one have to go through a more complicated process for simple bits of information?

• **ADB and Kyrgyzstan: Road Hassles Abound**

The **Southern Transport Corridor Road Rehabilitation Project (IrkeshTam-Osh)** has been started in 2008 with the support of ADB and OPEC fund, Islamic Development Fund and China Import and Export Bank. With a total budget \$ 43.4 million, the Project's objective, yet again, is to promote economic growth and reduce poverty by improving the transport network and by increasing regional trade and cooperation through rehabilitation of the road linking the Kyrgyz Republic, the People's Republic of China (PRC) and Uzbekistan.

The nature of public consultation is done in a peculiar fashion. There are billboards with the information that shows that the project is funded by Islamic Development Fund and China Import and Export Bank. Local inhabitants know only that Chinese and Turkish (from the words of interviewees) companies are involved in road construction. There no information about the investment by the ADB and the OPEC in this project. The village inhabitants mentioned that there were no activities or initiatives taken to disseminate project-related information. People only knew about the project upon either their own inquiries or from their neighbors (who are involved as employers on the road construction).

¹⁴ The confusion came under ADB MFF section, when one village was situated between two road sections to be financed by different tranches and during public consultations, this village was dropped.

The people's claim is opposed to the other party's pronouncement. In the document "Revised 2007 Initial Environmental Examination (IEE)", it states that in 2001, several consultations had been organized in following villages: Kyzyl-Korgon, Gulcha, Taldyk, Tash Koro, Jyluu Suu, Langar, Bek Jar, Mady and Bash Bulak. However, after visiting and meeting with people from Chi Tal, Jergetal and Sopy Korgon, Kolduk, it was found out that there were many discrepancies in the project implementation process. Villagers have not been involved in the consultation with regard to project mitigation and adaptation measures.

The road design, including alternatives of road rehabilitation/construction, has not been initially discussed with villagers. For example, inhabitants of Chi Tal village said that they would have proposed to construct the road along the river. The present road is narrow and passes through the middle of the village which poses potential danger to human safety. Children and domestic animals are vulnerable to increased speed of the trucks and cars. Villages such as Sopy Korgon and Chi Tal have schools that are situated along the roads. There are no traffic signs along the road considering that there is a school nearby the road. Local people called the attention of local executive authorities to place traffic signs near the school but to no avail. This inaction prompted the Sopy Korgon inhabitants to address the issue themselves – as a precautionary measure, they constructed "lying policemen" (hillocks) to reduce vehicle speed traversing the road.

Villagers living near the road have pointed out that vibration and noise of the big trucks coming from the PRC continue to damage their houses. Almost every house has a crack on the walls and on the windows. Continuous noise and vibration due to the plying of large trucks causes stress and brings inconveniences to their everyday lives. In Chi Tal village alone, there are 470 households that endure stress and inconvenience.

Chi Tal inhabitant also mentioned that they were informed about the planned road widening which would result in the tearing down of existing structures near the planned site, their house yards included.

The impact to the environment is another contentious issue. The project lacks any management plan on disposal of construction waste oil and solvent and human waste from construction camps. There are also no preventive measures for dust mitigation. This creates risks and inconveniences for drivers. Road surfaces, excavation and constructions sites are not being sprayed with water to keep them moist for dust control as determined advisable by Construction Supervision Consultant.

- **ADB and Tajikistan: *Molding Development as Prescribed by the Bank***

"Promoting regional cooperation through improving road and energy infrastructure remains the priority cross-cutting theme of the current and future ADB assistance. These interventions are in line with the country's poverty reduction and national development strategies."¹⁵

Within the regional cooperation context, the Bank funded the ***Dushanbe-Kyrgyz Border Road Rehabilitation Project***, connecting capital of Tajikistan to the Kyrgyzstan border. As per the project objective, the Project aims to increase regional trade and cooperation between two countries by reducing the cost of road transport and improving access to markets. The ADB posits that the project will also facilitate the country's transition to market economy.

The road rehabilitation project is being implemented in three phases. The Dushanbe-Kyrgyz Border Road Rehabilitation Project Phase 1 was approved in December 2003. Phase 2 of the project is ongoing and being implemented along three major cities (Dushanbe, Vahdat and Rogun) including five rayons (districts). In Rasht rayon, the communities of Garm, Yaldimich, Belgi, Yangolik, Djafr and in communities of Karasagir, Mazorishing, Mullokendja, Kapali in Tajikabad are to be resettled.

However, as usual in other parts of the world, the project-affected people are not being duly informed about the project. Worse, many are not aware of resettlement plan which was prepared in 2005. According to Involuntary Resettlement (IR) Policy of ADB, it requires that safeguard principle be upheld in the preparation and implementation of projects funded by the Bank. The IR Policy specifically ensures that "displaced people receive assistance, preferably under the

¹⁵ Asian Development Bank & Tajikistan Fact Sheet. Asian Development Bank. As of December 31, 2008.

project, so that they will be at least as well-off as they would have been in the absence of the project".¹⁶ On a related note, provisions in Land Code of the Republic of Tajikistan state that if land is taken from a physical and juridical or legal person for state and public needs, those persons will be apportioned the same value of land, and losses, including income, will be fully compensated.¹⁷

Adding to the procedural weakness of the road project, the executing agencies estimated the costs of the physical property without consulting the property owners. For the longest time, the local population waited for any update on the evaluation of their properties. Women were not consulted on the elusive resettlement plan. According to a reliable source, a woman suggested a few changes in the plan, since there are a number of single women who cannot afford to undertake house construction. The suggestion was blatantly dismissed by government officials and ADB staff. This outright brush-off reflects the importance and sensitivity accorded to women concerns. What measures are being taken to address women's concerns regarding this project? Has the ADB learned how to address the social aspect of the projects?

In the context of upholding both ADB's own safeguards policy and the government's own Land Code, it is ironic that the project-affected people are not being consulted. But all is still not lost. A sigh of relief came to some of the affected people when their concern was brought to the attention of concerned officials of the Bank.

• **ADB and Armenia: "Good" Intention, Terrible Execution**

ADB commenced operations in the country in 2005. The Bank's strategic priorities include acceleration of rural development, promotion of the private sector and enhancement of regional cooperation to reaffirms the Government's commitment to reform and growth.

About 1.2 million (38%) of the Armenian population lives in rural areas, and 92% of a total of 947 communities in the country are located in rural areas. Although there was a significant decrease in poverty (from 55% in 1999 to 30% in 2005), the pace of poverty reduction is much slower in rural areas.¹⁸ The government of Tajikistan considers rural infrastructure development as a cornerstone of its Poverty Reduction Strategy Paper (PRSP). In the road sector, an intervention to improve access of rural communities to the national highway system has been initiated.

In cooperation with the Ministry of Transport, the Bank decided to rehabilitate the Soviet-era roads (a total of 222.8 km) consisting of 24 different road links in 4 out of Armenia's 11 marzs, namely Gagharunik, Ararat, Kotayk and Armavir. The M-11 Astghadzor link and 3-kilometer length is connected to the Astghadzor community. Astghadzor village is nestled in the mountainous region of the Vardenis district of Gagharunik marz in the Republic of Armenia.

The 5,000 or more inhabitants of the village are trying to find the finest link of ADB-funded road rehabilitation project and the rationale for its implementation. The executing agency, including the Bank, has not initiated public consultation on the project, in fact, even local village administration is clueless as well. An official representing the Ministry of Transport (the entity implementing the project) once came to the village and talked to the contractor, but not to the villagers.

The construction of the road is also riddled with corruption as evidenced by sub-standard materials, flawed design and below-par safety measures taken by the authority. Cracks are already noticeable even before project completion. The region's topography (1,900-3600 m above- sea level, mountainous terrain, and gradient of the road) was not considered in the project design. The villagers feel and fear that this would result in the flooding of the road.

In April, the villagers with the help of the village administration sent a letter to the Ministry of Transport. The villagers have yet to receive a response from the government entity. On June 19, 2009, around 750 villagers met under the leadership of the Head of the Local administration to discuss the project implementation loopholes. The meeting resulted in a resolution to send a letter to ADB suggesting the construction of a protective wall along the road to prevent flooding.

¹⁶ ADB (1995), Involuntary Resettlement, Manila: ADB. [Online: web] Accessed on 10 July 2009, URL: http://www.adb.org/Documents/Policies/Involuntary_Resettlement/involuntary_resettlement.pdf. The IR Policy also prescribes three types of assistance for involuntary resettled people: compensation for lost assets and loss of livelihood and income; assistance for relocation, including provision of relocation sites with appropriate facilities and services; assistance for rehabilitation to achieve at least the same level of well-being with the project as without it.

¹⁷ The New Land Code No of 1996 of Republic of Tajikistan repealed the previous Land Code (1992). There are several provisions in the new Land Code and various amendments, it has been clearly stipulated the safeguarding the rights of the tenant like Article 41, 42, and 47. For further details, see http://faolex.fao.org/cgi-bin/faolex.exe?rec_id=029333&database=FAOLEX&search_type=link&table=result&lang=eng&format_name=@ERALL

The second suggestion is to immediately address the drainage system. The Astghadzor community has already submitted their grievances to ADB through the help of Yerevan- based civil society organizations and NGO Forum on ADB.

The community's vigilance proved effective. The ADB management sent a mission to the project site and after seeing the situation, the Armenian Roads Directorate and ADB promised to address the project design loopholes. Upon project completion, the government will attest contractor's completion works, after which the contractors will assume a 12-month liability for any defects. These corrective measures will be monitored by ADB.

- **ADB and Mongolia: *Stoking Increased Trade and Transit Links***

Over the past 15 years, the Mongolian economy has undergone major structural changes. The old centrally planned economic system has been abolished and measures have been taken towards privatization, price liberalization, banking reform, trade liberalization, and opening up the economy.

In recent years, Mongolia has experienced strong growth, (9% for 2007), but the economic environment began deteriorating from late 2008. In November, the global economic and financial crisis claimed its first victim when the government nationalized Anod Bank, a leading commercial bank. Mongolia's economy is based around four main industries: agriculture, mining, cashmere and tourism. High copper and gold prices continue to be drivers behind growth, with 48.6% of government budget revenue coming from the mining sector (and 26.1% from one plant – the Erdenet Copper Mine). Apart from mining, construction and tourism are also booming sectors, with agriculture remaining important to Mongolia (around 20% of GDP). Cashmere is a major export but is largely exported in an unprocessed form, with value added in China. Tourism is growing, but the industry is constrained by a relatively short period of fine weather. Manufacturing and services make small contributions to the economy, with a lot of uncompetitive industry closed down following economic reform in the 1990s. Trade the biggest contributor to services. International aid and remittances from Mongolians overseas remain important contributors to Mongolia's GDP, with aid averaging 20% of GDP.

Mongolia became first of Central Asian countries as a member of ADB in 1991 and by the end of 2008 it has received 35 loans \$ 676.54 million. ADB strategically supported Governance and Finance Reform Programs, it also supports Custom Modernization and Road Development projects which simplify trade in the region among neighboring countries. One of the main road arteries is the road that connects Russia and China and passes through Ulan Bator.

Just recently, the Bank approved the Regional Transport Development Project Technical Assistance. Under the overall framework for promoting sustainable development and inclusive growth in Mongolia, an improved, efficient, competitive, reliable and safe transport system will be developed. "In the transport sector, ADB assistance in developing the north-south road linking the Russian Federation and People's Republic of China borders through Ulaanbaatar, combined with the assistance in the trade facilitation area, is expected to contribute substantially to the integration of Mongolia's economy with those of its neighbors."¹⁹

¹⁸ <http://www.pid.adb.org/pid/LoanView.htm?projNo=40610&seqNo=01&typdeCd=3>

¹⁹ Asian Development Bank & Mongolia Fact Sheet. Asian Development Bank. As of December 31, 2008.