

Feeding the Asian Tigers: Lack of environmental teeth in ADB's energy strategy

Energy is one of the key priorities in the sub-regional program Central Asian Regional Economic Cooperation (CAREC) which was created by the Asian Development Bank (ADB) in 1997 to primarily accelerate prosperity and stability in a region that has enormous oil and gas reserves, as well as rich mineral deposits. CAREC's other ambitious aim is to significantly reduce poverty incidence among member nations, namely: Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan and the Xinjiang Uygur Autonomous Region of the People's Republic of China.

Afghanistan officially became the eighth participating country in November 2005. In addition, invitations to participate are under consideration by Turkmenistan and the Russian Federation, both renowned as rich oil and gas countries.

Fully aware of the importance attached to the energy sector by the ADB, civil society organisations in the region have been actively engaging with the consultation draft of the new ADB Energy Strategy. The draft was posted on the ADB's website at the end of May 2007. The strategy will replace the ADB's Energy Policy Review which was released in 2000. Yet the ADB's Energy Policy was approved in 1995.

In spite of such a plethora of names for ADB energy documents, only the Energy Policy Review reflects environmental concerns to any extent by recommending that an emphasis be put on addressing regional and global environmental impacts (especially problems associated with acid rain problems), supporting clean energy and the Kyoto Protocol mechanisms for greenhouse gas abatement, and financing renewable energy projects. But beneath the surface, startling environmental deficiencies remain.

The proposed new strategy is based on three key pillars: 1. meeting the demand for energy in a sustainable way; 2. providing modern energy access to all and; 3. addressing sector reforms and governance.

During public consultations thus far, stakeholders have criticised the new approaches indicated in the document. For example, the first pillar 'meeting the demand for energy in a sustainable way' may sound promising but it has the potential to run contrary to the global trend and necessity for huge improvements in energy efficiency and in the promotion of renewable energy. With Asian countries demonstrating fast economic growth, the ADB appears intent on satisfying the energy requirements of future 'Asian tigers' and appears reluctant to solve the fundamental problem of growing energy demand across the region.

According to a Special Evaluation Study carried out by the ADB, its share of projects in the renewable energy sector has surprisingly decreased from four percent in 1996-2001 to three percent in the following five years. But according to a report from the Energy Efficiency Initiative (ADB, 2006), in 2004 renewable sources of energy accounted for 13 percent of the global total primary energy demand, with combustible renewables having a major share of 10.4 percent. The ADB's declining promotion of renewable energy is thus highly disappointing.

Unfortunately, the bank is not explicitly making the case for being a driver of renewables. On the contrary, the ADB Energy Strategy lays out the case for further fossil fuel-based energy generation projects, including coal-based power plants - on page 31, paragraph 76 of the strategy it is stated that: "Meeting the electricity needs of the region will require large capacity additions. Current estimates indicate that coal based generation will have a larger share."

The second pillar - 'providing modern energy access to all' - looks less impressive when it becomes clear that this boils down to the promotion of grid energy, the mainstream form of energy provision. Where does this leave small, often remote villages that suffer from the high price of mainline grid energy when small, mobile solar and wind power sources could bring efficient benefits?

At the same time, the ADB is clear about its intention to encourage privatisation in the energy sector. Unfortunately it is far from guaranteed that 'energy for all' via rural electrification or ensuring that every community has access to power will figure among the private sector's top priorities.

A further recommendation is to make the ADB's Carbon Market Initiative of 2006 more transparent and to ensure that carbon credit funds reach the intended renewable and energy efficiency programs.

In September 2007, the NGO Forum on ADB sent a letter to the ADB's executive directors requesting the initiation of a second commenting period on the revised draft. The ADB's response was that it hopes to be able to reach internal consensus on our response during the first quarter of 2008. It is to be hoped that the bank is giving serious consideration to the Bali Road Map before it finalises the strategy. Environmental considerations are in serious need of a look in as the ADB plots its energy strategy for the coming years.

NGO Forum on ADB is an Asian-led network of non-government and community-based organisations that support each other to amplify their positions on the Asian Development Bank's policies, programs and projects affecting life forms, resources, constituents - the local communities

NGO Forum on the ADB's comments to the ADB's Energy Strategy Consultation Paper & Consultation Process are available at:
<http://www.forum-adb.org/pdf/PDF-Energy/Forum%20Network%20Comments%20on%20the%20Energy%20Strategy%20Paper.pdf>