

## **Media Advisory**

### **Questions to ADB President Haruhiko Kuroda by NGOs at ADB President-NGO Meeting, 3<sup>rd</sup> May 2006, Hyderabad.**

Civil Society organizations attending the 39<sup>th</sup> ADB AGM, Hyderabad welcomed the meeting with ADB President Haruhiko Kuroda as an opportunity to present concerns which he otherwise does not have hear.

The devastated negative impacts on the society and environments of the ADB projects in the region have brought civil society organizations in Asia together to launch the Peoples' Forum against ADB during the 39<sup>th</sup> ADB AGM. The ADB President was invited to address the demands of the civil society with concrete and adequate follow-up measures.

Project affected persons attended the meeting as well and raised the following issues at this occasion.

#### **1. ADB Corruption: Bruce Rich, Environmental Defense Fund- USA**

Mr. President,

As you know, there is increasing concern about corruption in ADB lending, not just from numerous civil society organizations in ADB borrowers, but from some of the ADB's major donor governments. The institution's claims to promote pro-poor development ring particularly hollow when there are growing questions about the ADB's rigor in fulfilling its most fundamental fiduciary duty to ensure that the proceeds of its government member supported loans are used for the purposes intended, as required in Article 14 of the ADB's Articles of Agreement.

We note that the World Bank in recent months finally appears to be taking corruption in its lending more seriously by invoking the one measure that corrupt elements in borrowing government agencies take seriously, halting loan disbursements. The World Bank has recently halted disbursements on a \$800 million health sector loan to India, halted disbursements and cancelled contracts because of corruption in road projects in India and Bangladesh, and froze loans to Kenya and Chad. The contrast with the ADB is striking, where we see virtually no evidence of halting disbursements in lending because of corruption findings.

1. Can you please explain this striking discrepancy between the actions of the World Bank and the ADB--surely you would not assert that the World Bank's lending in the Asian region and in South Asia is more corruption ridden than the ADB's.

2. We would also like to know why the ADB does not appear to halt disbursements in loans even when borrowers have flagrantly violated ADB environmental and social safeguard policies--again a striking contrast with the more rigorous behaviour of the World Bank. In India, for example, the World Bank recently halted disbursements on its Mumbai Urban Transport Project because of violations of its resettlement policy. At the

ADB the major emphasis seems to be on 'streamlining' safeguards so that money can be pushed out the door with even less oversight, in the ADB's terms 'more efficiently'.

## **2. ADB Safeguard Policy Review**

Groups fear the ADB Safeguard Policy Review will weaken the safeguard policies and standards, making their implementation discretionary rather than compulsory. The Review is being perceived as a move away from the Bank's development mandate. Concerns with the Review were communicated to the ADB president in an Open Letter dated March 16 which was signed by 48 civil society groups.

The ADB President has so far not responded to the Open Letter. We request ADB President to respond in writing to that letter and to ensure that weakening of the safeguard policies occur.

## **3. Demands of Thai Community affected by ADB-Funded Dirty Energy Project To the ADB's President -Mae Moh and BLCP Coal Power plants Thailand**

- 1) Ensure that no more funding given to the expansion plan of lignite mine and the entry of proposed coal plant at Mae Moh, Thailand
- 2) We urge the ADB to seriously taking the demand expressed by affected communities of Mae Moh into account which include repatriation of some of the most affected villages to locations at least five kilometers away from the mine as stated in the Environmental Impact Assessment (EIA). This must include the provision of doctors trained in occupational health and tasked with investigating the causes of the respiratory illnesses of the villagers and the provision of treatment and compensation for villagers' ill health and medical expenses.
- 3) We demand the ADB to immediately withdraw finance for the BLCP coal plant project in Map Ta Phut Thailand and ensure its ongoing construction is halted until a full-scale environmental audit of currently operating coal plants determines the full costs of coal-fired power generation to the environment and the health of host communities.
- 4) We demand the ADB to ensure that all relevance information and reports including Power Purchase Agreement are made available to affected communities of Map Ta Phut and the public in general.

## **4. Phnom Penh- Ho Chi Minh City Highway 1- Cambodia**

ADB funded projects such as Phnom Penh- Ho Chi Minh City Highway I, are bringing about massive resettlement and compensation problems. This creates, rather than reduces, poverty. ADB should not give any new loans and grants which involve large-scale resettlement until after ADB management and Cambodian Government solve all outstanding resettlement/compensation issues. What do you think Mr. President?

## **5. Southern Transport Development Project- Sri Lanka**

The Project has severe resettlement impacts and it has violated several ADB policies, including the ADB Involuntary Resettlement Policy. The Board approved Resettlement Implementation Plan and Course of Action have not been implemented so far. The Independent Monitoring of the resettlement and environmental impact has not started yet despite being approved 9 months ago. Moreover, those who filed an inspection case at the ADB are being victimized in terms of the compensation and redress they receive.

Mr. President, what do you intend to do to end the suffering of the STDP affectees? Can you outline some immediate actions?

## **6. Khulna- Jessore Drainage Rehabilitation Project- Bangladesh**

KJDRP (1995-2004) Project was implemented with the support of ADB with 62 Million USD in the south-west coastal region in Bangladesh. Its stated objective was to alleviate river drainage congestion. Local communities have been skeptical of the project design and approach from the start. This Project led to the permanent inundation of 60,000 hectares of land, silted up rivers, and caused loss of indigenous fish varieties and biodiversity. Land acquired was not compensated.

Q 1: I want to know whether ADB is going to correct this project and whether the ADB will compensate for the environmental and social damage its actions caused.

Q. 2: Another similar project is being undertaken in the same region with the title Southwest Area Integrated Water Resources Planning and Management Project. I want to know what the ADB will do differently in implementing this Project given the failure of KJDRP? Has ADB learnt from its mistakes?

## **7. Yog Nath Dotel, affected farmer from Melamchi Valley**

I want to know why there are still problems with compensation, 17 families have gone to the Supreme Court recently including myself. There is still no guarantee of adequate water flow for agriculture and livelihood in the valley. We do not understand why this Melamchi river has to be diverted to Katmandu in high cost when there are enough cheaper alternatives there for water supply by leakage control, rainwater and groundwater harvesting and managing many other sources of water. We also do not understand why private management by the multinational corporation when existing Nepal Water Supply Corporation and five municipalities are willing to manage water supply and distribute in an affordable price. Why full cost recovery when around 40% of the urban poor have no income to pay the high cost of water supply.

We request to cancel the project and support the new government to implement better and cheaper alternatives. The water demand in Katmandu will also be reduced so much after the people affected by insurgency return their homes after the peace is achieved.

## **8. ADB Accreditation Process**

We wish to bring to the attention of the ADB President the problems with accreditation. In many instances civil society groups that applied for accreditation have still not received a reply from their respective ED Office.

How will the ADB improve accreditation for the next AGM?

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