

People's Challenge to the Asian Development Bank

May 9, 2001
Honolulu, Hawaii

The Asian Development Bank (ADB), which is holding its 34th Annual Meeting in Honolulu on May 7-11, 2001, is an institution that is now widely recognized as having imposed tremendous sufferings on the peoples of the Asia-Pacific. In the name of development, its projects and programs have destroyed the livelihoods of people, brought about the disintegration of local and indigenous communities, violated ancestral domains, undermined sovereign self-determination, promoted a sharp rise in inequality, deepened poverty, and destabilized the environment.

We, representatives of peoples, indigenous communities, and organizations throughout the region, have had enough of this destruction in the name of development. We have had enough of an arrogant institution that is one of the most non-transparent, undemocratic, and unaccountable organizations in existence.

We seek genuine dialogue with the ADB, demanding that it recognize the error of its ways and yield the space to promote alternative strategies of development that truly serve the people's interests.

In this spirit, we are presenting the following demands to President Tadao Chino:

I. Development must not be a process that creates refugees. The ADB creates refugees through physical displacement of peoples as well as alienating them from their communities, livelihoods and culture.

We demand an immediate halt to and independent review of all controversial/disputed ADB projects, especially those that directly threaten people's livelihoods and economic and social security like the Samut Prakarn Wastewater Management in Thailand and the Cordillera Highland Agricultural Resource Management Project in the Philippines. The ADB should not take any further action on these projects until critical issues are resolved.

a.) The ADB should acknowledge that ADB-financed projects have displaced peoples and created a new class of "development refugees."

b.) The ADB should assess the compensation needs of all those people whose livelihoods have been negatively affected, particularly those displaced as a result of past ADB projects, using open, transparent and participatory processes. Following such assessments, the ADB should develop and implement adequate, just and timely compensation measures. The Bank Funds earmarked for compensation should be used for direct compensation and not for further studies and assessments, or to pay for consulting companies or experts. Funds for assessments and eventual compensation must be provided through project budgets and the ADB's own resources.

Full direct compensation must be provided to all people negatively affected by ADB funded hydropower and other infrastructure projects in the Asia Pacific region. This must be done in a

timely and transparent manner, in consultation with local peoples, and with ongoing monitoring and input from truly independent observers.

c.) The ADB must put into place appropriate mechanisms to monitor the environmental, social and economic impacts and costs of all projects and programs it supports in any manner or form. These mechanisms must include guidelines for mitigation of impacts and how mitigation costs will be met; such costs cannot and must not be externalised and passed on to affected communities, society at large, or the public purse. Those who benefit most from projects must be responsible for the proportionate share of the costs.

d.) The ADB must put into place transparent and universally accessible arbitration/grievance procedures through which the ADB can be held accountable for violation of its own guidelines. The ADB should put particular emphasis on this in both its public and private sector operations.

e.) The ADB should put justice high on its agenda. A rigorous mechanism for reparation for the negative impacts of past and existing projects should be set up.

f.) In solidarity with the people of Klong Dan, we demand that the Samut Prakarn project be immediately stopped, and that no further release of funds be made until the Inspection process is fully completed in a transparent and participatory manner.

g.) In solidarity with the advocates in Sri Lanka opposing the Sri Lanka Water Resource Management Project, we demand a halt to the project and a review of the Wildlife Management Project. (see attachments)

h.) The ADB should adopt and implement the fundamental principles and guidelines recommended by the World Commission on Dams, especially those regarding prior informed consent and the assessment of alternatives.

II. Current sectoral reform processes such as those in the agriculture sector in Pakistan and Thailand and in energy in the Philippines fail to fully capture the complex political-economic realities in these countries. Indiscriminate scaling down or abolition of agricultural and social subsidies exposes poor households with low access and endowments to start with to even greater insecurity.

We call for an independent evaluation and an immediate stop to all sectoral reform processes. The results of these evaluations must be used to re-work and restructure reforms, including content, sequencing and even alternative models.

III. We call for an immediate and independent review of the ADB's Private Sector Development (PSD) strategy with special focus on the impacts of this strategy on local populations, the public sector, national and sub-national government capacities and the overall business climate. The results of this review should feed directly into a fundamental rethinking and reworking of this strategy to serve local, sub-national and national economic priorities and needs, rather than those of external investors and foreign governments. During the period of the review and re-strategising, ongoing PSD initiatives should be slowed down and no new initiatives should be

started. The review should also take into consideration political, social and economic realities such as distributional disparities that render markets uncompetitive and exclude the poor, as well as weak governance structures that render regulation ineffective and incapable of upholding consumer and worker rights.

IV. The ADB itself acknowledges that close to 70 percent of its loans to the developing countries will fail to produce lasting economic or social benefits in these countries. Yet the ADB insists that these debts be repaid, further contributing to the impoverishment in these countries.

We demand full and unconditional cancellation of the illegitimate debts of ADB's borrowing countries. The ADB must also immediately undertake a region-wide assessment of the debts owed to it by all borrowing countries. In particular, the assessment should focus on; 1) the impacts of debt servicing on social and other essential services; 2) the programmes and conditions under which the debts were contracted, as well as their legitimacy in terms of debt repayment.

When the ADB experienced an internal financial squeeze at the height of the Asian crisis, it chose to remedy this by making capital costlier for borrowing governments. We demand that the ADB shift the burden back from the borrowing to the donor countries.

V. We deplore the inconsistency with which the ADB requires good governance, transparency and accountability from borrowing governments while at the same time fails to impose the same strict standards on itself.

In its push for privatization, the ADB turns a blind eye to corrupt practices employed by borrowing governments such as the Philippines in the case of the power sector reform loan in order to meet conditions for the release of ADB loans.

Furthermore, we challenge the ADB to stop placing the entire blame for the failure of projects and programmes on governments and take institutional responsibility for the projects and programs it supports.

a.) The ADB should democratize decision-making within the highest levels, and function on the principle of one country, one vote, and not on the current practice based on the amount of subscribed capital.

b.) In general, the ADB should open to public scrutiny decision making and agreements between the ADB and host governments about projects and programmes. The ADB should review past and current decision making processes in light of their impacts on national sovereignty and where found wanting, these decision making processes must be changed to respond to national, rather than external interests.

c.) All of the ADB's review panels for projects, programmes, operations and governance must be equally balanced in their composition among affected peoples, civil society and independent experts. Further, affected peoples and civil society must have the right to select their own representatives on these panels.

d.) The ADB should locate all reviews and assessments of its projects, programmes, lending practices and decision-making processes within national and sub-national democratic processes such as parliaments, congresses and national assemblies. Directions for future policies and practices must emerge from public debates and discussions, and not through closed-door negotiations among elite groups of ADB management, national and government elites and technical "experts."

WE CALL ON THE ADB TO RESPECT THE RIGHTS OF PEOPLES OVER THEIR RESOURCES AND LIVES AND IMMEDIATELY IMPLEMENT THE AFOREMENTIONED DEMANDS.

ON MAY 9, WE MARCH IN SOLIDARITY WITH THE PEOPLES OF HAWAII WHO REJECT ANY FUTURE USE OF THEIR ISLANDS BY MULTILATERAL INSTITUTIONS LIKE THE ASIAN DEVELOPMENT BANK KNOWN FOR THEIR ANTI-PEOPLE AND ANTI-DEMOCRATIC POLICIES.

Endorsed by:

Northern Farmers Alliance, Thailand
Kanchanaburi Conservation Group, Thailand
Bor Nog Conservation Group, Thailand
Ban Krud Natural and Conservation Group, Thailand
Klong Dan Local Community Projection Group, Thailand
Isaan Framers Cooperative Federation, Thailand
Committee for the Solution of Farmer's Problems, Chiang Rai
Committee for the Solution of Farmer's Problems, Payao
Local Theatre Project, Thailand
Four Regional Alternative Agricultural Network, Thailand
Northern Farmer Network, Thailand
Kok-Ing-Nan River Network, Thailand
Mae Thood River Network, Lampang
Mae Mog River Network, Lampang
Mae Soi River Network, Lampang
Isaan Forest and Land Network, Thailand
Thai Network for People Living with HIV/AIDS, Thailand
Isaan River Network, Thailand
Chiang Mai Consumer Network, Thailand
Women Rights Network, Thailand
Chiang Rai-Payao Rural Women Network, Thailand
Labor Network, Thailand
Four Regional Slum Network, Thailand
Chiang Mai Community Network, Thailand
Media Center for People, Thailand
Eastern Farmer Network, Thailand
Southern Local Fisherman Federation, Thailand
Student Federation of Thailand

Committee for Natural and Environmental Conservation 16 Educational Institute, Thailand
Assembly of Isaan Farmer, Thailand
Assembly of Cassava Planter Thailand
Assembly of Indigenous People, Thailand
Assembly of the Poor, Thailand
Assembly of Moon River Basin, Thailand
Group for Save Wand River, Thailand
Nam Ping River Community Forest Network, Thailand
Love Muang Nan Group, Thailand
Assembly of Northern Community Forest, Thailand
NGO-Coordinating Committee for Development (NGO-COD), Thailand
Freedom from Debt Coalition, Philippines
Cordillera People's Alliance, Philippines
Focus on the Global South, Thailand
Focus on the Global South - India Programme
Fukuoka NGO Forum on the ADB, Japan
AID/WATCH, Australia
Creed Alliance, Pakistan
Global Justice Coalition, Australia
NGO Forum on the ADB (International Committee)
Non-Timber Forestry Project, Cambodia
Oxfam America
Oxfam Community Aid Abroad-Australia
International Rivers Network, USA
Asia Pacific Movement on Debt and Development (Jubilee South AP)
Environmental Foundation Ltd., Sri Lanka
ODA Reform Network, Japan
Mekong Watch, Japan
NGO Forum on Cambodia
PADETC, Lao PDR
ACTION AID, UK
Green Movement of Sri Lanka
Shelly Rao, Fiji
SUNGI Development Foundation, Pakistan
Youth for Unity and Voluntary Action (YUVA), India