

28 August 2007

Board of Directors
Asian Development Bank

Dear Board of Directors,

The NGO Forum on the ADB has remained engaged in constructive dialogue with the Asian Development Bank management and board concerning the review of the 1995 energy policy and in the crafting of a new energy strategy. We are particularly thankful to your office for its continued exchange of views with our network regarding these critical issues in the last few months.

Since 2006, our network has continuously voiced fundamental concerns about the flawed review and consultation process. We have also articulated and submitted substantive critiques on the draft energy strategy and the poor process through which it was put together. Notwithstanding our initial disappointment and misgivings, we have actively participated in all sub-regional consultations as our way of ensuring that the final energy strategy will be capable of carrying out pro-poor and pro-environment goals consistent with the guiding principles stated in the 1995 energy policy.

We are aware that the Board of Directors will convene anytime now for an informal board seminar on the revised energy strategy. In this view, we appeal to you to seriously consider our request for a second commenting period on the revised draft, particularly because of civil society's view of the poor quality with which the first draft was undertaken. There are also other equally compelling reasons:

- It is not just civil society but other sectors as well such as the academe, donors, industry, and government that have cited the poor quality of the draft strategy paper.
- The draft strategy has failed to satisfactorily explain its fundamental difference with the 1995 and 2000 energy policy issuances. The draft strategy, to cite one major flaw, for instance, does not indicate reasons for dropping some key principles in the 1995 policy such as externality costs, which it should have improved on instead, particularly by setting its implementation into motion. It has been 12 years, after all, since the ADB acknowledged the centrality of this issue in energy operations.
- There is an absence of timetables, resource spending indicators, emissions pathways and other measurable targets and benchmarks. Likewise, the analysis of renewable energy options, market developments and available alternative pathways is virtually absent.
- The draft strategy does not state its priorities.
- Contradictions between the draft strategy and the Operations Evaluation Department's review of the 1995 and 2000 policies are largely unaddressed and therefore unresolved. In fact, the draft strategy mainly cherry-picks beneficial generalized OED comments while avoiding specific criticisms regarding shortcomings and matters that can be improved on further.
- There is absence of any critique of performance vis-à-vis the Bank's application (some would say wholesale avoidance) of integrated resource planning (IRP) processes and its appurtenant consequences.

We believe that any process involving any proposal that requires revisions of key positions of the Bank --whether policy or strategy -- that would guide and operationalize its projects and programs with substantial impacts on the environment, climate, natural resources, and communities should always welcome a robust and multiple round of stakeholder consultations.

The ADB, as the premier multi-lateral development bank in Asia and the Pacific should lead progressive and clean energy development in the region. We hope that through the proposed

energy strategy, the Bank will set into place the promotion of energy efficiency and sustainable renewable energy and at the same time spell the beginning of the phase-out of fossil-fuel based energy generation in its DMCs.

We hope for favorable action from your office. We look forward to hearing from you soon.

Very truly yours,

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2. RENATO REDENTOR CONSTANTINO - Greenpeace International
3. ISAGANI SERRANO - Philippine Rural Reconstruction Movement, Philippines
4. VIOLETA CORRAL - Public Services International Research Unit, Asia Desk
5. CARL MIDDLETON - International Rivers Network
6. RUSTAM MURZHAKANOV - Environment Law Center "Armon", Uzbekistan
7. HIMANSHU THAKKAR - South Asia Network on Dams, Rivers & People India
8. RUSTAM ISAZADE - Oil Workers Rights Protection Organization Public Union, Azerbaijan
9. ASIM NAWAZ KHAN - Umeed-e-Nao Citizen Community Board, Pakistan
10. ZAKIR KIBRIA - BanglaPraxis, Bangladesh
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