

# **ADB and the Environment**

A Monitoring Framework  
for ADB's Environment Policy

Philippine Rural Reconstruction Movement  
with NGO Forum on the ADB

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# List of Abbreviations

ADB	Asian Development Bank
CFS	Complimentary Financing Scheme
DENR	Department of Environment and Natural Resources
DHA	Department of Humanitarian Affairs
ECC	Environment Compliance Certificate
EEPSEA	Environmental Economics Project for South East Asia
EIA	Environmental Impact Assessment
EGF	Environmental Guarantee Fund
EMB	Environment Management Bureau
EP	Exploration Permit
ESSC	Environmental Science for Social Change
ILM	International Legal Materials
LGU	Local Government Unit
LRC-KSK (FOE) Kalikasan	Legal Rights and Natural Resources Center-Kasama sa (Friends of the Earth Philippines) (National Office)
MACEC	Marinduque Council for Environmental Concerns
MMC	Marcopper Mining Corporation
MMT	Million Metric Tons
MMT	Multipartite Monitoring Team
MPSA	Mineral Sharing Production Agreement
NEDA	National Economic Development Authority
NMP N	ational Minerals Policy
NGO	Non Government Organization
OAS	Organization of American States
OM	Operations Manual
PCSD	Philippine council for Sustainable Development
PD	Presidential Decree PDI
PDTS	Placer Dome Inc. Pacific Placer Dome Technical Services
PRC	People's Republic of China
PRRM	Philippine Rural Reconstruction Movement
PSG	Private Sector Group
PSO	Private Sector Operation
STD	Submarine Tailings Disposal
TAMU	Texas A&M University
TNCs	Transnational Corporations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USGS	United States Geologic Survey
WB	World Bank

# Preface

Some projects begin with a simple idea, a hunch if you like, and then look for a funding match. Others would come to be because there's funding ready for the tapping. This book project is not quite one or the other. The story is a mix of both, and much more.

The new environment policy of the Asian Development Bank came out in 2003. It hardly needs saying the policy urgently calls for monitoring. Some of us in the NGO Forum (particularly Bobet Corral, Jessica Rosien, and myself) wanted to see how the policy is going to be implemented. Ahead of most, Jessica, for one, had been closely watching and giving input to the policy development even much earlier on.

Monitoring the new policy could be a program in itself, hopefully a funded one. We thought we needed some successful piloting to push the monitoring idea across the whole network. The hope of course is that eventually monitoring could be an everyday practice of local communities affected by the ADB projects.

Sometime in late 2002 we stumbled on an opportunity. Our newfound friend, Kristiina Kuvaja, Second Secretary of the Finnish Embassy in Manila told us that a small funding grant was available. She thought our monitoring idea was great and it sat well with a common concern

among Nordic countries to see more accountability in the ADB operations. I had sensed that concern when we were invited (thanks to Kristiina and her boss, Finland Ambassador Raimo Anttola) to a small sit-down dinner on 14 October in honor of the Norwegian State Secretary Olav Kjørven who's also Norway's representative to the ADB's Board of Governors.

This book was not the main thing in our original proposal. For this one we owe so much to Mervi Kultamaa, Kristiina's successor. She welcomed and supported the idea of a book publication to reinforce our advocacy work. True enough, the rigorous work that went into this book gives further substance to the Forum's critique. The monitoring guidelines can be used for building capacity within the network as well as in the local community. Anyhow, it helps the Forum's profile just to come out with one.

With this book the ADB watchers have an additional weapon in their hand, so to say. We recognize that the case studies presented can fairly make a statement only on previous ADB policies and guidelines. However, we also believe that lessons from project experience would give us a good basis for monitoring the new policy, to say nothing about whatever value these lessons may have to the ADB and its member-countries who all pledged to deliver sustainable development in the Asia-Pacific region.

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The struggle to hold the ADB and other International Financial Institutions (IFIs) accountable for the disastrous results of their project and policy lending has a long history. The basic dynamic has been one where the voices of affected communities, while allowed some scope in national (and occasionally international) media, have no ability to influence the decisions of these institutions, and, by extension, the developing country governments which must follow the dictates of these institutions. This problem extends beyond development and even beyond economics; it is a problem of democracy. At a time when the whole world seems obsessed with the need for democratization of some regions (especially the Middle East) while ignoring flaws in democracy in others, the problem of lack of democracy in global development is crucial.

Largely this problem reflects flaws of design. Despite all the rhetoric of empowerment, participation, transparency, accountability, etc., IFIs remain instruments for the powerful Northern countries to dictate economic policies to poor countries which favor their own interests. In the case of the ADB, one has only to look at the long history of its cooperation with the Japanese Export Credit Agencies, JICA and JBIC, and by

extension with Japanese multinational companies, for evidence of this.

Yet there is a level at which the problem reflects the great disparities that characterize the present era. If the ADB wants to prove that a dam will be a good project, it can commission surveys, hire consultants, talk to local and national governments, and so on. If a farmer or a fisherperson who is being displaced would oppose such a project, what can she do?

The answer, of course, is that there are many things that can be done, even without the huge resources of a Multilateral Bank. This book will provide you with some examples of what can be done along with some tools to undertake similar activities should you choose. The monitoring exercises of the four projects in this book provide the data for holding ADB accountable to its own policies. The case studies also include the campaign activities of the involved NGOs and affected communities to influence the specific projects. The results of the project monitoring should provide the NGOs and communities with further evidence to put pressure on ADB and governments. We also hope that others facing adverse project impacts will find this publication useful for monitoring and advocacy purposes.