Since 2009, the focus of energy-related investments appears to have shifted from being primarily project-based financing towards the provision of Technical Assistance (TA) consultancies that explicitly support public sector-based reforms orientated towards privatisation (including provision of advice to the public sector). Notably, this trend has been the subject of concern for NGO Forum members in relation to energy projects approved by the ADB even prior to the introduction of the 2009 Policy Financial intermediary investments (categorised as “FI”, with no thorough safeguard evaluations provided) and general corporate investments labelled as “cornerstone investments in leading power developers” which are increasingly being included in the ADB energy portfolio.

ADB’s current energy sector financing remains locked into fossil fuel development and high intensity resource consumption, such as geothermal, carbon capture and conventional hydropower investments. In recent years, there has been a noticeable increase in the financing for solar and wind energy project components. Although this would appear to be a generally positive trend, projects may result in the
imposition of environmentally and/or socially harmful impacts if the scale and/or location leading to forced resettlement or intrusion onto Indigenous Peoples’ territories, areas relied upon by local communities for non-and small-scale timber forestry products or critical ecosystem zones.

Nearly a decade ago, as Asian Development Bank (ADB) advanced its newly conceived “Strategy 2020”, an update of the Bank’s Energy Policy was finalised, the number of active and approved energy investments has steadily increased annually from twelve in 2009 to more than fifty projects in 2016 and 2017 respectively, with 12 approved/active projects listed as active/approved between January to June 2018.
2009 ENERGY POLICY AND ITS DISCONNECT TO THE PARIS AGREEMENT

In the 2009 Energy Policy, the ADB identified three main policy pillars: economic efficiency and renewable energy; maximising the potential for energy for all by mobilising the private sector, and promoting energy sector reform, capacity building and governance. But to date, the ADB has yet to coherently offer support to member countries to meet their changing energy needs or international climate-related commitments. There are no overarching section/s to address standards similar to those provided for in the Paris Agreement and the rights-based approach of its text or additional targets for energy transitions considered necessary by the majority of the Banks member states.

Rupsha 800-Megawatt Combined Cycle Power Plant Project (No 50161-003) in Bangladesh, entails the construction of an 800MW gas fired power plant, along with associated supply, distribution and transmission facilities. This project is listed as a category “A” (highest risk) in terms of environmental impacts and is expected to lead to displacement of “some households”. 
The Bank also commits to not finance oil field development ‘except for marginal and already proven oil fields’ and will consider financing transportation of oil and liquefied natural gas (LNG), including oil and LNG terminals, storage facilities, pipelines, and marine transportation as well as natural gas plants.

The Policy explains that the “primary reason for ADB’s intervention in the coal industry is to help start commercialization of the coal sector” in member countries, and “could serve as a catalyst for encouraging and developing good practices”. Funds are proposed to be allocated for retrofitting existing power plants under the assumption that in the context of some
borrowing member countries, it may be a “least cost option” for pursuing the goal of “energy for all”.

In addition, although the 2009 Policy follows outdated notions that natural gas has low greenhouse gas emissions and a mitigable carbon footprint in comparison to other forms of fossil fuel-based energy, this conclusion has been replaced by more accurate scientific understandings of the greenhouse gas emission composition entailed (i.e. methane, which is many times more carbon intensive than CO2), the social and environmental risks involved in such projects, particularly in cases of spillage and other
accidents, and the need to urgently phase out—not step up—fossil fuel reliance.

**NGO FROUM KEY CONCERNS:**

- Lack of thorough assessment by the ADB of renewable energy options to meet needs of local and national populations
- Displacement of rural communities
- Lack of public consultation and information available about health impacts particularly fly ash and other toxic emissions (e.g. arsenic, chromium, lead and mercury)
- Contamination of surrounding groundwater and agricultural fields relied upon by local populations
- Damaging coastal mangroves that were previously vibrant breeding areas for fisheries
- Severely impacting livelihoods of coastal and other rural communities who can no longer rely on subsistence crops, fisheries and water sources.
A study carried out in 2014 by the Asia Research Centre of the London School of Economics reviewing trends related to public-private partnership projects (PPPs) in the infrastructure sector found that particularly in the context of many developing countries where regulatory environments are weak (i) it is common for the private stakeholders involved in PPPs to renege on contracts, seeking better conditions and (ii) heavy pressures were imposed on public officials to accept forms of bribery/rent-seeking from private stakeholders involved, potentially leading to corrupt practices being more common than when there is a higher degree of accountability acknowledged to the public.

Considering the above, it is not clear how the ADB will be able to position itself to fulfil commitments to ‘inclusive development’, ‘energy access for all’, the environmental and social benchmarks outlined in the 2010 SPS and the public disclosure requirements of the 2011 PCP.

**ADB FAILS TO PUBLISH GHG FOOTPRINT**

To date, the ADB has failed to follow-through with this policy-level commitment. Now, nearly ten years after the 2009 Energy Policy was approved, a widely accepted model to account for emissions applicable to the ADB’s investments is the GHG Protocol. Following this disclosure commitment
would represent a minimum critical step in the direction towards accounting for the Banks’ contribution to emissions, illustrating the need to take the **minimum critical steps the ADB has to take to account for its contribution to emission** -

I. Immediately phase-out fossil fuel investments,

II. Transition to renewables, and

III. Uphold the commitments of the Paris Agreement, observant of the target to ensure global temperatures do not rise above 1.5 degrees Celsius.

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**FULFIL THE PARIS AGREEMENT**

ADB borrowing member countries have committed to the Paris Agreement from the 2015 COP21, including to uphold the rights-based approach outlined in the preambular text, and have outlined relatively ambitious “Nationally Determined Contributions” (NDCs) of greenhouse gas emission (GHG) reductions, aiming to limit global planetary temperature rise of 1.5 degrees Celsius this century. Also, the members of the Pacific Island Development Forum have conceptualised and agreed upon a binding treaty to transition rapidly to renewables, while banning further fossil fuel extraction and expansion. Parties commit to
upholding the precautionary principle and polluter-pays principle”.

In their treaty preamble, they are clearly demanding to “make finance flows consistent with a pathway towards sustainable and climate-resilient development, adaptation and compensation for loss and damage,” and that parties commit to upholding the precautionary principle and polluter-pays principle”.

MAKE ADB PRESIDENT TAKEHIKO NAKAO FULFIL HIS PROMISE REGARDING ADB’S COMPLIANCE TO SDG7, SDG 13, AND THE PARIS AGREEMENT

During the 2017 Clean Energy Forum (ACEF) President Takehiko Nakao acknowledged that the “ADB and its member countries must pursue SDG7 on ensuring universal access to sustainable energy, SDG13 on addressing climate change, and the COP21 Paris Agreement.” However, he then proceeded to discuss investments in projects which entail the use of fossil fuels and emissions of highly concentrated greenhouse gases, including methane, carbon monoxide, nitrogen oxide and sulphur dioxide and/or are resource-intensive with heavy environmental impacts. Among these examples were gas fields, gas pipelines, gas-fired power plants, waste-to-energy projects, hydropower projects and geothermal projects. It is therefore questionable how such new investments will take the critical steps needed to – at a minimum – match the standards embraced under the
SDGs, their NDC plans, as well as their commitments to the Paris Agreement text. This is particularly concerning given the environment, public health and social well-being (as well as potential of forced relocation of communities) of not only the current projects outlined by Nakao, but also the range of power sector investments being proposed for borrowing member countries in the Bank’s pipeline.

**NGO FORUM ON ADB KEY DEMANDS**

Global reduction of energy use by over 42% (as end-use efficiency exceeds that of business-as-usual norms)
ADB co-financed Nam Theun 2 hydropower dam in Lao PDR, producing significant levels of greenhouse gas emissions that need to be considered and taken into account from a more holistic viewpoint. This kind of project often entails forced relocation of communities as well as fragmentation of ecosystems.

- Creation of 24.3 million more permanent full-time jobs
- Preventing more than 4.6 million premature air-pollution deaths per year between now and 2050
- Cutting $22.8 trillion USD in 2050 air-pollution costs per year; and trillions per year in climate-related costs
- Stabilise energy prices
- Reduce power disruption
- Increase access to energy by decentralizing power
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***Information on this booklet is lifted from the study “ASSESSMENT OF THE ADB’S ENERGY POLICY: UNDERMINING INTERNATIONAL CLIMATE COMMITMENTS” by Tanya Roberts-Davis, commissioned by NGO Forum on ADB***
Have you seen ‘A Visual Testimony on ADB’s 50 Years of Destruction’

>>> https://www.forum-adb.org/visual-testimony <<<