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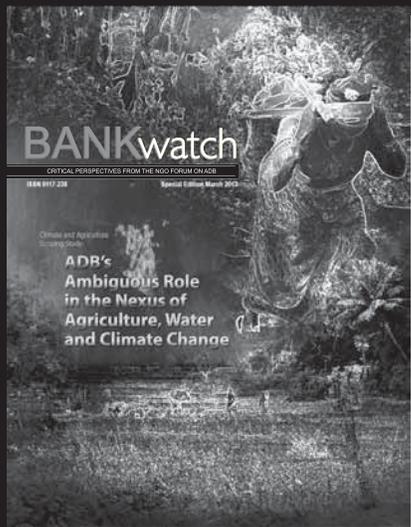
CRITICAL PERSPECTIVES FROM THE NGO FORUM ON ADB

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Climate and Agriculture
Scoping Study:

ADB's Ambiguous Role in the Nexus of Agriculture, Water and Climate Change



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<http://www.forum-adb.org/inner.php?sec=4&id=114&b=1>

Agriculture and Climate Scoping Study:

ADB's Ambiguous Role in the Nexus of Agriculture, Water and Climate Change

The Asian Development Bank (ADB) has been touted as, for better or for worse, the prime catalysts of development in Asia and the Pacific. With its partnership with the World Bank Group and other bilateral funding agencies, the ADB has provided infrastructure projects and support services to its member countries to manage their natural resources.

As an avowed change agent in the fight against poverty in the region, the Bank has guided and influenced the development of Asia and the Pacific with its in-house knowledge hub and partnership with expertise from other international agencies.

While the world has been made to witness an emerging region, Asia and the Pacific have been suffering from tremendous stress: decreasing arable land with an increasing number of stomachs depending on yield; destruction of finite natural resources, such as freshwater and forests; and natural disasters. Further, countries in the region will be suffering more under the wrath of climate change in the coming decades.

Background

The projected decrease in agricultural crop yields in Asia resulting from the effects of climate change ranges from 2.5% to 10% in the 2020s and from 5% to 30% in the 2050s.¹ Food prices fluctuations

would further aggravate the already worsening condition of the 642 million hungry people in Asia and the Pacific, or two-thirds of the world's hungry people. According to the International Rice Research Institute (IRRI), approximately one hectare of productive land in the world is lost every 7.67 seconds.² Further, extreme weather conditions, such as prolonged floods and droughts, would contribute to crop failures across Asia. This would spell loss of income, and hunger for families and communities in the region.

At the 2002 World Summit on Sustainable Development, then United Nations (UN) Secretary General Kofi Annan proposed the WEHAB initiative (Water, Energy, Health, Agriculture and Biodiversity and Ecosystem Management) which seeks to provide focus and impetus to action in the said five key thematic areas.³ Nearly a decade after, international development agencies like the ADB and the World Bank, and some bilateral

1 Intergovernmental Panel on Climate Change http://www.ipcc.ch/publications_and_data/ar4/wg2/en/ch10s10-es.html

2 International Rice Research Institute, http://www.irri.org/index.php?option=com_k2&view=item&id=11015&Itemid=100221&lang=en

3 UNESCO, http://portal.unesco.org/en/ev.php-URL_ID=5307&URL_DO=DO_TOPIC&URL_SECTION=201.html

agencies, reduced WEHAB into a mere nexus of water, agriculture, and climate; also known as water-energy-climate; or sometimes branded as water-food-energy, among others. Notwithstanding how water and land can sustain life, all the 'nexus' talks are guided by institutional interests/agenda. What was not taken into consideration by the present models of development is natural resources.

As it has continued to promote its water-food-energy nexus, ADB has been cajoling governments to invest in biofuels. Similarly, while it has tackled disasters such as floods and droughts in relation to scarce water resources and climate change, the ADB has continued constructing large hydro infrastructure to emphasize its water-energy-food nexus.

Water should not be fragmented into different issues to support a truncated approach.

For its part, the Bank has long recognized the importance of agriculture and natural resources (ANR) and the enormity of the challenge in building the sector's resilience to climate change. Yet, it still lacks up to now a comprehensive, holistic policy and strategy on sustainable agriculture and natural resource management for Asia, eliminating opportunities for meaningful participation, transparency and accountability.

On the ground reality shows how the ADB still lacks when it comes to addressing concerns brought about by extreme weather conditions. The direction of the Bank in relation to ANR and climate change concerns is predominantly ad hoc, characterized by its invasive know-how, Western market-driven model of growth, with less or totally no regard of indigenous technologies.

This scoping paper will take a look at ADB's policies, objectives and activities related to agriculture, natural resource and food security, especially in light of climate change. Although there have been less critical assessments of the Bank's overall agriculture approach by Forum and other civil society organizations, Forum members have been involved in monitoring a number of ADB's agriculture and water-related projects for almost a decade.

This paper aims to provide a basic understanding of ADB operations, strategy, policy and projects in relation to the agriculture and natural resources sector, linking it with climate change and water where more in-depth critical view can be pursued further by civil society in the future and amplify their campaign on sustainable agriculture and climate justice. This study also aims to complement the overall long-term strategic discussion of the Forum.



Part I

ADB Operations in Agriculture and Natural Resources (ANR)

The first-ever business undertaking of the ADB was a \$155,000-regional technical assistance (TA) which began immediately five months after its establishment in 1967 in Manila. The TA intended to survey the status of agriculture in Asia. Subsequently, the Bank extended another TA to Indonesia amounting to \$80,000 for its Food Grain Production Project. In 1968, the ADB entered into a working arrangement with the Food and Agriculture Organisation (FAO) to address agriculture concerns in the region. In June 1969, ADB extended its first loan to Indonesia for the Tadjum Irrigation Project which directly aimed at increasing rice cropping from one to two per year.

The 1970s witnessed ADB's assistance geared towards building the capacity of the public sector in complementing the introduction of the green revolution technology. The Bank's technical assistance focused on technical, administrative, and economic constraints inhibiting the production of food crops and their distribution. While in the 1980s, the ADB continued providing support for "production at a general farm or commodity-specific level, broad-based rural development, and support services", there was "a shift away from investment in state-owned agro-production and processing facilities" in response to concerns that "investment in public enterprises crowded out the private sector".⁴

For the period 1971-1973, ADB's lending for the agriculture and natural resources (ANR) sector averaged 12.72% and dramatically increased to 24.7% for the years 1979-1981. This was in support for Developing Member Countries (DMC) public investment in irrigation, rural infrastructure and green-revolution related institutions.

Lending for the ANR sector reached an average peak during the 1980-1990 period, with 35% for the period 1982-1984. This average share leveled at 22.5% for the period 1988-1991. Then it began to decline to 11.37% from 1988 to 1991. Lending to the ANR sector further fell to 5.5% of the ADB's total lending activities for the period 1997-1999.

Throughout the 1990s, the Bank's investment portfolio was focused more on resource management, including coastal resources, water, land and forests, and user rights.

While the evolution of the ADB began with its investment focused on the agriculture sector, the sector has gradually been put into the backburner until the region faced a food crisis in 2008 (see Table 1). Since then, it has shifted its strategic focus from agriculture to a comprehensive multi-sector food security program to address the food insecurity among the poor and the vulnerable.

⁴ Bolt, R (2005), *Improving the Relevance and Feasibility of Agriculture and Rural Development Operational Designs: How Economic Analysis Can Help*, Economics and Research Department- Technical Note Series No.12, Manila: ADB.

Broad Categories of ADB's Support for ANR

The ADB neither has a sectoral policy on agriculture nor a strategy to follow. Besides the country-specific strategy which evolves in each country partnership strategy (CSP), the Bank's engagement has been fragmented. Historically, ADB's assistance to the agricultural sector can be categorized into three broad undertakings: research and analytical work; strategy, policy and policy lending; and projects.

Research and Analytical Work

As a knowledge institution, the ADB has published a number of analytical works related to ANR. The scope of analytical work varies from country specific to regional; some focus on the entire agriculture sector, while other on subsectors such as fishery and forestry. The analytical research has not always withstand the immediate requirements for specific country needs but has guided the Bank's possible areas of operations in the future. These in-house analyses aimed at influencing the development path of a country or the entire region. The ADB recognizes that it has no expertise or a specific core team that can address agricultural issues, thus it has forged partnership with other development banks, as well as institutions.⁵

ADB's first study, the *Asian Agricultural Survey* (1969), focused primarily on the needs, problems, and opportunities confronting the agriculture sector in Asia and to inform the world, including donor countries, of both the urgency and the promise of agricultural development in Asia. The second ADB Asian Agricultural Survey, *Rural Asia: Challenge and Opportunity* (1978), and *A Study of Rural Asia* (1998)⁶ highlighted the progress in agriculture and rural development that would be essential to combat poverty and improve the living standards of Asians. In 2000 and 2001, the ADB produced the five-volume *Study of Rural Asia series* which intended to guide policy makers to build the rural Asia post-Green Revolution.⁷

[Few specific agriculture publications have been published in English (122)]and local languages such as Chinese (6), Nepali (1), Bahasa Indonesia (1), Mongolia (1), Vietnamese (1), Khmer (1), Russian (2) and Bengali (1)]

Likewise, a plethora of in-house research and analyses have been produced by the ADB to guide the ANR sector in countries and regions, as well as influence decision makers. Research and analyses on ANR dramatically increased after the food crisis of 2008. (See Table 1).

A few major research work are as follows: *The State of Agricultural Statistics in Southeast Asia* (1989); *Rural Institutional Finance in Bangladesh and Nepal: Review and Agenda for Reforms* (1993); *Tuna: A Key Economic Resource in the Pacific* (2001); *Agricultural Biotechnology, Poverty Reduction, and Food Security* (2001); *The Contribution of Fisheries to the Economies of Pacific Island Countries* (2002); *Rebuilding Afghanistan's Agriculture Sector* (2003), *Efficient Technology and the Conservation of Natural Forests: Evidence from Sri Lanka* (2007), *Causes of High Food Prices* (2008), *Fishing for Development* (2008), *Agriculture Biotechnology in the Greater Mekong Subregion: An Assessment for the Asian Development Bank* (2003), *Satisfying Hidden Hunger: Addressing Micronutrient Deficiencies in Central Asia* (2010), *Rural and Microfinance in the Lower Mekong Region: Policies, Institutions, and Market Outcomes* (2011), *Energy Security, Food Security, and Economics of Sugarcane Bioethanol in India* (2011), *Food Security and Climate Change in the Pacific: Rethinking the Options* (2011), *Regional Cooperation for Food Security: The Case of Emergency Rice Reserves in the ASEAN Plus Three* (2011), *Biofuels in the Greater Mekong Subregion* (2012), *Re-examining Policies for Food Security* (2012), *Prefeasibility Study of an ASEAN Rice Futures Market* (2012), *Food Security and Poverty in Asia and the Pacific: Key Challenges and Policy Issues* (2012), *Climate Change and Price Volatility: Can We Count on the ASEAN Plus Three Emergency Rice Reserve?* (2012).

Table 1: Trend of ADB's research and analyses related to agriculture

Year	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1990s
No of publications	16	17	28	12	6	7	13	5	6	4	3	5	4	9

5 RSDD Director General's response to a question in a panel discussion organized by Oxfam in Hanoi AGM on 6 May 2011.

6 ADB, TA 5767-REG: A Study of Rural Asia, Technical Assistance Completion Report, available at: http://www.adb.org/Documents/TACRs/REG/tacr_reg_5767.pdf. It identified a number of critical new challenges facing rural Asia, related to globalization, technological change, popular participation, natural resource management, demographic developments and structural transformation. The Study also concluded that agricultural growth is a prerequisite for economic development in general and rural development in particular and it must be both pro-poor and environmentally sustainable.

7 The five series of *Study of Rural Asia* provides a possible scenario for development of rural Asia during the post-Green Revolution.



Meanwhile, there have been very negligible critical evaluations of such studies by civil society organizations (CSOs) so far. Besides the token media intervention, there could have been serious effort to demystify such studies which prioritizes market-led solution. Despite limited resource and human capacity, civil society has an abundant pool of realities from the ground.

Strategy, Policy, and Policy Lending

Long-Term Strategic Framework (LTSF) 2020: Agriculture under Other Non-core Areas

The Long-Term Strategic Framework (LTSF) or Strategy 2020 – the Bank’s *Magna Carta* for poverty alleviation in Asia – was adopted with much debate and opposition from within and outside the Bank. The strategy sets out the ADB’s long term questionable ambition, identifies its core operational priorities and drivers of change.⁸ Strategy 2020 identifies five core areas of operation: infrastructure, environment, regional cooperation and integration, finance sector development, and education. These core areas will take up approximately 80 percent of the ADB’s operations. The remaining 20 percent will be divided into other non-core areas of operation including agriculture, health and disaster and emergency assistance.

The private-led LTSF distinctly categorizes agriculture and natural resource under other priorities. Interestingly, LTSF was released when Asia was still recovering from the food crisis of 2008. While the LTSF recognizes that poverty remains the central challenge facing Asia and the Pacific, it identifies the

profit-driven market as the solution to the problem. Ironically, LTSF re-affirms its “continued support for agriculture and rural development as an underlying component of the Bank’s inclusive growth strategy”.

Taking a big picture approach to agriculture and rural development, ADB’s operation will be multi-disciplinary and/or multi-prong for the ANR sector. “We identify and prioritize our agriculture and rural development assistance holistically, tailoring assistance to a country’s socio-cultural and economic landscape,” says Katsuji Matsunami, ADB’s Practice Leader for agriculture, food security, and rural development.⁹

ADB’s Inclusive Growth Strategy incorporates support for agriculture and rural areas. “Ensuring food security and reducing rural poverty are indispensable elements of attaining inclusive and sustainable economic growth in Asia,” according to Mr. Matsunami.

He added, without food security, ADB’s long-term strategic objective—sustainable and inclusive growth—will not happen.¹⁰ ADB recognizes that Asia’s food security challenge is a serious issue and that’s the underlying element for ADB to achieve its long-term strategic goal.

Specifically, Strategy 2020 has stated the following in its Section 4: A Partner and Agent for Change: “*ADB will support agriculture and rural development mainly through infrastructure for rural transport, irrigation and water systems, and microfinance. These efforts will be complemented by natural resources management and regional cooperation and integration activities, such as those relating to agriculture trade and investment in Greater Mekong Subregion, through partnerships with special development agencies and NGOs.*”¹¹

8 ADB (2008), *Strategy 2020: The Long Term Strategic Framework of the Asian Development Bank 2008-2020*, [online: web] URL: <http://www.adb.org/sites/default/files/Strategy2020-print.pdf>

9 Interview by Carlos Aquino, Jr. and Josephine Josen, 23 February 2010, RSDD, ADB, Manila.

10 According to Matsunami, ADB defines Food Security as “access to and availability of adequate food particularly with a focus to small farmers.”

11 ADB (2008), *Strategy 2020: The Long Term Strategic Framework of the Asian Development Bank 2008-2020*, [online: web] URL: <http://www.adb.org/sites/default/files/Strategy2020-print.pdf>

“There are too many things to be addressed. But to be practical and to be realistic, ADB will not try to be everywhere. ADB will focus on what we’re good at or what the clients ask us to be. So there are certain things we will not do because we are not good at it or does not really what we should do according to the Strategy 2020,” Matsunami pointed out.

“To further ensure aid effectiveness, we align our engagements with our comparative strengths, ability to add value, and compatibility with the work of other donor partners. We also provide a broad range of rural products and services to our developing member countries,” ADB explained.

Work Program and Budget Framework (WPBF), a Short-Term Intervention

The year 2008 was watershed year for ADB. With Strategy 2020 on its sleeves, the Bank was about to increase its capital base up to threefold and face the demand from G-8, G-20, UN and donor countries to address the food crisis engulfing Asia and the Pacific. Aside from the immediate announcement by the ADB president to intervene and help minimize the effects of the crisis, the Bank included several short-term measures in its *Work Program and Budget Framework 2009-2011*.¹²

After the food crisis, developing Asia successfully weathered the twin global economic crises of 2008-2009 and 2011-2012 with its robust economic growth. In spite of the average 7% growth in the region, inequalities continue to rise, progress in achieving the non-economic Millennium Development Goals slows down, a number of nations’ food security are being threatened, and impacts of climate change continue to threaten the poor and the vulnerable, among others.¹³ (See Table A2.1).

Based on ADB’s WPBF, Indicative Sovereign Operations by sector for the period 2009-2011, the transport sector accounted for \$3831 million (33%), followed by energy with \$2780 million (24%); water and sanitation, \$1250 million (11%); and other infrastructure projects, \$1134 million (10%). Agriculture received \$206 million (2%).

For the period 2013-2015, allocation for the transport sector increases to \$4098 million (35%); energy, \$2285 million (20%); water and sanitation, \$2185 million (19%); agriculture, \$121 million, (1%). (See Table A2.2)

Table A2.1: Sovereign Operations by Sector Classification, 2009–2011 and 2013–2015

Sectors	2009–2011 (Average)				2013–2015 (Average)			
	No.	%	\$ million	%	No.	%	\$ million	%
Energy	17	16	2,780	24	26	20	2,285	20
Transport	26	24	3,831	33	36	27	4,098	35
Water and sanitation*	17	16	1,250	11	26	20	2,185	19
Other infrastructure	11	11	1,134	10	9	7	577	5
Finance sector								
development	5	5	549	5	7	5	507	4
Education	7	6	431	4	11	8	705	6
Agriculture	5	5	206	2	2	2	121	1
Health	5	12	239	2	2	2	169	1
PSM	12	11	1,241	11	10	8	803	7
Industry and trade	1	1	33	0	1	1	115	1
Total	106	100	11,695	100	130	100	11,565	100

No. = number of projects; PSM = public sector management.
 Note: (i) historical amounts are based on gross approvals and exclude the Countercyclical Support Facility amounting to \$2.5 billion in 2009; (ii) numbers may not sum precisely because of rounding.
 * Includes irrigation, drainage, and flood protection projects which could also be classified as agriculture.
 Source: Asian Development Bank estimates.

Table A2.2: Asian Development Fund Operations by Sector Classification, 2009–2011 and 2013–2015

Sectors	2009–2011 (Average)				2013–2015 (Average)			
	No.	%	\$ million	%	No.	%	\$ million	%
Energy	7	12	331	11	12	17	340	11
Transport	13	23	891	30	15	21	699	22
Water and sanitation*	13	22	576	20	15	21	883	28
Other infrastructure	5	9	248	8	5	8	306	10
Finance sector								
development	3	6	99	3	3	5	157	5
Education	6	10	234	10	6	12	378	12
Agriculture	3	5	96	3	1	1	44	1
Health	3	5	129	4	2	3	135	4
PSM	4	8	270	9	7	10	142	5
Industry and trade	1	2	17	1	1	1	24	1
Total	58	100	2,951	100	70	100	3,108	100

No. = number of projects; PSM = public sector management.
 Note: (i) historical amounts are based on gross approvals; (ii) numbers may not sum precisely because of rounding.
 * Includes irrigation, drainage, and flood protection projects which could also be classified as agriculture.
 Source: Asian Development Bank estimates.

Table A2.3: Ordinary Capital Resources Operations by Sector Classification, 2009–2011 and 2013–2015

Sectors	2009–2011 (Average)				2013–2015 (Average)			
	No.	%	\$ million	%	No.	%	\$ million	%
Energy	14	25	2,449	28	16	22	1,946	23
Transport	16	28	2,940	34	26	36	3,399	40
Water and sanitation*	8	15	673	8	14	19	1,302	15
Other infrastructure	7	13	886	10	4	5	270	3
Finance sector								
development	3	5	450	5	3	5	350	4
Education	1	2	137	2	4	5	327	4
Agriculture	2	3	110	1	1	1	77	1
Health	1	2	110	1			33	0
PSM	5	8	972	11	4	5	661	8
Industry and trade			17	0	0	0	92	1
Total	56	100	8,744	100	73	100	8,457	100

No. = number of projects; PSM = public sector management.
 Note: (i) historical amounts are based on gross approvals and exclude the Countercyclical Support Facility amounting to \$2.5 billion in 2009; (ii) numbers may not sum precisely because of rounding.
 * Includes irrigation, drainage, and flood protection projects which could also be classified as agriculture.
 Source: Asian Development Bank estimates.

In terms of its Asian Development Fund operations for the period 2009-2011, transport remained on top with 30% of the total lending, followed by water and sanitation, 20%; energy, 11%; while, agriculture accounts for only 3% of its total volume.

For the period 2013-2015, water and sanitation accounts for 28% of total volume, followed by transport with 22%; energy, 11%; while agriculture dramatically reduces to 1%. (See Table A2.3)

In terms of Ordinary Capital Resources Operations for the period 2009-2011, transport received 34% of the total volume; energy, 28%; other infrastructure projects, 10%; water and sanitation,

12 The work program and budget framework (WPBF) defines the parameters and main thrusts of the operations of ADB for 2009–2011, and provides the framework for preparation of the 2009 budget. In 2008, WPBF outlined ADB’s medium-term alignment of ADB operations, organization, and resources to the Strategy 2020. It also explained how ADB would deliver the assistance agreed upon in the successful ninth replenishment of the Asian Development Fund (ADF X). ADB (2008), *Work Program and Budget Framework (2009–2011)*, [Online: Web] URL: <http://www.adb.org/sites/default/files/work-program-budget-framework-2009-2011.pdf>

13 ADB, *Work Program and Budget Framework 2013-2015*, October 2012 <http://www.adb.org/documents/work-program-and-budget-framework-2013-2015>

8%. Agriculture received a dismal 1% of the total ADB OCR funding.

For the 2013-2015 period, transport receives a commanding figure of 40% of the total volume; energy, 23%; water and sanitation, 15%. Agriculture maintains a low figure of 1%.

The ADB has remained true to its Strategy 2020 with its WPBF for the period 2013-

2015: agriculture remains to be a dismal priority. Although, it has stated that a cumulative amount of \$5.5 billion will focus on addressing food security for the said period, the tables above show otherwise.

The document states that \$5.5 billion will go to irrigation and drainage systems for sustainable water use; construction/rehabilitation of rural road to improve access and connectivity resulting in better marketing and processing; increasing agriculture productivity, access to rural finance; integrating food security and climate change initiatives; and fostering regional cooperation on food security. However, what remains to be seen is how open this set of programs and projects to public participation; and how local communities and their indigenous knowledge played a role in the crafting of the already designed and existing Greater Mekong Subregion (GMS) Core Agriculture Support Program, climate-resilient rice commercialization sector development program in Cambodia, and the integrated water resources management programs in Karnataka and Tamil Nadu, to name a few. Moreover, the significant role given to private sector (as espoused by Strategy 2020) should also be closely monitored to ensure that projects and programs are implemented to achieve their stated objectives, and not serve the agenda of the profit-seekers.

These are a few of the programs and projects that civil society may consider monitoring to determine if they are climate-proof and have complied with the Bank's policies on Safeguards, Public Communications, and Accountability Mechanism.

Operational Plan for Sustainable Food Security: Connecting the Dots

The Bank recognizes sustainable food security as a crucial element of its Strategy 2020. Looking at Asia's long-term food security at risk due to high vulnerability in the global and regional food supply and market systems, projected increases in food demand, sustainability concerns from land and water constraints, and unfolding climate change impacts,

the Bank rolled out its Operational Plan 2010-2012 to achieve food security. The goal is to improve the availability of, and access to, adequate and safe food in a sustainable manner, especially for the large number of poor, women, and other vulnerable groups in the region.

However, this Operational Plan not only reiterated Strategy 2020, it argued that ADB's operations in the five core and three other areas of operations in Strategy 2020 have significant positive impacts in addressing food security concerns.¹⁴ The Bank claims that direct and indirect contributions towards improving food supply and market system under Strategy 2020 have been grossly unrecognized. However, the ADB failed to provide ample pieces of evidence to substantiate its claim.

The Operational Plan intends to clarify direct and indirect contributions of ADB's core and other areas of operations in helping the region achieve sustainable food security. Without considering specific programs for the ANR sector, this plan goes for multi-sector operations on food security.

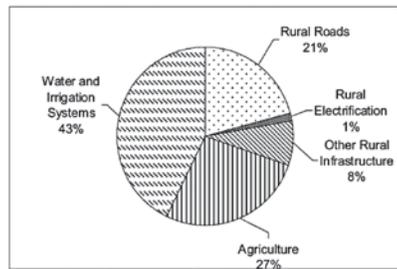
In achieving regional sustainable food security, the ADB concludes three major constraints as follows: (i) stagnating food productivity and production; (ii) lack of access to rural finance, infrastructure, technology, markets, and nonfarm income opportunities; and (iii) threat of climate change and volatility of food prices. The ADB prescribes focus on three areas: **productivity** (food has to be produced), **connectivity** (bringing food to the market; roads, value chain, and market facilities; making food accessible to the urban poor at affordable price), and **resilience** (covering climate change and also other economic shocks related to economic crises or price speculation with food commodities) to achieve food security.

This Operational Plan allows about an annual investment of US\$2-billion from 2010 to 2012. This is a significant amount which could translate into impact on the ground. The question, however, is whether this amount has been invested in ANR or food security-related efforts. If it is in the ANR sector as it should be, the reality shows otherwise. The ANR sector received loans, grants and TAs amounting to \$750.8 million and \$ 890.9 million in 2010 and 2011, respectively.¹⁵ The ADB can make use of its multi-sector argument with a small written component on ANR to reach its \$2-billion commitment. So far there is no such information available rather prepared.

14 ADB (2010), Operational Plan for Sustainable Food Security in Asia and the Pacific, Manila: ADB, p.2. These core areas are development of infrastructure (transport, energy, and irrigation), finance sector development (small and medium-sized enterprise development and micro credit), and regional cooperation and integration (trade facilitation).

15 ADB (2011), *ADB Annual Report*, Appendix-16 a, Manila: ADB. This figure excludes co-financing by the Bank.

Sector Distribution of Projects Supporting Food Crisis, 2009–2011
(Volume of Loans and Grants)



Source: Asian Development Bank.

For the past four years, during its Annual Governors Meeting, from Madrid (2008) to Manila (2012), there have been more studies, reports, documents, similar media releases and interviews or responses using similar words, arguments to reiterate its short-sighted approach to achieve food security under LTSF without much concrete pieces of evidence.¹⁶

Has the Bank found any gap between its Strategy 2020 in addressing this problem from a long-term perspective as opposed to short-term reactive actions? The ADB has yet to answer this fundamental question. If the multi-sector approach under the Strategy 2020 has contributed to improved food security, will each project then do the same?

There are gaps in the Strategy 2020 which are not addressing food security, which are as follows:

Evidence that investments in infrastructure alone can close the huge gaps between the potential and actual yield levels attained by farmers in the region

Substantial number of poor, vulnerable groups who will be impacted by food price inflation are living in rain fed agricultural areas have difficult access to irrigation. What is ADB's strategy and programs to support the said areas?

Dissemination of technology on appropriate cropping practices; establishment of effective input supply and their associated management institutions, systems, and capacities

The ADB must find answers to all such vital issues to overcome the ongoing food crisis in Asia rather prescribe its short-sighted LTSF to DMCs. The Bank has taken a very short-sighted, shallow, and business-as-usual approach. It seems the Bank is lacking sufficient analyses of the real problems and constraints, and analyses of strategies that should it should pursue as a development partner accountable to the real needs of its DMCs.

Central Asian Countries Initiative for Land Management (CACILM)

CACILM is a regional initiative by the ADB to combat land degradation and improve the rural livelihoods and help adapt local communities to climate change in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. The goal is to “*restore, maintain, and enhance the productive functions of land in Central Asia, leading to improved economic and social well-being of those who depend on these resources while preserving the ecological functions of the land.*” CACILM is being implemented on a multi-country framework, which includes a 10-year program (2005-2015) of activities in each country based on their respective National Programming Framework (NPF). The ADB, with other donor countries partnering with Central Asian countries, has been working towards this goal. The total program financing has reached \$1.4 billion over the period 2006-2015.¹⁷

Greater Mekong Subregion Working Group on Agriculture

The GMS Working Group on Agriculture (WGA) was established in 2002 to “*help reduce poverty through partnerships with communities to promote agriculture trade, food security, and sustainable livelihoods.*” There are various strategies to be employed such as market and market institutions; transfer of know-how, experiences and technology; and public-private partnership in crops, livestock, fisheries, and forest and water resources. In 2010 in Hue, Viet Nam, WGA discussed a draft GMS Core Agriculture Support Program (CASP) Phase II for the period 2011-2015. Although ADB has provided significant funding to support CASP Phase I, a broader range of financing sources is being sought to implement CASP Phase II.

The current priority key areas for the GMS WGA under CASP II are as follows:¹⁸

- Food safety and regional IT food traceability system
- Cross-border supply chain of eco-friendly products and paperless trade
- Harmonization of biosafety standards and regulatory systems
- Eco-labeling, and pro-poor certification system
- Climate change mitigation, adaptation, and carbon financing in agriculture
- Efficient utilization of biomass for bioenergy and food security

16 ADB (2011), Global Food Price Inflation and Developing Asia, [Online: web] URL: <http://adb.org/sites/default/files/pub/2011/food-price-inflation.pdf>. ADB (2011), Soaring Food Prices Again Threaten to Push Millions of Asians into Poverty, Press Release, 26 April 2011, [Online: web] URL: <http://adb.org/news/soaring-food-prices-again-threaten-push-millions-asians-poverty-ADB>. ADB (2012), *Food Security and Poverty in Asia and the Pacific: Key Challenges and Policy Issues*, <http://www.adb.org/publications/food-security-and-poverty-asia-and-pacific-key-challenges-and-policy-issues>

17 <http://www2.adb.org/Documents/TARs/REG/38464-REG-TAR.pdf> (2006)

18 ADB (2011), Core Agriculture Support Program Phase II 2011–2015: GMS Working Group on Agriculture, [Online: web] <http://beta.adb.org/sites/default/files/casp-2-strategic-program.pdf>

- Small-scale biofuel in integrated system
- Flood and drought management
- Transboundary animal disease control and invasive species

Guiding Policies on ANR

The ADB started supporting ANR research (ANRR) in its DMCs since the mid-1970s to boost food production, hasten agricultural exports, and promote sustainable management of natural resources such as the forestry, fisheries, land and water. Despite having a separate policy paper on ANRR, the ADB's Board of Directors periodically reviewed the progress of its endeavor in ANR. Based on the Third Asian Agriculture Survey in 1983, the Management of the Bank prepared a policy paper, *Review of the Bank's Role in Agriculture and Rural Development*, which formalized the Bank's role and set out the priorities for ANRR support with the primary objective of increasing food supplies to meet the growing regional demand for food grains.¹⁹

In 1995, the Bank approved the ANRR Policy which became the only guiding policy on the Bank's operation in agriculture so far.²⁰ ADB's agricultural research objectives are to increase food production and food security, and contribute toward poverty reduction. Under the ANRR Policy, the Bank extends support through Technical Assistance (TA) operations to focus on high-yield technology for less favorable environments and for crops other than wheat and rice, with particular attention paid to rainfed farming, neglected crops, and integration of crop, livestock, and forestry activities.

The ANRR Policy has specified funding support of \$5 million per year by the ADB Board of Directors. The policy objectives are to be achieved through funding for ANRR channeled through the Consultative Group on International Agricultural Research (CGIAR) to various international

agricultural research centers (IARCs) and to national agricultural research systems (NARSs), as well as a limited number of special TA projects to regional research centers outside the CGIAR system.²¹ Since the adoption of the ANRR Policy, 12 annual Regional TAs (RETA), each supporting one or several projects, reaching a total of 52 projects, targeting the poor, have been implemented until 2007. So far, the total funding support provided through RETAs has amounted to approximately \$50.4 million.²²

The RETA support has aimed primarily at (i) productivity improvement, which includes genetic enhancement and better management practices for food crops, fisheries, livestock, and vegetables; (ii) management of natural resources—soil, water, and forestry; (iii) improving linkages among researchers, practitioners, and policy makers to better disseminate research results; (iv) capacity development of NARSs and improved research networks among the scientists; and (v) policy analysis and advocacy.

Mostly ANRR goes to leading institutions under CGAIR. Together with the ADB, the trend setters in agriculture are CGAIR members as well as co-financer and bilateral agencies like the Australian Agency for International Development, United States Agency for International Development, and New Zealand's Agency for International Development.²³

In 2010, ADB, FAO, and the International Fund for Agriculture and Development

(IFAD) forged a partnership which will promote innovative financing mechanisms to attract private sector investment in agriculture as well as develop inclusive business models that bring benefits for investors and local small farmers. The Partnership Framework establishes four (4) pillars for collective and collaborative efforts: the harmonization of cross-border and regional investments; promotion of stronger collaboration in the prioritized agricultural research; support to enhance intra- and interregional

19 The Policy Paper for the Board of Directors was prepared against the slowdown of Green Revolution and recommended for intensified agriculture research. The Bank had also guided by three operational constraints in research as 1) as a regional bank, the research focus must be in Asia and the Pacific, 2) the Bank will support specific, time bound and measurable research project which is operationally viable, 3) it doesn't provide general grant for any research.

20 <http://www2.adb.org/Documents/Policies/Agriculture-Natural-Resources/agri-natural-resources.pdf>. The Policy focuses on six main agenda items. (i) sustainable and remunerative farming systems for poor farmers, (ii) enhancing the incomes and living standards of rural women, (iii) sustainable management of agricultural and natural resources, (iv) enhancing the productivity of agriculture, (v) enhancing the capacity of national research systems, and (vi) public policy and socioeconomic research.

21 Established in 1971, the CGIAR comprises a group of 16 autonomous IARCS supported by an informal group of 41 public and private sector donors. The World Bank provides the Secretariat and appoints its Chairman.

22 The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), the International Food Policy Research Institute (IFPRI), the International Maize and Wheat Improvement Center (CIMMYT), the International Water Management Institute (IWMI), the International Rice Research Institute (IRRI), IFAD—International Fund for Agriculture Development, International Agricultural Research Center (IRAD), and the World Vegetable Center were the main executing agencies of these RETAs.

23 IFAD provided 30% of the total project cost for the Small-Scale Water Resources Development Sector Project in Bangladesh and supported the development and institutionalization of beneficiary participatory approaches in operation and maintenance of small-scale irrigation schemes. ADB's coordination with bilateral agencies—NZAID in Tonga (water supply and Forestry) and AusAID in Sri Lanka (plantation)—was well coordinated and significantly contributed to the objectives of the respective agencies.

food trade; and facilitation of sharing of lessons and good practices in policy and institutional response to improve household food security.

The Operations Evaluation Department (OED) of the ADB conducted a special evaluation study in 2000 on the implementation and impact of the ANRR Policy. Most of the recommendations of 2000 evaluation were neglected despite endorsed

The Bank should promote effective and wider utilization of ANRR products. To achieve these recommendations, the responsibility has been provided to the Regional Sustainable Development (RSDD), Strategy and Policy Department (SPD) and Regional Departments (RD) in the Bank.

ADB's Policy on Forestry (1995)

The Forestry Policy sets out a revised and updated strategic basis and policy for future ADB operations in forestry and related operational implications. It recommends a strategy to be followed by the Bank in forestry sector through balancing production, protection and participation.²⁴ The Bank's forestry operations began in 1977, with loans totaling more than \$250 million over the first decade, complemented by some \$15 million in TA grants. A 1978 *Working Paper on the Role of the Bank in Forestry and Forest Industries Development* guided the Bank's investments in the sector during its initial period. The Working Paper emphasized production-related aspects of forestry, agriculture-supportive forestry, watershed rehabilitation and the establishment of forest industries.

Since 1988, ADB's support for forestry has grown substantially amounting over \$500 million due to a burgeoning interest in conservation forestry in the 1980s that stemmed from increased global environmental awareness on 'Our Common Future'. To accommodate the demand and challenges faced by the environment in general and the forestry in particular, the ADB prepared a revised Sector Paper on Forestry in 1989 setting out new priorities in the sector which are as follows: promotion of forestry investment by the private sector and governments, a more comprehensive sector approach to forestry development, assistance to DMCs in preparing forestry master plans, improved technical effectiveness of projects in social forestry/agroforestry, and protection of threatened tropical forest ecosystems.

For the period 1980-2000, ADB invested a total of \$1 billion in the forestry sector which are mainly

support for the creation of plantations which intends to compensate for the loss of natural forests and decline in the potential production capacity.²⁵

In 2003, the ADB released a Working Paper on the Forest Policy. The focus of the 1995 policy was on the forests and the need to manage them; while, the proposed revised policy focuses on the role of the forests in improving livelihoods and human welfare, enhancing economic development, and reducing poverty.²⁶

However, due to lack of transparency in the review process, the ADB postponed releasing the revised Forestry Policy. To date, the ADB has yet to revise its 1995 policy. Then ANR and Social Sectors Division Director Robert Dobias said ADB was undergoing internal discussions and that it still has to address "fundamental issues related to the Bank's support to the forest sector" before resuming the review process.²⁷

Despite the lack of an updated Forestry Policy, the ADB is now engaged in reducing emissions from deforestation and forest degradation (REDD) and REDD+.

Development Policy Lending – Restructuring Agenda

The TA operations of ADB are guided by the provisions of the Agreement Establishing the Asian Development Bank, also known as the Charter, specifically Articles 2 (iii) and 2 (iv):²⁸

- Article 2 (iii) – *“to meet request from members in the region to assist them in the coordination of their development policies and plans with a view to achieving better utilization of their resources, making their economies more complementary, and promoting the orderly expansion of their foreign trade, in particular, intraregional trade.”*
- Article 2 (iv) – *“to provide technical assistance for the preparation, financing and execution of development projects and programmes, including the formulation of specific project proposals.”*

This clearly mandates the ADB to implement structural changes in the DMCs through TA operations. Due to severe criticism thrown at World Bank's 1980s 'structural change' programs, the World Bank Group, as well as all multilateral development banks like the ADB, has been forced not to use the word and substitute with 'development

24 <http://www.adb.org/sites/default/files/bank-policy-on-forestry.pdf>

25 Perez-Corral, Violeta and Rosien, Jessica, *Updates on Review of ADB's Forestry Policy*, Forum Briefer 02-05, NGO Forum on ADB, 2002.

26 Ibid.

27 Lang, Chris, *Secrets and Lies: The Asian Development Bank's New Forest Policy*, World Rainforest Movement, June 2005.

28 ADB (1965), Agreement Establishing the Asian Development Bank (ADB Charter), [Online: web] URL: <http://www.adb.org/sites/default/files/pub/1965/charter.pdf>

policy lending'. The Bank has wielded tremendous influence on DMCs through its TA operations.

With its TA operations, ADB assists in (i) identifying, formulating, implementing, and operating development projects; (ii) formulating and coordinating development strategies, plans, and programs; (iii) improving recipients' institutional capabilities; (iv) undertaking sector-, policy-, and issues-oriented studies; and (v) improving the knowledge about development issues in the Asia and the Pacific region.

The ADB uses its TA to nurture regional cooperation and integration among DMCs by (i) promoting regional policy dialogue and providing policy advice supporting capacity building and institutional strengthening to help the integration of DMCs within the region and with the rest of the world and to respond to cross-border issues; (ii) generating and disseminating knowledge on regional cooperation and integration; (iii) developing partnerships with other stakeholders, including international institutions, policy makers, think tanks, academic institutions, and nongovernment organizations.²⁹ TA operations are funded either by a loan or by a grant, or by a combination of the two. There are various TAs which are as follows:

- 'Project preparatory technical assistance' (PPTA) means TA for project preparation;
- 'Policy and advisory technical assistance' (PATA) means TA to finance sector, policy, and issues-oriented studies;
- Advisory technical assistance (ADTA)/Advisory and Operational technical assistance (AOTA), means aids in institutional strengthening, sector

and policy studies, and non-project-related human resource development;

- 'Capacity development technical assistance' (CDTA) means TA to undertake institutional and organizational capacity development and to support the implementation, operation and management of ADB-financed projects.
- 'Research and development technical assistance' (RDTA) means TA to strengthen ADB's role as knowledge platform to address development issues of a global or Asia and Pacific-wide nature.
- 'Regional technical assistance' (RETA) means TA for more than one DMC for the purpose of project preparation, policy advice, or capacity development. Regional TA is identified by the prefix "R."³⁰

The ANR sector is one of the major recipients of TA. From 1967 to 2008, the ANR sector received 1,280 TA grants (655 advisory and 32 operational and 624 project preparatory TAs) amounting to \$598 million, accounting for 22% of all TA grants that were provided to 36 DMCs as of end 2008.³¹ Bangladesh, the People's Republic of China (PRC), Indonesia, Nepal and the Philippines were the top five recipients, accounting for 47.8% of the total ANR TA.

Thirty-eight advisory TA activities were provided to support 22 programs or projects for institutional capacity building critical to operations, and to improve the likelihood of sustaining policy reforms. In general, policy and institutional reforms included introduction and establishment of policies and institutions for more efficient operations in

29 ADB (2010), Technical Assistance Disbursement Handbook, [Online: Web] URL: <http://www.adb.org/sites/default/files/pub/2010/tadisbursement.pdf>

30 ADB (2011), Operational Manual-Technical Assistance, OM Section D12/BP, Bank Policies (BP), [Online: web] URL: <http://www.adb.org/sites/default/files/OMD12.pdf>. The Board of Directors has the authority to approve a major change in scope of TA where the cost of the change is more than \$1.5 million. The vice-presidents have been delegated the authority to approve a major change in scope of TA where the cost of the change is \$1.5 million or less. The President reports such approval to the Board. The director general, IED has been granted the authority to approve a major change in scope of TA that he or she has approved. Currently, the President has delegated to the vice-presidents the authority to approve TA up to \$750,000 for PATA, CDTA, and RDTA, and up to \$1.5 million for PPTA

31 ADB (2010), *Performance of ADB Assistance to Agriculture and Natural Resources— Evidence from Post-Completion Evaluations*, Manila, [Online: web] URL <http://www.adb.org/documents/performance-adb-assistance-agriculture-and-natural-resources>

sector development.³² According to the ADB, the only ADTA for the Forestry Sector Program of the Philippines was unsuccessful.³³

Most influential ADTAs examples are as follows: (i) sector policy studies in the People's Republic of China, Kazakhstan, Papua New Guinea, and Vietnam; (ii) master plans for agriculture and rural development in Pakistan, and livestock and forestry subsector in the Philippines; and (iii) policy advisories in Pakistan for deregulation of the fertilizer industry, and in the Philippines for the promotion of industrial tree plantations; and (iv) participatory approaches in Bangladesh, Kyrgyz Republic, Tonga, and Uzbekistan. Similarly, changing the scope of ADTA in Sri Lanka--from initiating privatization of identified agro-enterprises to developing a long-term strategy and legal framework for privatization of plantations--is another example of influential ADB ADTA.

Project Lending in ANR: Unsuccessful and Unsustainable

Since 1967, the Bank has provided 752 projects for the ANR sector amounting nearly to \$21.5 billion up to date.³⁴ While the ADB has invested in 107 regional projects, PRC has received the maximum number of projects totaling 106. It is followed by Vietnam with 54 projects; Bangladesh, 51; Indonesia, 47; Pakistan, 42; Cambodia and India with 40 projects each.

As per geographical distribution, in Southeast Asia (including Mekong), 54 projects were invested in Vietnam, 47 in Indonesia, 40 in Cambodia, 39 in Lao People's Democratic Republic, 23 in the Philippines, 10 in Thailand, and one in Malaysia.³⁵

In South Asia, Bangladesh received the highest number of projects totaling 51 followed by Pakistan with 42 projects; India with 40; Nepal, 39; Sri Lanka, 26; Afghanistan, 21; Bhutan and Maldives, with two projects each.

In Central Asia and the Caucasus region, Tajikistan received 21 projects; Uzbekistan, 18;

Kyrgyz Republic, 14; Mongolia, 13; Kazakhstan, eight; and Azerbaijan, three.

In the Pacific region, the number projects on ANR are distributed in the following: Papua New Guinea, eight; Fiji, seven; Solomon Islands, four; Marshall Islands, two; and Kiribati, Timor-Leste and Vanuatu with one project each.

Historically, the bulk of ANR lending, in terms of amount and number of projects, goes to irrigation and rural development;³⁶ followed by agriculture and support services; fishery; industrial crops and agro-industry; forestry; and livestock and fertilizer production. Generally, ADB lending to the ANR sector targets policy and institutional reforms, natural resource management, infrastructure development particularly for irrigation, and productivity enhancement. Examples of agriculture-related loans include:

- Improving the skills of small-scale, poor farmers and their access to support services and rural infrastructure
- Coastline stabilization, fisheries management, and farmer-managed irrigation systems
- Flood mitigation loan
- Agriculture sector program loan to promote diversification and commercialization
- Livestock development loans
- Community development loan
- Water resources project and irrigation loans
- Grain productivity improvement loan
- Program loan for grain sector development
- Promotion of gender equality and empowerment of women
- Promotion of sustainable livelihoods

The ANR sector includes support for crop diversification and commercialization, agribusiness infrastructure, livelihood improvement and natural resources management. Investment in irrigation and drainage is included under water infrastructure.

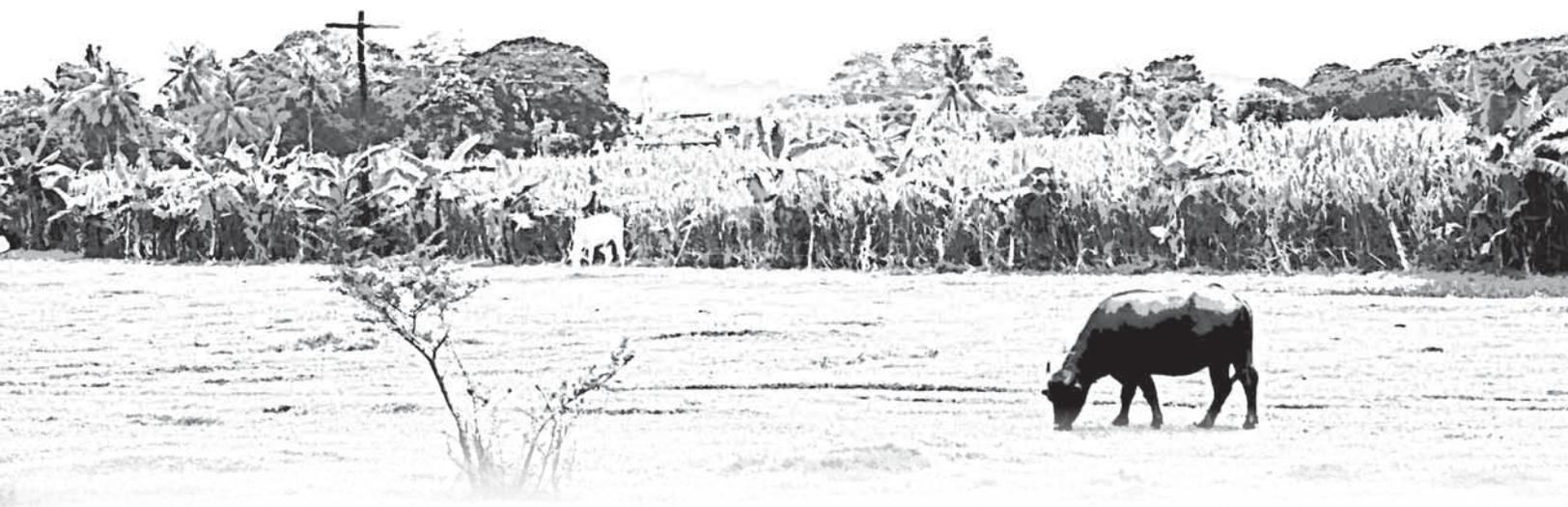
32 For example, advisory TA addressed distortions in agricultural production and markets such as commodity pricing, agriculture taxation, agriculture credit, rural savings, and fertilizer subsidy. Capacity development efforts were aimed at institutionalization of these reforms through training and development of manuals and information systems, monitoring and evaluation, extension services, and introduction of strategies and approaches to beneficiary participations in the sector development.

33 ADB (1988), *Technical Assistance to the Philippines for Rationalization of Wood-Based Industry*, Manila: ADB.

34 This number includes projects which are ANR specific as well as projects having ANR as component.

35 The geographical distribution are being used here notwithstanding with ADB's regional grouping or any international NGOs or Partners. This is followed as NGO Forum on ADB's organisational structure. For example, Pakistan is in Central and West Asia Regional grouping by ADB. Similarly Mongolia is in East Asia grouping by ADB.

36 IRD projects commonly provide irrigation infrastructure together with access roads, market facilities and support for other rural public services.



Agriculture and Natural Resources: ADB's New Sector Markers (with subsectors and key activity areas)

(Source: ADB, *Social Analysis Toolkit*, 2009)

Subsectors	Key Activity Areas
Agricultural production and markets	Farm production enhancement, crop diversification, high-value agricultural production, farming systems development, extension and farm advisory services, post-harvest facilities, farmer credit, agricultural research, market infrastructure, crop and non-crop value chain infrastructure and investments, agro-processing, food safety, agribusiness
Irrigation, drainage, and flood protection	Surface irrigation, groundwater irrigation, irrigation systems management, rain water harvesting, drainage improvement, land improvement, water user associations, flood protection, river bank protection, flood-risk management
Water-based natural resource management	Water system development and conservations, marine ecosystem and coastal resources, wetland biodiversity
Land-based natural resource management	Sustainable land management, conservation agriculture, ecosystem management, biodiversity, dry land and pastureland development
Fishery	Marine, coastal, inland, fishery credit, aquaculture
Forestry	Aforestation, timber forest, non-timber, processing of forest products, forest management, forestry finance, upland area development and terrestrial ecosystem
Livestock	Dairy and milk, animal husbandry, small livestock, animal farming, veterinarian services, livestock credit
Agriculture and rural sector development	Rural infrastructure (like roads, drinking water, electricity), rural enterprise development, livelihood programs and employment generation, survey and mapping, area development, and community-based rural development, research, cadastral survey and land classification, agricultural sector development and policies

The evaluation reports of the 1990s had the highest percentage of projects and programs rated successful or higher (50.9%), while those of the 1970s had the lowest (34.7%). The irrigation, drainage, and flood control subsector had the highest percentage (59%) of projects and programs rated successful or higher, followed by water-based rural development subsector at 52.9%. Fifty percent of projects and programs in the forestry subsector were rated unsuccessful—the highest ratio of any category across all subsectors.

During 1973–2011, the evaluation of 378 ANR projects by the ADB concludes nearly half

of the projects, 46%, are successful or generally successful, 39.7% are partially successful and 14.3% are unsuccessful. Among other sectors the rate of unsuccessful is highest in the ANR sector. Generally, success rate of ANR is also the lowest among sectors.³⁷

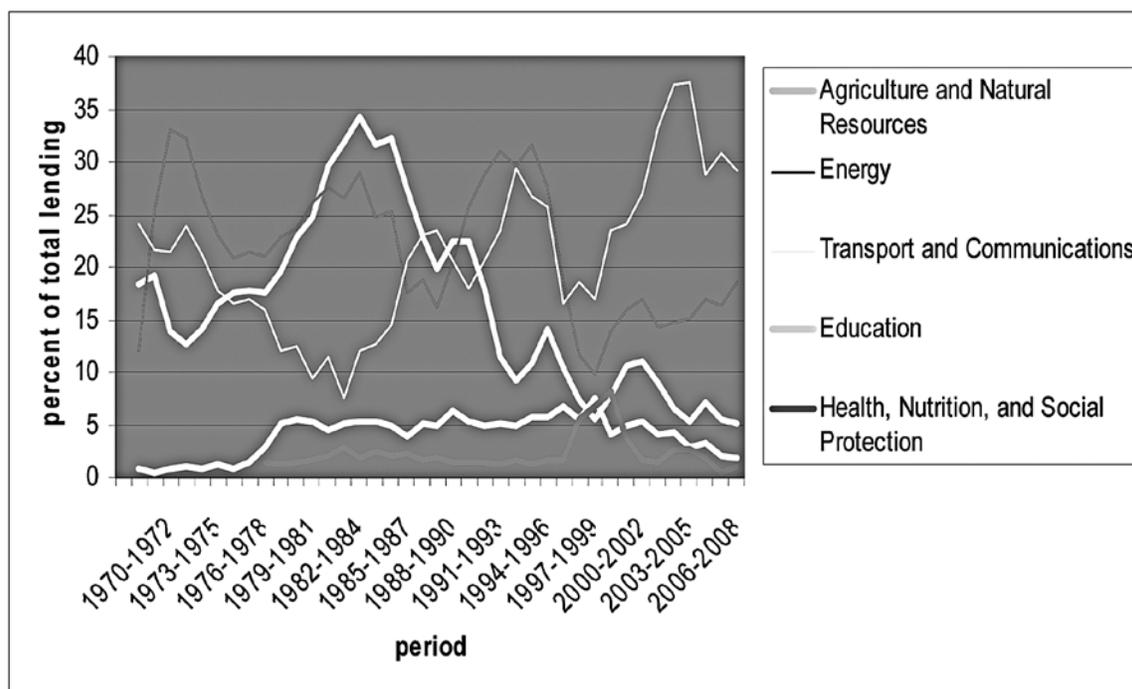
The poor record of agricultural projects reflects ADB's reluctance because the "assessment of costs and benefits and project management were not as simple and straightforward as in energy and infrastructure programs. Management is squarely divided on the direction of Strategy 2020 and selection of ANR projects to address the food security problem."

37 ADB (2011), Annual Report, Appendix-15.2.

ADB Loan Approvals by Sector

(3-Year Moving Averages, 1968-1970 -- 2006-2008)

(Source: ADB Annual Report 2008)



Agriculture and Natural Resource Impact Evaluations

Despite debates over Strategy 2020, and with the Bank's approach to food security, the highest incidence of ANR projects with unsuccessful rate, off-and-on-media stunt on addressing the food crisis, division among donor countries on the Bank's role on agriculture sector and management's concerns over ANR, the ADB has never done so far a special evaluation study on its role in ANR. Several country sector analyses, however, have been completed to guide the Bank's engagement in the sector in specific DMCs. The Internal Evaluation Department (IED) has conducted four sector synthesis reports on the ANR sector since 1994. These reports were subsector-focused, pertaining to (i) forestry (1994), (ii) irrigation and rural development (1995), (iii) post-industrial crops and agro-industry (1996), and (iv) fisheries (1998).

A synthesis report prepared by IED in 2010 focused on performance evaluation of 25 loans (14 projects and 11 programs) under the ANR sector from 2000 to 2009, with sub sectors such as: agricultural production and markets, agriculture and rural sector development, fisheries, forestry, livestock, land-based natural resources management, and water-

based natural resources management.³⁸ There have been few Sector Performance Evaluations made by IED on ANR or Agriculture and Rural Development (ARD). Some examples of such evaluations with country evaluations are mentioned below.

Bangladesh: The ANR sector has a long history, being the fourth largest sector invested in by the Bank. Until 1985, ANR took over half of ADB's financing. The size of the program has steadily fallen, and recently the program received only 14% of ADB's total financing. In addition, this is the only sector that stands out as performing weakly, where four out of seven completed projects were rated less than successful.³⁹ ADB's program in ANR has been limited by problems in project design, delays and other implementation problems, and concerns about their respective maintenance. Out of 15 projects reviewed, only seven were rated successful. ADB's program in ANR is rated only partly successful, based on mixed performance results. The IED, however, recommended to the ADB to continue supporting agriculture and rural infrastructure projects in the country.

Most of ADB's support for ANR is through financing of rural infrastructure (i.e., rural roads, infrastructure for irrigation, drainage and erosion

38 ADB (2010), "Performance of ADB Assistance to Agriculture and Natural Resources—Evidence from Post-Completion Evaluations, Sector Synthesis, Independent Evaluation Department, Manila, [Online: web] URL: http://www.adb.org/sites/default/files/SS-agriculture_0.pdf

39 ADB (2009), *Country Assistance Program Evaluation (CAPE) - Bangladesh*, Manila: ADB, P.7.



mitigation, and marketing infrastructure). According to beneficiaries consulted during evaluation, the ADB-financed rural infrastructure projects could have been more effective with stronger links to agriculture-related activities. As per evaluation, the ADB should have ensured that the rural infrastructure projects it finances are part of a comprehensive plan for rural and agricultural development.⁴⁰

Pakistan: With the largest number of ANR projects during the period 1985-2006, the overall success rate of 33 projects was only 55% with no trend of improvement in the coming years.⁴¹ ADB operations in ANR have been spread across eight (8) subsectors. However, according to IED, ADB's allocative decision making and positioning of its assistance within the agriculture sector resembles a "scattergun" approach. ADB has spread its resources too thinly, across too many areas, with too little follow up and continuing engagement.

In some subsectors there has been an apparent failure to identify lessons and to take actions accordingly. The failure of the ANR projects was due

to policy constraints and the reluctance or inability of the government to implement its own policy. Some of the recommendations on agriculture operations for ADB are as follows: focus on fewer subsectors with greater continuity; reduce project complexity, or adequately resource complex projects and better incorporate implementation experience in the design; and review the model for rural development projects if operations are going to continue in this area.

Sri Lanka: From 1986 to 2006, the ADB's operations in ANR were less than successful (33%) and unsustainable. The Bank implemented crop productivity, improvements, crop diversification, policy and institutional reforms, support services improvement (marketing, research, extension, input supply, and access to credit), and private sector participation. According to the IED evaluation report, the reason of failure became visible due to inconsistent government policies that negated earlier gains, unfavorable world prices of agricultural commodities, and a few policy reversals, lack of coordination on strategies, implementation, and frequent change in Ministers and agencies.⁴²

Nepal: The ADB provided \$1,078.1 million to Nepal from 1997 to 2007, and agriculture received 21.1% (\$228 million), --more than any other sector. Over 90% of the total sector assistance was allocated to three (3) subsectors: agricultural production and marketing, with \$82.7 million or 36%; agricultural and rural sector development, \$73.7 million or 32%; and irrigation, drainage, and flood protection, \$50.6 million or 22%. The remainder was allocated mostly to livestock, \$21.4 million or 9%.⁴³ However, ANR projects in Nepal were partly successful. Only eight (8) out of the 17 lending, grant, and advisory technical assistance projects evaluated were rated successful.

Lao PDR: From 1986 to 2005, the ADB implemented two (2) programs, totaling \$50 million; seven investment projects, \$84 million; 32 TA grants, \$12.4 million; 11 PP TAs, \$6.7 million; and 14 RETAs, \$10.5 million with coverage that included the Lao PDR in ANR sector. The ANR sector accounted for 13% of ADB lending to the country, 22% of total TA, and 27% of total PPTA TA.⁴⁴ According to IED, ADB operations in this sector have been less efficiently effective and partly successful. Policy implementation has been affected by an environment characterized by regulatory

40 Ibid.

41 ADB (2007), *Country Assistance Program Evaluation (CAPE)-, Pakistan*, Manila: ADB, p. 22.

42 ADB (2007), *Country Assistance Program Evaluation (CAPE)-Sri Lanka*, Manila: ADB, pp.16-18.

43 ADB (2009), *Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in Nepal*, Manila: ADB, p. 12.

44 ADB (2005), *Sector Assistance Program Evaluation for the Agriculture and Natural Resources Sector in the Lao People's Democratic Republic*, Manila: ADB, PP. 13-18.

uncertainty, unpredictability, lack of transparency and accountability, and other governance issues including corruption.⁴⁵

Cambodia: According to ADB, from 1995 to 2008, agriculture productivity has increased steadily, with paddy production during the period 1998–2007 almost doubling, from 3.4 million tons to 6.7 million tons, commercial fish production rising from 122,000 to 3.5 million tons, and the number of cattle in the country increasing from 2.7 million to 3.5 million. Aside from the Stung Chinit Irrigation and Rural Infrastructure Project, all projects were rated which, according to ADB evaluation, has contributed to the reduction of Cambodians living below the poverty line from 47% in 1994 to 30% in 2007.⁴⁶

The ADB approved 12 projects (including grants) in the ARD sector with a total value of \$240.7 million and 31 associated TA projects with a total value of \$21.2 million in ARD policy and programs, rural infrastructure projects, irrigation projects, and targeted rural development projects. Under the Stung Chinit project only, 3,000 ha of land were provided

with irrigation facilities, against an original target of 7,000 ha. Under the Northwest Irrigation Sector Project (after five years of implementation), the total irrigation coverage at the end of the project in 2010 was only 10,000 ha as against the original target of 16,000 ha.

The ADB supported ARD mainly through infrastructure for rural transport, irrigation and water systems, and microfinance. However, the Bank has been reluctant to get involved in land tenure programs under the Tonle Sap Initiative which has been the core program for the Bank's engagement in the country's development. Aside from the ADB, other bilateral donors have also been engaged in the ARD sector of the country. While ADB has contributed 26% of the total donor assistance in the ARD sector of Cambodia, the International Bank for Reconstruction and Development (IBRD) accounts for 13%; Australia, 12%; Germany, 10%; Japan, 6%; the World Food Programme (WFP) and IFAD, 7% each; and other donors, 19%.

45 Ibid.

46 ADB (2009), *Sector Assistance Program Evaluation for the Agriculture and Rural Development Sector in Cambodia*, Manila: ADB, PP. 17-20.





Part II

ADB's Approach to Climate Change and Agriculture

Climate change severely affects livelihoods of people who depend on natural resources like farmers, fisherfolks and indigenous peoples, as well as the economies in Asia and the Pacific. It was only in 2008 that ADB started refocusing its operations to include a climate change strategy that aims to help its client countries respond to both the causes and consequences of climate change. ADB's thrust for improving the resilience of economies in Asia and the Pacific to adverse climate change impacts revolve around through four central themes: adaptation, sector resilience, climate-proofing, and vulnerable groups. However, many on-going projects in India, Bangladesh, Azerbaijan, Tajikistan, Kyrgyzstan, Vietnam, Indonesia and the Philippines lack climate change consideration.⁴⁷

The Bank supports investments in agriculture with climate change considerations that conserve biodiversity and maintain or enhance valuable ecosystem services. ADB's support also covers (i) reforestation; (ii) the application of sustainable natural resource management approaches, such as integrated ecosystem management, which links natural ecosystem capacities with socioeconomic activities; and (iii) the introduction of market approaches such as payment for environmental services.

Policy Proposals to Build Resiliency in Agriculture

The ADB-sponsored agriculture sector study which was published in 2009, carried out by the International Food Policy Research Institute

(IFPRI), uses predictions of global climate models to develop scenarios up to 2050 for Asia and to derive implications for food security.⁴⁸ The study recommends cost-effective adaptation responses that could build greater climate resilience into the agriculture sector in Asia and the Pacific by prioritizing private sector-led solutions. This study seems to be the guiding strategy for further engagement of ADB in addressing climate change impact in the ANR sector. The document, however, suggests that the Bank would continue to promote strategies widely criticized for undermining sustainability of agricultural production and rendering rural livelihoods more vulnerable to the disastrous effects of climate change.

Although the study recommends developing agricultural markets and mainstreaming climate

47 During three special research projects of NGO Forum on ADB initiated between 2009 and 2011, it is concluded that on 14 ADB on-going projects in nine countries during the project cycle, climate change consideration had not been adequately incorporated. NGO Forum on ADB (2010), Risk and Resilience: Mainstreaming climate change into the environmental impact assessment process Critical analysis of projects funded by the Asian Development Bank, [Online-Web] URL: <http://www.forum-adb.org/docs/Risk-and-resilience.pdf>. NGO Forum on ADB (2012), God's Own Abode in Peril Chatyrkul freshwater lake in Kyrgyzstan under threat, Occasional Paper, [Online-Web] URL: <http://www.forum-adb.org/docs/OccasionalPaper.pdf>. NGO Forum on ADB, (2012), IWRM in Six Rivers, (under publication).

48 ADB and International Food Policy Research Institute (2009), *Building Climate Resilience in the Agriculture Sector of Asia and the Pacific*, Manila [Online: web] URL: <http://www.adb.org/sites/default/files/pub/2009/Building-Climate-Resilience-Agriculture-Sector.pdf>



change in agricultural policies, the ADB will continue to pursue trade liberalization policies. Over the years, realities on the ground have showed how trade liberalization has shifted income from small scale producing farmers to well-established, intensive agricultural producing nations. The removal of local polices safeguarding the welfare of small-scale farmers has only shifted the playing field, favoring the big agriculture sector players, preventing the small farmers to compete with the sophisticated technologically equipped first world nation producers.

The study also promotes crop breeding -- using biotechnology and genetic modification -- will be an essential component of adapting to key biotic and abiotic stresses related to climate change, including drought, heat, salinity, pests, and diseases. The Bank must ensure, among other measures, developing appropriate regulatory and biosafety protocols for the introduction of transgenic cultivars, and reforming intellectual property rights that could encourage private investment in crop improvement. Several experts, however, believe that the unsustainable chemical agricultural practices that have been promoted so far through green revolution, and supported by large water infrastructures, are the

major cause of emissions from agriculture sector. Moreover, studies show how chemical-intensive farming would result in lesser yield in the long run. The ADB should instead focus its resources in supporting natural, organic farming.

Likewise, the emphasis on reforming the intellectual property rights should be approached with great vigilance to ensure that small farmers are safeguarded from the private sector seeking to secure rights over indigenous knowledge and practices.

The ADB study also proposes an alternative livelihood such as raising livestock or practicing aquaculture instead of crop production. Such should be treated with extreme caution due to the incidental, detrimental effects of said livelihood to local communities and the environment.

In terms of land and water property rights, the Bank should initiate improved definition and protection of land and water property rights which will be necessary to implement effectively market-based approaches to agriculture taking into consideration impacts of climate change. Though it calls for innovative approaches to land tenure, the study is deliberately ignoring the development of sustainable and cooperative agriculture.

Moreover, the innovative approach to land tenure that the ADB is promoting could be used as an excuse by governments not to issue land titles to small farmers; worse, such could result in the corporatization of huge hectares of land controlled by the few elites under the guise of efficient, more lucrative use of the land. The innovative approach to land tenure, such as an appointment of an agent to represent customary interest, may only work in a perfect world. This approach should be further reviewed to ensure that the Bank is not aiding governments in sidestepping the rights of the small producing farmers to land under the blanket of profitable use of land.

The study also promotes the most contentious issue of biofuel. “The use of high-yielding feedstock crops grown on existing cropland or degraded lands for biofuel production has the potential to offer carbon savings compared with the use of conventional fossil fuels.” Ground realities have shown that biofuel plantations have either resulted in deforestation and/or displacements, with occasional use of military force. Safeguards protecting the rights of local communities and the environment should be put in place prior to venturing into biofuel plantations.

Climate Change Implementation Plans

ADB’s five regional departments —Central and West Asia, the Pacific, South Asia, East Asia and Southeast Asia — have already drafted their respective Climate Change Implementation Plans (CCIP) that serves as a guide for climate-related responses, both to mitigate greenhouse emissions and to adapt to climate change impacts. Taken together, the subregional CCIPs indicated that ADB’s efforts on climate change from the medium term would still be concentrated on energy, transport and urban sectors. Most agriculture-related climate activities are into policy and institutional support,

which includes coordinative work “harmonizing responses among multiple partners and encouraging regional cooperation to address climate challenges,” as well as the development and dissemination of associated knowledge products.

The ADB will support country-driven climate change adaptation programs primarily through its CPS by promoting the mainstreaming of adaptation and disaster risk reduction into national development plans and helping build the climate resilience of vulnerable sectors such as agriculture, energy, transport, and health, including preparation of climate-resilient sector road maps; and assisting the DMCs in climate proofing projects—including those financed by ADB—to ensure their outcomes are not compromised by climate change and variability or by natural hazards in general.

The ADB will prioritize extending support accompanied by training, awareness-raising, and education measures to mainstream climate change into development efforts in the least developed countries and to address threats to highly vulnerable segments of society. The Bank will provide special attention to improving DMC capacities for climate-resilient water management in urban, rural, and river basin settings. Through its partnership, the Bank will respond to long-term food security risks from climate change threats to agricultural production and food prices, potentially including support for more resilient cropping systems.

Among the programs and initiatives taken by the Bank to address climate change, most of the agriculture-related ones fall under adaptation category such as Addressing Climate Change in Asia and the Pacific Region, Central Asia Countries Initiative for Land Management (CACILM), Climate Change Adaptation for the Pacific Islands, and Managing Land Use and Forests for Carbon Sequestration.



Addressing Climate Change in Asia and the Pacific

The project is expected to improve Asia and the Pacific region's knowledge and understanding of climate change issues facing the region, and improve the availability of information in the region about measures to address climate change in selected key areas.⁴⁹ The Bank-sponsored RETA aims at improving DMCs' preparedness to effectively address climate change challenges, and improve the region's specific knowledge and understanding of climate change challenges. The main output of the RETA will be a set of major publications covering key climate change challenges facing Asia and the Pacific such as energy and climate change, adaptation in the agriculture sector, and migration and climate refugees.

Climate Change Adaptation for the Pacific Islands

The RETA will assist the identified Pacific Island countries to address the adverse effects of global climate change, particularly sea level rise and increased climate variability in coastal and marine areas mainly through vulnerability assessment, adaptation planning, risk prevention and management, preparation/design of adaptation measures at the project level, and capacity building linked to adaptation programs.

Managing Land Use and Forests for Carbon Sequestration

As per Strategy 2020 advocates arresting deforestation as an approach to reduce greenhouse gas (GHG) emissions, the Bank is supporting forest management and conservation efforts, as well as agricultural land use improvements, to promote carbon conservation and sequestration, and to achieve other local and global benefits. The so-called REDD+, which aims to reduce emissions from deforestation and forest degradation combined with

enhancement of forest carbon stocks, sustainable forest management, biodiversity conservation, and community development, is creating new financing opportunities and incentives for forest conservation and sustainable rural development for the Bank.

The focus of ADB's operations is in Indonesia, Lao PDR, and other countries in the Mekong Basin, Papua New Guinea, Solomon Islands, and Vanuatu. The Bank is also coordinating funds from other multilateral and bilateral programs such as the Climate Investment Fund's Forest Investment Program, the World Bank's Forest Carbon Partnership Facility, the United Nations-REDD Program, and the Global Environment Facility's Sustainable Forest Management Program.

Climate Change Fund (CCF)

The CCF was established in May 2008 to facilitate greater investments in member countries to effectively address the causes and consequences of climate change. The CCF is a key mechanism to pool resources within ADB to address climate change through TA and grant components of investment projects. The fund will focus on three (3) areas among which two (2) focus areas are related to ANR:

Reduced emissions from deforestation and degradation – prioritizing interventions that maintain, restore and enhance carbon-rich natural ecosystems, especially forests, and prevent these carbon sinks from becoming sources of GHG emissions. It also aimed at maximizing co-benefits from sustainable development and the conservation of biodiversity and generation of other ecosystem services and ecological processes.

Improved land use management and adaptation – focusing on interventions that will enhance the climate resilience of infrastructure and other investments, community livelihoods and key sectors, especially in the following geographic areas: arid and rainfed agricultural areas; densely populated coastal lowlands and deltas; and low-lying islands.

⁴⁹ <http://www.adb.org/projects/42167-012/details>

Part III

ADB's Approach to Water and Agriculture Nexus

Water is one of the most important natural resources and a key element of socioeconomic development of any country in Asia and the Pacific. And Asia's ecological balance is critically dependent on water. The competing demand for water is continuously on the rise due to population growth, rapid urbanization, and expansion of industries and agriculture. Climate change will worsen this scenario. As water is finite, the demand is fuelling low intensity conflicts among and within the country among various users. Quite relatively until today, the planning and management of water resources are confined to its economic development which has ramification on the socio-cultural system of society.

The increasing water stress in countries like India, Indonesia, Vietnam, and the Philippines, and the competition in Central Asian countries over harnessing river water have erupted. Issues such as diverting water for industrial use, pollution, allocating water to mining companies, and, overall, alienating farmers and fisherfolks in Asia from accessing water are among the pressing issues concerning water rights.

According to the Bank, around 80% of Asia's water is used to irrigate crops, but much of it is used inefficiently; while many of the region's most water-stressed countries lose large volumes of treated water through leakage in urban water supply systems.

To rescue the implementation of its short-sighted Strategy 2020, the ADB has to address the

gloomy arithmetic of water status in major Asian countries such as China, India, Pakistan, Vietnam, Bangladesh, Nepal, Uzbekistan, and Cambodia through a set of prescriptions which will overhaul the water sector and will give the private sector a leading role.

With this backdrop, the Bank has been profoundly helping countries to address water challenges through its Water for All Policy (2001), and more recently, with its Water Operational Plan (WOP) 2011-2020⁵⁰ which was approved in October 2011 after four (4) rounds of content changes. The WOP is not a policy, but a strategy being followed by regional departments, with the blessing of the ADB president, to rescue Asia from its gloomy arithmetic of water, and is seen to complement the Water for

50 ADB (2011), Water Operational Plan, Manila, [Online: web] URL: <http://www.adb.org/sites/default/files/water-operational-plan-2011-2020.pdf>



All Policy which is still relevant for another decade despite strong internal hurdles inside the Bank.

ADB's investment in the water sector averaged \$790 million a year from 1990 to 2005, and ranged from \$330 million in 2004 to \$1.4 billion in 2005. Between 1992 and 2009, ADB's loan approvals for the water sector amounted to \$16.3 billion, or around 13% of its total lending. While the urban subsector water supply and sanitation (WSS) received 33.2% of the total water sector loan, 14.4% went to water-based natural resource management (WBNR), 13.9% to large hydropower, and 12.3% went to irrigation, drainage, and flood protection.⁵¹ Among all subsectors projects, the IED found that large hydropower projects were the most successful (80%), and irrigation projects the least successful (54.5%).

The Water Financing Program (WFP), which was established in 2006, facilitated over \$2 billion worth of annual investments for the period 2006-2010 or a total of \$10 billion by the end of 2010. The program has been continued until 2020 with target investments of \$2-2.5 billion annually or a total of over \$20-25 billion by the end of 2020.

Water Operational Plan: Apathy to Agriculture

ADB's Water Operational Plan 2011-2020 identifies priority actions that ADB should immediately embark on. However, the basis of this priority sector is one sided. While connecting

the water-food-energy nexus, the Bank argued that "unconstrained use of free or low-priced energy has led to indiscipline in irrigated agriculture" with "farmers depleting on groundwater aquifers unabated". Due to inefficient practices by farmers, the energy footprint of water use is large. On the other hand, the Bank gives a non-critical view on thermal power plants' overall ecological footprint which consumes 80% of water. The ADB cannot criticize its second largest portfolio.

Other facts put forward by the Bank for its new-found nexus are as follows: while the production of biofuels at present level is likely to evaporate between 20% and 100% of all water currently used by world agriculture, another study predicts a 65% increase in industrial water use, 30% increase in domestic use, and a 5% increase in agriculture use by 2030. Similarly, the food preferential demand of burgeoning middle class in urban economies will be dairy- and meat-based which requires higher water intensities than rice and other more traditional food products.

The nexus is incomplete without considering climate change impacts. Reiterating the findings of the Intergovernmental Panel on Climate Change (IPCC) on freshwater shortage by 2020 for 1.2 billion people, crop yields drop by 30% by 2050, water security for mega cities, and drought and floods for surface arable lands.

The Plan has developed a range of operational interventions as the water-food-energy security nexus, coupled with climate change impacts, "can help drive the design of transformational water agenda across the region". Two of the urgent challenges that need to be addressed in the integrated water resource management (IWRM) process are flood and drought mitigation (as part of disaster risk management); and the water-food-energy security nexus.

i. Flood and drought mitigation, and other water-related disasters

Besides non-structural measures,⁵² the Plan suggests large-scale storage facilities, community-level storage facilities together with rainwater harvesting, and ground water management as mitigation strategies for uncertain impacts of climate change. Community-based, disaster risk-reduction strategies will provide resilience in vulnerable communities—it will also reduce damage, limit loss of lives, and minimize livelihood impacts.

ii. Water-food-energy security nexus

For the ADB, water, food, and energy security intersects at all river basins. The Bank prescribes that "adjustments in policies for food self-

⁵¹ ADB (2010), *Water Policy and Related Operations-Special Evaluation Study*, Manila: ADB.

⁵² On the face of growing uncertainty of climate change impacts, non-structural measures will include forecasting and early warning systems, increased storage capacities and better management of wetlands.

sufficiency and reliance on hydropower and biofuels as sources of renewable energy will have major consequences for the Integrated Water Resources Management (IWRM) process in river basins". Moreover, "Growing more food with less water" will increasingly be a priority by changing policies and technology in agriculture. Private sector and farmer participation must increase substantially. "More crop per drop" can be achieved through the introduction of new technologies, e.g., drip and sprinkler irrigation in place of surface techniques, or through transformation of irrigation systems and on-farm management.

On agriculture, according to the Plan, the ADB will adhere to those projects that demonstrate a clear program of substantially improving efficiency in the use of water and enhancing productivity. Typically, there will be support for expanding irrigation areas after demonstration of substantial efficiency gains from existing water use. The design of irrigation projects currently in process or in the pipeline could consider the following: (i) productivity enhancement through components such as irrigated germplasm improvement, systems of rice (or other crop) intensification, suitability of crop selection based on water intensity, improved fertilizer use, introduction of micro-irrigation, and integrated plant stress management; and/or (ii) infrastructure development including, where appropriate, land-leveling, drainage improvements, small infrastructure development, artificial recharge, no-till farming, and completing last mile infrastructure. Additionally, community participation in planning, implementation and management delivers stronger outcomes.

However, according to the Bank, the

formulation of public policy is required to allocate and rationally manage water use across the food, energy, industrial, and municipal spectrum. With the earlier arguments of causes and effects, ADB is striving for alienating traditional farmers and their traditional crop patterns in Asia.

The Plan steps into various difficult terrains which will have large ramifications in the coming years. The said mitigation plan is clearly pointing towards construction of large hydropower under IWRM. The rivers are the source of all nexus initiated by the Bank. Yet, the ADB has been cautiously moving ahead with the construction of hydropower since 2001 in comparison with the World Bank which continues aggressively investing at least in 67 large hydropower projects worth \$8.7 billion, half of which are in Asia, with élan. Many of the ADB staff are not satisfied with clause 32 of the Water for All policy which cautioned the Bank to move ahead with large water infrastructure. Now this Plan gives impetus to the Bank to go ahead with large hydropower in the coming years.

To address water allocation in the guise of development, countries have already initiated formulating and implementing IWRM across the 25 rivers and more in Asia with the support of ADB.⁵³ The IWRM approach has been flawed in terms of stakeholder participation, information sharing, minimizing water for agricultural needs, leniency with industries, and failure in common water sharing within the region to promote good partnership and neighborhood. While IWRM as a process has all the ingredients to maintain river ecology, the approach of the Bank has been in opposite direction so far.

Looking into water using a holistic approach, such as considering climate change impact when selecting projects and programs, is a welcome step. However, a decade has passed and the ADB has not yet learned the problem in the implementation of IWRM. Participatory Irrigation Management (PIM) has been a mainstay in the age-old irrigation practices of Asian communities. The Bank must not reverse the gains of PIM. Irrigation projects need enhancement in terms of meaningful consultations with and participation of farmers.

Dam rush has to be checked immediately. Solving droughts by diverting water from storage is not the solution. How far the ADB's prescription is acceptable to countries like India and China is still unknown. But even if country officials are annoyed with the said prescriptions, the ADB, along with other institutions and private players, has carried these forward to harp on the dazzling market of the region's water sector.

53 ADB (2006), *Helping to Introduce IWRM in 25 River Basins in the Asia-Pacific Region*, Manila: ADB.v

Conclusion

The ADB plays a major role in delivering development assistance, whether as a multilateral conduit or as a direct provider. With climate change blanketing the current development discourse, the role of the ADB as provider of solutions both at the national and regional levels makes it more relevant to engage the institution at various fronts, not only to increase policy leverages but more importantly to broaden the coverage of sectoral support especially in addressing cross-cutting concerns.

ADB's performance in providing support to the agriculture sector leaves much to be desired. However, if the ADB would have its way, it would rather opt not to have any sort of direct intervention in the agriculture sector. As a development bank, it is forced — whether it likes it or not — to come up with something tangible in terms of supporting food security and rural development in the region. Towards this end, the ADB emphasized a multi-sector but selective approach under its Strategy 2020. From an operational standpoint, this would imply that much of ADB's work in agriculture is ongoing and reflects low-intensity interactions with major stakeholders mostly with producers, including civil society. With respect to the interfacing of climate change- and water-related issues to the demands and requirements of food security and sustainable agriculture, this remains a work-in-progress on the part of ADB.

Of particular concern are the contentious policy reform measures being promoted for building resilience in the sector that are reminiscent of Structural Adjustment Program (SAP) conditionalities enforced in the 1990s by MDBs prior to approving loans granted to poor nations. Critics hold structural reforms responsible for much of the economic stagnation, disenfranchisement and environmental degradation that occurred in

borrowing countries. SAP-like policies that aim to reduce free trade barriers, redefine property rights concepts, promote agricultural productivity and uphold corporate interests of biotechnology and agribusiness firms now appear to be enjoying a revival and are being packaged under the cloak of climate resilience.

With a client-base of 44 Developing Member Countries, one of the obvious strengths of the Bank is its vast presence in the region. As a regional development bank with major donors from North America and Western Europe as members, the ADB has the power to coordinate socio-economic behavior of its client-country, whether subtly or not, through the use of Country Partnership Strategy/Country Operations Business Plan, advisory technical assistance, investment advice, and outright loan conditionalities. The ADB is in a strong position, therefore, to influence the ambition of its (DMCs, for instance, when it comes to the Conference of the Parties (COP) discussion—to aspire for bigger funds for low-carbon pathways, to aspire for better, far stronger adaptation resilience plans.

The ADB is a major player when it comes to addressing the issue of building climate resiliency of vulnerable countries. With its huge capital base, knowledge resource, and political influence over member governments, the Bank is a huge institution when it comes to effecting change in the political landscape in addressing the increasing need to build the adaptive capacity of countries vulnerable to the adverse impacts of climate change. Whether the Bank will stay true to its mandate of reducing poverty in Asia and the Pacific, or will stick to what a few people say that in the end it's still a profit-seeking bank, this is a huge field of opportunities for advocacy.

Case Studies

Appendix 1

Bangladesh: A Small Failure of the Second Crop Diversity Project

By Hasan Mehedi, Humanitywatch Khulna

Shahabuddin Ahmed of Gutudia village under Dumuria Upazila of Khulna District received training and established a demonstration plot of yellow maize in early 2011. This was under the assistance of the Department of Agricultural Extension (DAE) under the Second Crop Diversity Project funded by the Asian Development Bank (ADB). He is a traditional farmer who cultivates paddy and vegetables in agricultural lands to ensure food security for his family, and sell the remaining produce in the market after fulfilling his family needs. Motivated by the DAE, Shahabuddin invested Tk 70,000 (Taka, currency in Bangladesh) and received support amounting to Tk 3,500 in cash and Tk 3,500 worth of seeds.

He cultivated yellow maize in three acres of land as he learned it is one of the high-value crops (HVCs) needed for poultry. However, he was not informed that yellow maize is not usually taken as cereal food. Other local farmers like Rabiul Islam, Izzat Ali, Mazid Sana and Abdur Razzaque also cultivated yellow maize to get more income by selling the crops to poultry farmers. Due to rough weather, crop production fell down. While they were informed that they can harvest 80 mounds (3,200 kg) per acre, they only harvested 16 mounds (640 kg) of maize per acre. Moreover, bird flu outbreaks have been occurring in Bangladesh since 2008 killing a huge number of poultry. This has forced poultry farmers to immediately sell their chickens after a

single incident of poultry damage. As a result of the immediate disposal of poultry, Shahabuddin and his fellows failed to sell their maize. They can neither eat nor sell the maize.

Shahabuddin lost his Tk 70,000 by cultivating a crop which is profitable but not edible. As a net importing country of food, Bangladesh needs to produce more food for its population. The situation is severe in the southwest coastal region. According to reports by the Bangladeshi Government, the Khulna region has been facing deficit in food production each year. But due to the wrong intervention by the ADB, hundreds of farmers, like Shahabuddin, have huge amounts of maize in their small huts without ready buyers.

Appendix 2

Foreign Assistance Undermines Philippine Rice Industry: An Assessment

By Eugene Tecson, *Centro Saka*, Inc.

Agriculture is a significant sector in the Philippine economy. While its share to the country's Gross Domestic Product (GDP) has declined from 20% during the 1995-2000 period to 16% in 2010, the sector continues to employ 35.67% of the total labor force as of October 2008 and more than six million farmers are dependent on it as their source of livelihood.

With 9,670,793 hectares devoted to agricultural crops, rice or *palay* is the most planted agricultural commodity, covering 40.56% or 3,922,522 hectares of lands devoted to agricultural crop production. It is the country's main staple food and more than two million small farmers are dependent in its production as their source of livelihood. From a consumer perspective, it is a politically sensitive commodity because any shortages in its supply may cause civil unrest leading to a food crisis.

In an attempt to make the grains sector in the Philippines more productive and internationally competitive, the Asian Development Bank (ADB) in 2000 provided a policy loan of US\$ 100 million and an investment loan of US\$ 75 million for the implementation of the Grains Sector Development Program (GSDP). While the objective of the GSDP seemed laudable, it also called for the dismantling of the quantitative restrictions (QRs) on rice imports and the decoupling of the functions of the National Food Authority (NFA) in the guise of the Rice Safety Nets Act.

Nature and Components of the GSDP

The GSDP was an integrated loan package of policy and institutional reforms, sector investments, and advisory technical assistance (ADTA) from ADB implemented from 2000 to 2004 that aimed at attaining sustained growth in grains production and producers' household income, reduce the level of rural poverty, and achieve a cost-effective, resource-efficient food security. It was expected to greatly contribute to the promotion of the government's

Gintuang Masaganang Ani (GMA) rice program.

The US\$ 30-million first tranche of the policy loan was released on August 11, 2001. But the second (originally scheduled for release in May 2001) and third tranches of the funds were not released because the government failed to comply with key release conditions set in the loan agreement. On April 11, 2003, the ADB received the government's request to cancel US\$ 70 million of the policy loan, the government deeming it highly unlikely that the key reforms envisaged under the program could be instituted within the desired timeframe. The government also requested partial cancellation of US\$ 68.44 million of the investment loan. On June 30, 2003, the ADB approved a change in scope of the project activities financed by the investment loan in order to facilitate their termination by the end of 2003.

The GSDP's Anti-Farmer Policy Conditionalties

Among the major conditionalities under the GSDP that the government failed to meet were the controversial legislative and executive proposals to privatize the NFA and remove the procurement support price for small rice producers. One of these proposals sought to separate the regulatory and grain-trading functions of the NFA by transferring the regulatory functions into a new government line agency and the grain-trading functions into a commercially managed corporation with majority ownership by the private sector. It also aimed at removing the *palay* procurement support price for small rice farmers. This required the amendment

of the NFA's charter through the passage of a Rice Safety Nets Act. The proposed Rice Safety Nets Act was filed as House Bill No. 3339 in the House of Representatives and Senate Bill No. 1912 in the Philippine Senate.

The ADB recommended for the NFA to have its functions decoupled ostensibly making *palay* trading in the country more competitive through its deregulation. At the same time, the ADB saw that removing the *palay* procurement support price for the small rice producers and instead setting farm gate prices based on prevailing market prices would spare the government from additional expenditures and financial losses.

The other release condition under GSDP pertained to the replacement of rice import QRs with tariff measures. This also required the passage of a law in Congress. As such, it was also provided for under the proposed Rice Safety Nets Act. The ADB's promotion of free trade rests on the assumption that developing countries such as the Philippines will be able to further develop their rice industry if it is integrated to the global market. Besides, they argued that the QRs on rice imports would be converted to its tariff equivalent as provided in the proposed Rice Safety Nets Act.

NFA Privatization, Decoupling, and Removal of Price Support for Rice Farmers

In a series of Congressional hearings, several farmer groups and farmer-based NGOs manifested their objection to the proposals as they saw that the implementation of GSDP would spell the demise of the rice industry. As it stood, rice farmers were able to sell their *palay* at competitive prices without fear from having to compete with cheaper rice imports. This was because the NFA had the sole authority to import rice from the global market. The NFA also had the policy of importing only during periods of underproduction or shortages. As such, the small rice farmers during harvest season did not have to face the deluge of cheaper imported rice.

More importantly, the *palay* support price was the only government support that offered direct benefits to rice farmers. If this *palay* price support was removed, rice producers will become *tied-up farmers* instead of becoming *independent farmers*. *Tied-up farmers* rely on external support — i.e., from the medium and big assembler-traders or distributors — for the financing of their production inputs. Meanwhile, *independent farmers* own land and can support their crop production activities

using their own income. The *palay* support price was especially crucial at a time when climate changes, such as the increasing frequency of El Niño events, are impinging on the production output and incomes of the rice farmers.

Conversion of Rice Import QRs to Tariffs

On the other hand, only the QRs were holding back the further entry of cheap imported rice which threatened to swamp the domestic market. This was due to the disparity between the prices of local rice and rice imported from countries like Vietnam and Thailand. Rice prices from these countries were only half to a third of local prices. Clearly, imposing tariffs would not have protected domestic rice producers because they were not capable of competing with other rice producing countries. The lowering of trade barriers in agriculture has already adversely affected the vegetable growers in the Cordillera Administrative Region and the small poultry producers nationwide. Applying a similar measure in the rice sector would only worsen the economic conditions of the small rice producers.

In short, the promotion of privatization in the project and free trade -- as a general policy of the ADB -- are contradicting to the project's objective of poverty reduction. This conflict in development perspectives will only further marginalize local farmers and the most vulnerable.

Instead of privatizing the NFA and removing the rice import QRs, farmer groups called on the government to provide public investments in agriculture and adopt a rice self-sufficiency strategy especially since very limited supply of rice was being traded globally. Congress eventually gave in to the demands of civil society organizations, shelving the so-called Rice Safety Nets Act. This also led to the discontinuation of GSDP implementation.

Absence of Climate Change Considerations

The GSDP failed to take into account the vulnerability of the rice sector to climate change. The vulnerability of agriculture to changing climate patterns--prolonged dry/wet seasons--results in the inability of farmers to efficiently produce rice. This has great implications on the country's food security, more so, the country's self-sufficiency. This is an alarming scenario that the government should already be taking into great consideration.

The GSDP was terminated in 2003.

Appendix 3

Uzbekistan: Land of Forced Slaves of White Gold*

During the period 1995-2010, the Asian Development Bank (ADB) provided 34 loans and grants to Uzbekistan amounting to nearly \$3 billion. Out of which, 22% has been spent for energy projects, followed by transport (20%) and agriculture and natural resources (18%).

Uzbekistan has been facing an acute problem of land degradation. Decrease in productivity and quality of crops has led to the impoverishment of the population living in rural areas. From 1980 to 2005, the average productivity of irrigated lands in Uzbekistan has declined to an average of 4%. In the regions of Bukhara, Kashkadarya, Surkhandarya, Samarkand and Navoi regions it declined to 13%.

The official reason for the decline of soil fertility and degradation has been linked to water scarcity. But there is a range of issues in this sector, particularly the lack of science-based policy management of land resources, the intensive use of agricultural land without proper restoration of its fertility, disturbances of the crop rotation system. In the last 50 years, only cotton and wheat have been intensively harvested in Uzbekistan.

During the Soviet period, to improve their harvest, Uzbekistan imported about 100,000 to 120,000 tons of pesticides annually. Half of these pesticides were organochlorine compounds, more than 170 items, including DDT (dichlorodiphenyltrichloroethane), heptachlor toxaphene, dieldrin, mirex, polychlorinated biphenyl (PCB), chlordane, hexachlorobenzene, aldrin, endrin, fenturam, compounds of copper, arsenic and mercury.

Pesticides were generally used for cotton defoliation. Now, the country produces most of the chemicals. The battle for the "white gold" is costly to the people and the environment. In Bukhara, Kashkadarya, Navoi, Syrdarya, Khorezm and Fergana regions, the content of pesticides in

soils in the dozens, hundreds of times higher than the maximum permissible limits. Nowadays, the cultivation of cotton goes with chemicals contribute to the complete degradation of land resources. Has the Bank looked into these concerns while funding ANR projects in Uzbekistan?

The government categorically denies that persistent organic pollutants have not been applied in agriculture production since 1991. In reality, however, the government has allowed the spray of pesticide usually at night. Villagers say they now use very toxic chemicals, but they do not know the name of those chemicals. After spraying the pesticides, many of them end up being treated in the hospital for sharp abdominal cramps.

After the deflation of cotton, it is mainly women, school children, and college and university students who go and collect cotton. The present situations of cotton growers are violating all norms of international labor standards. If parents refuse to send their children to cotton fields, they are required to pay UZS 200,000 (US\$ 100). Otherwise, those students will be excluded from schools. The victims of this system are not only children but also farmers who have no right to decide what they sow in their land, and at what price to sell their crops.

By law, the farmer has the right to freely sell produce in excess of the State's order. In reality, all the grown volume of raw cotton are purchased by the State at fixed prices. Ultimately, it appears that the farmer, instead of earning a profit, remains at a financial loss.

* Author's name withheld for safety reasons.

ABBREVIATIONS

ADB	-	Asian Development Bank
ADTA	-	Advisory Technical Assistance
ANR	-	Agriculture and Natural Resources
ANRR	-	Agriculture and Natural Resources Research
ARD	-	Agriculture and Rural Development
AOTA	-	Advisory and Operational Technical Assistance
CACILM	-	Central Asian Countries Initiative for Land Management
CASP	-	Core Agriculture Support Program
CCF	-	Climate Change Fund
CCIP	-	Climate Change Implementation Plans
CDTA	-	Capacity Development Technical Assistance
CGIAR	-	Consultative Group on International Agricultural Research
COP	-	Conference of the Parties
DAE	-	Department of Agricultural Extension
DMCs	-	Developing Member Countries
FAO	-	Food and Agriculture Organization
GDP	-	Gross Domestic Product
GHG	-	green house gas
GMS	-	Greater Mekong Subregion
GSDP	-	Grains Sector Development Program
HVCs	-	high-value crops
IARCs	-	International Agricultural Research Centers
IBRD	-	International Bank for Reconstruction and Development
IED	-	Internal Evaluation Department
IFAD	-	International Fund for Agriculture and Development
IFPRI	-	International Food Policy Research Institute
IPCC	-	Intergovernmental Panel on Climate Change
IRRI	-	International Rice Research Institute
IWRM	-	Integrated Water Resources Management
LTSF	-	Long-Term Strategy Framework
MDBs	-	Multilateral Development Banks
NARs	-	National Agricultural Research Systems
NFA	-	National Food Authority
NPF	-	National Programming Framework
OED	-	Operations Evaluation Department
PATA	-	Policy and Advisory Technical Assistance
PIM	-	Participatory Irrigation Management
PPTA	-	Project Preparatory Technical Assistance
PRC	-	People's Republic of China
QRs	-	quantitative restrictions
RD	-	regional departments
RDTA	-	Research and Development Technical Assistance
REDD	-	Reducing Emissions from Deforestation and Forest Degradation
RETA	-	Regional Technical Assistance
RSDD	-	Regional Sustainable Development
SAP	-	Structural Adjustment Program
SPD	-	Strategy and Policy Department
TA	-	Technical Assistance
UN	-	United Nations
WBNR	-	water-based natural resource management
WEHAB	-	Water, Energy, Health, Agriculture, Biodiversity and Ecosystem Management
WFP	-	Water Financing Program
WFP	-	World Food Programme
WGA	-	Working Group on Agriculture
WIO	-	Water Initiatives Orissa
WOP	-	Water Operational Plan
WPBF	-	Work Program and Budget Framework
WSS	-	water supply and sanitation
WUA	-	Water Users Association



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