

February 23, 2017

**MR. TAKEHIKO NAKAO**

President

Asian Development Bank

6 ADB Avenue, Mandaluyong City 1550

Philippines

Dear President Nakao:

Greetings from NGO Forum on ADB.

This correspondence is in reference to the ongoing ADB Strategy 2030 drafting process and our concerns as civil society. The Forum understands the changing complexity of Asia in light of the recent Paris Climate Conference (COP 21) agreements and the emergence of the Sustainable Development Goals (SDGs), the rise of the Asian Infrastructure Investment Bank (AIIB); all of which influences the ADB toward rethinking its approach. As a representative of local communities across the region, NGO Forum on ADB believes that in these turbulent times, our voices from the ground would be more significant for the ADB than ever before if it intends to remain a relevant development partner in the region committed to alleviating poverty in Asia.

Consequently, the Strategy and Policy Department (SPD) had undertaken a consultation process with civil society on Strategy 2030 on 21 November 2016. We participated in the consultation at ADB Headquarters in good faith to provide our critical analysis and concerns from the ground, as we have done so before on various ADB policy reviews and processes.

In this consultation, we observed the process was not designed to gather our viewpoints meaningfully. We felt that it was yet another gesture towards including civil society in the ADB Strategy 2030 process without a real intent to listen to our suggestions and comments. To illustrate this point further, no draft Strategy 2030 paper was shared with civil society prior to the 21st November consultation led by SPD [1]. A brief multimedia presentation was made by SPD on the contents of the strategy without any elaboration or explanation of urgent issues. Considering the nature of the Strategy 2030 the consultation process was inadequate to address complex issues such as country systems, inequality, private-public partnership and climate change. Along with other civil society organizations present in the room, we were left to respond to the short multi-media presentation with our comments. In the spirit of cooperation, we still provided our inputs to SPD that day; as we did not intend to betray our mandate to raise the issues of the affected communities in high-level spaces where they could not do so themselves. For the record NGO Forum on ADB through this correspondence formally refuses to acknowledge the ADB Strategy 2030 civil society consultation process as legitimate.

Furthermore, from among the several concerns and demands outlined in this letter; we firstly request the ADB to provide us a consultation plan and/or matrix of inputs; to be disclosed in the public domain. We are still waiting to see how our comments have been integrated into the actual draft Strategy 2030.

To keep you informed please find a list of some of the key issues that we have on the current proposed Strategy 2030 and we hope you can address them with the relevant agencies within ADB for consideration. Our issues of concern are as follows:

1. The draft mentions COP 21 Paris Accord and the Sustainable Development Goals as overarching objectives in the Strategy 2030, but does not provide any indication or language or tangible strategy as to how ADB will achieve the targets of providing decent work (SDG 8), reducing inequality (SDG 10), limiting the increase in global temperatures to 1.5 degree Celsius (COP 21, SDG 13), and achieving accountable and inclusive institutions at all levels (SDG 16).
2. To this end, the Strategy 2030 also lacks clear performance indicators to achieve SDGs or clear phase out plans on energy investments from fossil fuel to renewable energy sources to achieve 1.5 degrees as per COP 21.
3. On paragraph 26 the ADB Strategy 2030 emphasizes the use of country systems in environmental and social safeguards delivery. The paragraph was clearly in violation of the ADB Safeguards Policy Statement (SPS) 2010 where the country systems have to undergo an 'assessment' and 'equivalency' to ADB SPS 2010 standards before any consideration of their use.[2] Furthermore, in Feb. 2015 ADB's Independent Evaluation Department state: "Preliminary analyses on the strength of country systems of selected Upper-Middle-Income Countries (UMIC) show that no UMIC currently qualifies for full and unreserved use of country systems in ADB projects because of their lack of equivalence on one or more dimensions of country systems with ADB's policy and procedural standards and requirements. At the same time, the strength of country systems of individual DMCs varies significantly. A uniform approach to promoting the use of country systems in ADB UMICs as a group is, therefore, not feasible."

By shifting prematurely to country systems through this paragraph 26 of the proposed Strategy, the Bank is proposing to remove pre-project due diligence and mandatory requirements on environmental impact assessment and social impact assessments in order to release the loans faster. In the face of greater competition with the rise of new development banks, the inertia to lower the cost of operations at the expense of human rights and environmental protection. In doing so, the ADB will externalize the social environmental risks of projects to borrowing government systems, which are often weak and under-capacitated. The most recent ADB report on safeguards delivery recommended for the Bank to "continue to exercise strong caution in proceeding with use of Country Safeguards Systems (CSS), ensuring that the high ADB standards and its reputation are properly safeguarded; and systematically strengthen the CSS through dedicated technical assistance, especially the local implementation capacities, to pave the way toward its use in ADB-supported projects." [3] Recent global agreements brought by the impacts

of our historical failure to avoid, if not mitigate adverse impacts on communities and the environment which are already vulnerable to shocks in livelihood and resource control demand

4. NGO Forum on ADB demands ADB to clearly uphold the provisions on country systems as per the ADB SPS 2010 in the Strategy 2030 approach paper, and clearly, state the need for 'equivalency' and 'assessment' to ADB standards before using any form of country systems. Consequently, the Forum remains steadfast on its call for no dilution of the ADB SPS 2010.
5. Approaching 50 years of operations, non-recognition of core labor standards in Strategy 2030 clearly shows its lack of respect and commitment toward labor rights and the recent global agreement to provide decent work (SDG 8). The proposed Strategy 2030 is also designed without due recognition to the rights of persons with disabilities, indigenous peoples, and the youth. It is even treading the path of multiplying the vulnerabilities of poor peoples in Fragile and Conflict-Affected Situations by investing in areas with high social, political, economic, cultural and resource-ownership tensions that needs to be settled locally before the influx of any assistance complicates their situation.
6. The proposed strategy emphasizes the need to unlock private capital into development projects but fails to elaborate on any need for transparency and accountability of private sector including Financial Intermediaries. This undisclosed risk guarantee of private capital is a clear threat to communities who will be facing the aftermath of various projects under financial intermediaries and Public-Private Partnerships.
7. ADB in the Strategy 2030 stresses the need to reform national laws. This is a very controversial issue and has in practice led to interference with national sovereignty. From the heavily criticized structural adjustment programs in the early 2000s and technical assistance such as the Promoting Economic Use of Customary Land in Samoa (TA) -- the ADB continues to strong arm governments to liberalize national laws for their own loan disbursement and controversial economic growth model agenda. The proposed Strategy 2030 needs to be carefully reconsidered to ensure national sovereignty being in the forefront of the policy reform initiatives.

We hope you will ensure that our voices and concerns are meaningfully integrated into the Strategy 2030 process as we move along a new and heightened development ambitions towards achieving human rights and combatting the impacts of climate change. In this regard, we expect that ADB will remain in full compliance to the SPS 2010 and PCP 2011 as an operationalization of its commitment to an inclusive, accountable and sustainable development in its policies, programs, projects, and strategies.

Sincerely,

(Sgd)) Rayyan Hassan  
Executive Director  
NGO Forum on ADB

**BANGLADESH**

Arup Rahee, General Secretary, Center for Bangladesh Studies  
Hasan Mehedi, Chief Executive, Coastal Livelihood and Environmental Action Network  
Rezaul Karim Chowdhury, Chief Moderator, Equity Bangladesh  
Joy Pasa, Chief Executive Officer, Initiative for Right View  
Abdul Awal, Chief Coordinator, Noakhali Rural Development Society

**BELGIUM**

Antonio Gambini, Development Finance Policy Officer, CNCD-11.11.11

**INDIA**

Souparna Lahiri, Member, All India Forum of Forest Movements  
Willy D'Costa, Convenor, Indian Social Action Forum  
Saktiman Ghosh, General Secretary, National Hawker Federation

**JAPAN**

Yuki Tanabe, Program Coordinator, Japan Center for a Sustainable Environment and Society

**MONGOLIA**

Urantsooj Gombosuren, President, The Centre for Human Rights and Development

**PHILIPPINES**

Jaybee Garganera, National Coordinator, Alliance Against Mining  
Eduardo Tadem, Chairperson, Freedom from Debt Coalition  
Norly Mercado, Executive Director, Legal Rights and Natural Resources Center-Friends of the Earth  
Benjamin Bernardino MD, Executive Director, Life Haven  
Isagani Serrano, President, Philippine Rural Reconstruction Movement  
Raquel Castillo, Lead Convenor, Sustainability and Participation through Education and Lifelong Learning  
Ana Maria R. Nemenzo, National Coordinator WomanHealth Philippines

**SRI LANKA**

Hemantha Withanage, Executive Director. Centre for Environmental Justice/Friends of the Earth Sri Lanka  
Thilak Kariyawasam, President, Sri Lanka Nature Group

**PAKISTAN**

Asim Nawaz Khan, Chairman, Umeedenao Citizen Community Board

**UNITED STATES**

Stephanie Fried, Executive Director, Ulu Foundation

**REGIONAL ORGANIZATIONS**

Myrna Dominguez, Secretariat, Asia Pacific Network for Food Sovereignty

Shalmali Guttal, Executive Director, Focus on the Global South

**INTERNATIONAL ORGANIZATION**

Helen Tugendhat, Policy Advisor, Forest Peoples Programme

cc:

Mr. Indu Bushan, Director General, ADB Strategy and Policy Department

Mr. Bambang Susanto, Director General, Sustainable Development and Climate Change Department

Mr. Dingding Tang, Chair, Compliance Review Panel

Ms. Charlotte Lapsansky, Development Communications Specialist, Public Information and Disclosure Unit

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[1] Proactive disclosure is a principle of the 2011 Public Communications Policy. ADB shall proactively share its knowledge and information about its work, as well as its opinions, with stakeholders and the public. On page 3, “The ADB website will be the primary vehicle for proactive disclosure. Again on page 20, “ADB shall post on its website plans for consultations, including any anticipated face-to-face meetings with external audiences, upon completion of such plans. ADB shall post at least one consultation draft of such policy or strategy paper on its website. ADB shall post working papers and final proposals of policies and strategies that have undergone a public consultation process on its website at the same time that they are circulated to the Board.” None of these were followed during the consultations. NGO Forum on ADB raised these issues through correspondence with the Strategy and Policy Department, the ADB NGO Center and during the consultations.

[2] SPS 2010 specifically states that the needs to ensure that ADB’s safeguard principles are not compromised and that risks associated with CSS are managed. The approach would therefore be gradual and would include the following attributes: (i) conditions for applying CSS, (ii) methodology of CSS assessments, (iii) consultation and validation processes, (iv) ADB’s and borrowers’ roles and responsibilities, (v) procedures and other related requirements such as gap filling, and (vi) Resource implications.

[3] Real-Time Evaluation of ADB’s Safeguard Implementation Experience Based on Selected Case Studies, Executive Summary xvii, ADB November 2016.