

**NGO CONSULTATION FORUM: POLICY/SECTOR REFORM AND PRIVATIZATION\***  
**Thursday, 10 May 2001, 4:00 to 5:15**  
**ADB 34<sup>th</sup> Annual Meeting, Honolulu, Hawaii**

1) Why put great emphasis on privatization? Has there been consultation/participation with the workers on privatization action? Three concerns on privatization: (i) sequencing; (ii) the privatization process not transparent; (iii) because of a small number of sellers compared to few buyers, the result is poor financial deals for governments.

- ADB is not for the sale of all SOEs. Normally for utilities, what is required is improved efficiency. When it makes sense, privatization can be the solution. The idea is to get the Government out of tariff setting.
- Program loan conditionalities normally require following national laws (ILO) and compensation to affected people.
- ADB doesn't support "fire sales". There must be a proper approach to assessing prices. (for example, 80% of SOE are sold after crisis when their value is low).

2) ADB should invite civil society for discussions with ADB on rural development policy in Manila.

3) ADB should explore possibilities for commercial and vocational training in education programs.

4) Privatizing electricity in Indonesia is against the constitution.

- Legislation is still in Parliament. The objective is to unbundle NPC only.

5) Why is there a need to bring up ILO Convention when speaking of privatization? No privatization projects in Indonesia are following ILO standards.

- Provision of compensation is a program loan condition and will be monitored. ADB will also monitor consultation with trade unions.

6) The decline in agricultural investment is a concern. Companies are joining research agencies to do non pro-poor research. What can be done to increase agricultural investments? Local concerns are not being included in this process.

7) Privatization of agriculture is a trend bucking the need to provide support to the poor.

8) Northern countries keep their agricultural subsidies while asking the South to get rid of subsidies.

9) ADB works under an economic rationalism paradigm. It does not consider gender, social issues, etc.

10) After 5 years of privatization, prices get higher while efficiency gets lower. Privatization as a whole has failed. It has not improved worker welfare.

11) Natural goods should never be privatized. Through water entitlements, water can be sold to private sector.

12) ADB is using tax money to privatize.

13) Privatization leads to monopolies then to cronyism.

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\* Forwarded to NGO FORUM ON ADB by Maria Laureen E. Laurito <[llaurito@adb.org](mailto:llaurito@adb.org)>, Office of Environment and Social Development, Asian Development Bank.