



Participants of the CSO parallel activities to the 40th ADB AGM right after their closing press conference.

End 40 years of debt, poverty & ecological plunder. ADB told

May 7, 2007, Kyoto—At the conclusion of the 40th Annual Governors Meeting (AGM) of the Asian Development Bank (ADB) in Japan, civil society organisations from more than 20 countries once again reiterated their collective rejection of the institution and its destructive operations and activities in Asia and the Pacific. They called on the Bank to put an end to the vicious cycle of debt, poverty and ecological plunder brought about by its practices over the last four decades.

As in the past AGMs, this year's edition was business as usual. Deliberations and discussions among ADB's most senior leaders/officials practically centered on how to perpetuate its promotion of neo-liberal economic policies on Developing Members Countries (DMCs) in the region, as well as facilitate more profitable investments for the Bank's major shareholders and the private sector.

In an official statement, CSOs told ADB's highest officials that the Bank's macroeconomic policies are highly unacceptable, therefore have to be stopped. *"The ADB has no place in our vision for economic and social well-being in the Asia and the Pacific region based on democracy, ecological sustainability and genuine cooperation among our peoples and governments."*

Last May 5, over 250 Japanese and foreign activists/campaigners joined the 'March for Justice in North South Relations against the Asian Development Bank,' to strongly protest the Bank's destructive development activities in the region.

The 'People's Forum on the ADB' that was held in the Doushisha University from May 5-6 drew some 200 Japanese and international participants. The speakers and the audience shared their experiences/views on a number of disastrous ADB-funded projects. They also discussed the role of the ADB in promoting its neo-liberal agenda that have resulted in poverty creation and illegitimate debt. In the Forum, CSOs also tackled ADB's bias for privatization and corporate entities, putting profits before the people, and funding projects that contribute to climate change.

“Who is uncivilised after all?”

Around 150 people attended the meeting of the CSOs with ADB President Kuroda last May 4. They challenged the President to stop ADB’s ‘uncivilized’ projects in Asia and the Pacific region in response to the latter’s comments that CSOs should express their views in a ‘civilized’ manner. Earlier in the meeting, Ana Maria R. Nemenzo of the Freedom from Debt Coalition strongly criticized the banning of protest actions, leafleting and distribution/posting of campaign materials within and outside the premises of the Kyoto International Convention Center. Professor Anu

if the ADB funded it 15 years ago. Maliwan later presented three death certificates and the 300 medical certificates of affected people living in the vicinity of the Mae Moh Coal Power Plant to Kuroda.

Shin Chinn, representing the affected communities of the Highway 1 Project in Cambodia also raised issues related to the compensation of resettled individual/families as well as the environmental damage.

Safeguards Review: It’s all about trust



Ms. Maliwan Nakwirot of the Mae Moh community presents 3 death certificates and 300 medical certificates to ADB President Haruhiko Kuroda during the civil society’s meeting with the latter.

President Kuroda has repeatedly promised that the ADB will not weaken the safeguard standards during his meeting with civil society groups.

However, this pronouncement has been met with scepticism and reservations by a number of CSO participants. They said that borrowing countries are keen on implementing their own safeguards standards called the “country systems” which the ADB has been pushing for.

The Safeguards Panel organized by Bank Information Center, Oxfam Australia and members of the NGO Forum on ADB on May 5 was not able to attract a good number of participants from the ADB Management or the Country Delegations. This was mainly due to the session on the Eminent

Muhammad, representing the affected people of the Phulbari Coal Project in Bangladesh, questioned *“why the ADB is putting money on this project when it has been overwhelmingly rejected by the affected communities. Who’s uncivilised after all?”*

To which Kuroda responded: *“Since Bangladesh is a poor country, the Phulbari project will bring much-needed income to the country that will lead to poverty alleviation.”*

Maliwan Najwirot asked the audience to hold a minute of silence in honor of the people who died from the toxic emissions from the Mae Moh Coal Power Plant in Thailand. Kuroda and Bart Edes (Head of the ADB NGO Center) however did not stand up along with all the participants. This was a clear manifestation of the Bank’s uncivilized behavior towards and lack of respect for those who had perished in projects financed by ADB money. Maliwan emphasized that it is not ‘civilized’ for the Bank to wash its hands off the harmful effects of the Mae Moh project even

Persons Group Report which the Bank scheduled simultaneously with the Safeguards Panel despite earlier protestations and complaints from CSOs. Hemantha Withanage told the media that the ADB Safeguards review is all about trust. *“We are concerned the Safeguards update is being used to lower the Bank’s social and environmental standards, move away from internationally accepted standards because of pressure from increasingly influential borrowers. The way other banks dealt with their own policies is similar, a lot of people made good reviews of their Safeguard Policies but what these banks did was dilute them instead...because not doing so means lesser funds to lend borrowing countries. This is what happened in the IFC.”*

Nessim Ahmad, director of ADB’s Environment and Social Safeguard Division, who represented the Bank in the panel, said the planned update will articulate more clearly ADB’s environment and social safeguard requirements and focus more on policy delivery during implementation.

Ahmad said the ADB will soon release a 'consultation draft' on revising its policies that are supposed to protect the environment, the rights of Indigenous Peoples, and those who are resettled against their will as a result of the Bank's projects.

Shefali Sharma of the Bank Information Center responded: "The ADB is making many commitments towards a consultative process where realities on the ground will be taken into account in this revision process. They are also suggesting that the ADB Safeguards will not be diluted. However, given the current track record of safeguard implementation, there is deep concern whether ADB will actually meet these

Titi Soentoro of NADI, an Indonesia-based NGO, stated: "Aceh is experiencing another disaster as the ADB neglects its own safeguard policies and in the wake of the Tsunami promotes environmentally damaging shrimp aquaculture and a cement factory owned by French company Lafarge without ensuring a thorough environmental assessment and public consultation process."

Joanna Levitt, Director of Programs at the International Accountability Project, said: "An ADB 'internal desk study' of 15 projects found that resettlement processes and outcomes are almost uniformly unsatisfactory. We find the same thing to be true in the Highway One Project in Cambodia. The ADB is a public institution with a mandate to promote poverty reduction and sustainable development for the citizens of Asia and the Pacific. If the ADB abandons its responsibility to ensure rigorous social and environmental protections, local people across Asia will be the ones who pay the price."



MAYALIEVA/NGO FORUM ON ADB

Ana Maria R. Nemenzo raises a banner protesting against restrictions on protest actions in the meeting with the ADB president.

promises, both on effective consultation and on allocating enough resources to protect vulnerable people affected by ADB projects."

Michael Simon, Program Manager of Oxfam Australia, said: "This Safeguard Policy Update (SPU) could offer the ADB a critical opportunity to enhance its Environment, Involuntary Resettlement and Indigenous Peoples policies in accordance with good international standards, to incorporate lessons from past failures and to put in place and fund dramatically improved safeguard systems for protecting the very people the ADB claims to help through its projects."

Stephanie Fried of Environmental Defense remarked: "Further weakening of the safeguard policies would be a tremendous step backward for the institutional credibility of the ADB as a public institution whose mandate is to support sustainable development. Instead of participating in a 'race to the bottom' in terms of weakening social and environmental protections, the ADB should cultivate borrowers that welcome the highest international safeguard standards to promote equitable and sustainable development."

Eminent Persons Group Report questioned!

A number of governors virtually slammed the findings/recommendations contained in the Eminent Persons Group (EPG) that was formally presented to the ADB during the Governor's Seminar on the EPG last May 5. The seminar was well-attended not only by governors, country delegates, directors, ADB officials/staff, media and other participants.

The EPG Report entitled 'Towards a New Asian Development Bank in A New Asia,' is a bold vision for the ADB by year 2020 that prioritizes the needs of a rising number of middle-income countries (MICs) over low-income nations.

With the Bank increasingly facing cutthroat competition from other lending institutions that threatens its 'pre-eminence as a regional bank', the Report prescribes new directions and approaches for the ADB such as promoting inclusive growth, facilitating environmentally sustainable growth, and promoting regional (and global) integration.

The Report undermines ADB's current mission of poverty alleviation as it predicts more MICs by 2020 because 90 percent of the poverty incidence in the region would have been conquered by ADB's new development paradigm.

Dr. Supachai Panitchpakdi, the EPG chairperson said the *new* ADB must radically change its operations to remain relevant in the *new* Asia.

The Governor of Afghanistan, Anwar-ul-Haq Ahadi, said that it was ‘worrisome’ that the Report left the needs of lower-income countries ill-considered, and that these countries “might be forgotten” by the *new* ADB. He added that ADB’s new focus might diminish ADB’s engagement with its poorest member countries. *“It is these countries—the fragile states—where ADB has the greatest impact.”*

There are many other global institutions and funding mechanisms that also address the problems of MICs. What will be the exact role of the ADB in the global financial map?”

The Governor of Bangladesh also questioned the EPG’s definition of inclusive growth while the Governor of Pakistan asked how the EPG sees the ADB’s relationship with other MDBs.

Responding to the question on the issue on good governance ADB should not involve things like corruption in governance Supachai said.

In a joint statement, CSOs lambasted the EPG Report saying: *“the EPG calls upon the ADB to be relevant in the ‘New Asia’ by stepping up its efforts to promote policy frameworks conducive to private sector investments, aggressively pushing public private partnerships in infrastructure, more actively advancing regional integration and strengthening regional financial markets through trade and investment liberalization, and opening up new markets in the booming urban centers of Asia and the Pacific. In other words, much more of the same but with greater focus and efficiency, and without the fetters of pretensions to poverty reduction as overarching goal.”*



Volunteers from A SEED Japan during a performance as part of their campaign against coal energy.

Dr. Supachai offered that regional integration through infrastructure development could support lower-income countries. President Haruhiko Kuroda suggested that building infrastructure would indirectly support these sectors, for example roads would help children get to school.

The Governor of Norway, Anne Margareth Fagertun Stenhammer, also questioned why the Report does not propose support for the social sectors, including agriculture, health and education. According to Ms. Stenhammer, ADB’s development role should be in line with the Paris Declaration of Aid Effectiveness saying that the issue should not only be *“about inclusive growth but also about the distribution of growth.”* Dr. Supachai replied that social issues should be managed by the countries themselves, not by the Bank.

The Governor of Indonesia, Sri Mulyani Indrawati, meantime, underscored the need for the Bank to continue focusing on poverty alleviation for low-income countries. She also questioned whether the ADB will compete or complement other multilateral development banks such as the World Bank and the International Monetary Fund in servicing the MICs in 2020. “

The CSOs added: *“The EPG’s recommendations are not surprising given its composition and mandate. This recipe for change is not in the interests of majority of the region’s peoples. It seeks to elevate to new heights what the ADB has been doing for the past forty years – using public funds to enrich private corporations and ensuring that the natural human, intellectual and innovative potential in the region is held hostage by international finance.”*

ADB snubs Water Panel

The ADB snubbed the session on ‘ADB’s Water Policy and Its Implementation’ organized by Public Services International and Jubilee South last May 5 at the Prince Hotel. Due to the conspicuous absence of any Bank representative in the panel, a note *“Absent! ADB speaker! Busy with pushing water privatization”* was placed in the vacant chair reserved for the ADB person.

During the session, the ADB was questioned for supporting Manila Water privatization. *“The private companies now running the water distribution system in the Philippines have already raised the water rates by as much as 550 percent and 750 percent higher than the original tariffs,”* said Ana Maria R. Nemenzo.

Hemantha Withanage described the so-called independent water panel report released by the ADB in April 2006 as reeking with corporate bias. "How can the ADB double the water investment when it doesn't even have the capacity?"

40 years of debt, poverty & pollution

"End the 40 years of debt, poverty and pollution! Stop 40 years of hypocrisy, indebtedness, destruction, and funding climate change! Honor the Kyoto Protocol!" These were the major demands of the CSOs at the Kyoto AGM.

CSOs marks the opening of their parallel activities to the ADB AGM with a protest march in the streets of downtown Kyoto.



However, ADB's loan disbursements in the next few years would be concentrated on large-scale infrastructure projects according to an unimpeachable source. In his closed-door meeting with the Finance Ministers last May 4, President Kuroda announced that the region would need around US\$ 3 trillion worth of new infrastructure projects; hence the ADB will spend/disburse US\$ 3 billion annually.

During his opening speech last May 6, Kuroda boasted that "the seeds planted 40 years ago have flourished, bringing tremendous benefits to the people of Asia and the Pacific... [but] despite impressive progress, we cannot be complacent. Increased inequality across the region, and within individual countries, threatens social cohesion and puts at risk the process of growth itself...ours is increasingly a region of two faces—the shining Asia of vitality and wealth and its shadows, where desperate poverty persists." "

In his vision of inclusive prosperity, Kuroda explained this meant ensuring broad-based economic growth among countries

that generate jobs and income for the "620 million Asians still living on less than \$1 a day and raising the bar to encompass the 1.9 billion who have less than \$2 per day."

To achieve prosperity that benefits all, we must use our natural resources wisely so that the poor do not bear the brunt of the environmental impact of growth . . . it means seeing our environmental responsibilities not as a cost but an investment in the future," Kuroda said in his speech.

Kuroda likewise mentioned the Eminent Persons Group report which suggested the bank should radically transform itself, a process that has been initiated through its Medium-Term Strategy II and review of its Long-Term Strategic Framework.

Japanese Finance Minister Koji Omi, who also chairs the ADB Board of Governors, agreed even as he listed the new challenges the ADB is facing in light of rapid growth in the region. "We are now facing some challenges in order to sustain the robust growth . . . and the ADB is expected to play increasingly greater role in assisting the regional countries' efforts to overcome these new

challenges," Omi told over 3,000 participants at the opening event.

Omi, who called for stronger emphasis on private investment, added that ADB should continue to play a central figure in infrastructure construction by extending loans, support efforts to improve investment climate and improve its catalytic function on facilitating private capital flow, he added.

On climate change, Omi stressed the importance of creating a framework beyond the Kyoto Protocol—which aims to reduce emissions of greenhouse gases like carbon dioxide, methane and nitrous oxide—such as the promotion of alternative energy sources and of energy efficiency. He added that innovations in science and technology will enhance efforts balancing economic activity and environmental protection, and in a sense provide a 'win-win' solution for member countries.

CSOs participating in the event, however, accused the Bank of contradicting itself with its plans to continue funding fossil-fuel projects while committing to invest up to \$1 billion for clean energy projects.

Kenneth Peel, Head of the US delegation, said, *"While ADB may also specialize in other areas, it should identify and focus on a finite number of areas where it has a comparative advantage. It should remain steadfast to its original mandate as an economic development institution—not seek new mandates that stray from this mission."*



ADB Quit Coal. Members of the youth campaign group, "Solar Generation," dress up as Geishas at a reception sponsored by the ADB President during the 40th ADG AGM.

Peel acknowledged that the exact future role of the Bank remains a puzzle at this crucial time in its history. He said: *"What is the continuing role of the ADB in a region where many of its member-countries today enjoy the fruits of hard-won economic success. None of us can pretend we have the answer...but we will need the answers soon."*

He added that it may be productive to look back on the principles on the Bank was founded—*"to leverage the resources of the international community for countries that lacked access to affordable private capital, to help create jobs, economic growth and higher living standards for some of the world's most desperate poor. We should celebrate when countries no longer need ADB to finance their development needs, not seek ways to artificially create incentives to lend to them. Instead, we should think of services ADB might continue to provide on a transitional basis and how they can best serve the poorer countries."*

No to Coal and Nuclear Energy!

Greenpeace staged several 'protest' activities directed at ADB's support of coal power plants and funding projects that contribute immensely to climate change. It also lobbied extensively with country delegations and executive directors on clean and renewable energy.

"The ADB must honor the Kyoto Protocol and help catalyze Asia's energy revolution," Athena Ronquillo-Ballesteros said. *"The ADB cannot claim to pursue its avowed goal of reducing poverty in Asia and at the same time promote coal expansion across the region, which can only exacerbate climate change. Renewable energy and energy efficiency are commercially and technically capable to deliver the world's electricity needs."*

According to a Bank official, the ADB will continue funding coal projects for lack of an energy exit amid an ongoing review of its Energy Policy—one meant to widen its lending window for cleaner energy sources. But Woochong Um, director for energy, transportation and water, added fossil-fuel projects have to pass the Bank's stringent evaluation standards before being funded.

Coal and other fossil-fired power projects are environmentally harmful since these release carbon dioxide, one of the major greenhouse gases responsible for climate change. Coal emits around 80 percent more carbon per unit of energy compared to gas and 29 percent more carbon than oil, said Greenpeace.

"Our current strategy is to move towards cleaner energy . . . but we have no strategy to exit on coal. When ADB deals with countries on their energy option and they want coal-based energy source, we engage them by promoting cleaner use of coal," Um told CSOs during the energy panel.

Um said the Bank also allotted \$1 billion a year for its clean energy operations starting 2008, including the financing of smaller efficient energy projects, technology transfer costs, and grant assistance for developing its knowledge base.

Carl Middleton of International Rivers Network urged the ADB to stop funding coal-fed power plants and other environmentally harmful energy projects like big hydropower, which produce toxic levels of methane gases.

Environment advocates want ADB to keep coal projects out of its \$1-billion pipeline to further improve the environmental integrity of its clean energy facility. Greenpeace said that each \$1 ADB invests in coal projects is equivalent to \$3 in external losses, mostly environmental and social costs.

Um said the Bank's new undertaking, the Carbon Market Initiative, aims to further promote cleaner energy and climate change mitigation by bridging the funding gap for projects eligible for carbon credits. "We provide upfront financing for projects that need it . . . [right now] funding comes only after credits have been generated."

During the reception dinner hosted by President Kuroda last May 5, campaigners from Solar Generation, Greenpeace's youth arm, wore kimono and held huge fans carrying the message "ADB Quit Coal, Clean Energy Now."

On May 6, Japanese Finance Minister Koji Omi announced during his hosted reception dinner for the AGM delegates that Japan is considering nuclear power as the future energy source. Greenpeace activists who questioned the Finance Minister were escorted out of the reception.

Positive developments in ADB engagement

The NGO and Civil Society Center made possible the organising of CSO-sponsored sessions on energy, safeguards, core labor standards, and water privatization.

¹The briefer is largely based on the news reports filed by Romer Balaba of *Business Mirror*, a Manila-based broadsheet, and the Press Releases issued by the Media Team, Safeguards Team, Greenpeace, and other NGOs during the 40th ADB-AGM.

Aside from the inside panel discussions, a number of country delegations, governors and board members met and dialogued with CSOs.

Despite CSOs major disagreements with, as well as criticisms of the Bank's operations in the region, a collective meeting with the ADB President is welcome if only for the interaction and immediate feedback it provides for both parties. However, unlike in the previous editions of the AGM, the Bank did not invite the Media, which indicates that the ADB is hiding something. Further, the Bank's media affairs committee repeatedly turned down the requests of CSOs to hold their press conferences at the media briefing room, which would have been more accessible to the international and Japanese press.

We believe that the ADB should encourage more open and frank dialogues with CSOs to discuss contentious/raging issues pertaining the Bank's activities and practices. While ADB's participation in the safeguards, core labor standards and energy sessions is commendable, its refusal to attend in the Water Panel is clearly a backward approach.

The collaboration among the major NGOs groups under one umbrella—the People's Forum on ADB—is a greater achievement. Major civil society groups like JACSES and local Japanese NGOs, Greenpeace, Oxfam Australia, Bank Information Center, Public Service International, Jubilee South, and the NGO Forum on ADB members/partners joined hands to once again call the attention of the ADB to the disastrous impacts of its policies and projects to local communities and vulnerable groups. This solidarity is an effective way making the Bank to more conscious and accepting of ground realities in the conduct of their operations in Asia and the Pacific region.

