Opinion

Building a sustainable economy in Asia: Can ADB lead the way?

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IN 2008, at the height of the global financial crisis (GFC), the UN Environment Programme (UNEP) proposed to the G-20 countries that stimulus spending be focused on making their economies green and sustainable. The idea was christened as the "Global Green New Deal" (GGND).

Under the GGND, the United States, EU and other high-income economies were asked to spend at least one percent of their GDP on reducing carbon dependency in two years. On the other hand, developing economies were asked to spend at least one percent of their GDP on improving sanitation, secure clean water, develop safety net programs and adopt other action programs in support of sustainable production, especially in primary activities.

In response to the above GGND proposal, several countries made definitive commitments, namely, Germany, France, Mexico, South Africa and South Korea. Among these countries, South Korea has been praised for its successful formulation and launching in 2009 of a "Korean Green New Deal," complete with financing programs.

Now fast forward to the present: 2020. UNEP's GGND scorecard: woeful. The UN environmental agency has very little data to show how different economies worldwide have fulfilled the initial GGND targets set in 2008.

Further, the global picture on greying planet has taken a turn for the worse. In the first quarter of 2020, a virulent virus swept the world. The Covid-19 pandemic has deepened the sustainability crisis of planet Earth. One sustainability issue on top of the other: climate change risks, mass hunger and poverty, social and economic inequality, and now, global health crisis.

To contain the virus spread, countries around the world have been putting whole populations on quarantine or lockdown. The economic impact is almost instantaneous: a crisis like no other, wrote the International Monetary Fund. The economic disruptions mean massive displacement of people from jobs and livelihoods in both developed and developing economies.

Asia in particular has been bleeding heavily due to the pandemic. The Philippines and other developing countries were not prepared to handle the contagion because of broken public health systems. The pandemic is also giving "Factory Asia" paralyzing body blows. The so-called global value chains, which have been disrupted by the technology revolution and US-China trade war, are further flattened by depressed global market demand and rising economic protectionism.

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It is against the foregoing background that one must assess the readiness of the Asian Development Bank, the "development banker" of Asia-Pacific, to respond to the climate, health and economic challenges facing the region. The 54-year-old ADB openly declares that it is committed "to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty."

The ADB is supposed to be the "financing" partner of 68 Asia-Pacific countries in the building of physical and social infrastructures (e.g., roads, dams, power plants, education programs, etc.) needed by their respective populations. Because of the huge social and economic impact of these infras, a number of community and civil society organizations (CSOs) have been monitoring closely the ADB's infra lending programs. Some infra projects have positive growth impact (for example, solar electrification of rural areas); others, however, have been labelled by the CSOs as "anti-people" (for instance, dams displacing indigenous communities from their land).

Somehow, the ADB has learned to live and interface with the CSOs on various issues through the years, largely through social dialogue. The Bank itself has institutionalized a number of remediation programs to address CSO concerns such as having a system of accountability reporting and the Bank's adoption of ILO decent work standards in infra construction, a major demand of the trade unions.

But in the coming 53rd Annual Meeting of the Bank on September 16-18, 2020, a number of CSOs are unhappy. In the past, the Bank's annual meetings were big conference festivals attended not only by government delegates but also by hundreds of private sector and CSO guests/observers.

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This time, the 53rd Annual Meeting is going virtual. However, going online is not what is raising the hackles of the CSOs. The Meeting is not open to the CSOs, although the officers of the Bank wrote the ADB NGO Forum, the lead CSO convenor, that the Bank is arranging post-Conference meetings and consultations with the CSOs later in the year.

A number of CSOs are angry over the exclusion decision. In particular, they have two urgent concerns they want to raise with the Bank officers. These are:

Soaring debt in a flattened economy. The Bank, through a $20 billion Covid-19 Accelerated Response and Expenditures, is providing new loans to Member Countries to help them address the health and economic crises arising from the pandemic. According to the ADB-NGO Forum and the Freedom from Debt Coalition, the debt burden of borrowing countries is growing fast without any indication that flattened economies can automatically be revived.

The usual lending practices of the Bank simply assume that the economy of a borrowing country will grow based on a new spending stimulus created by the Bank's loans. With the social distancing rules among people and global distancing among countries due to rising protectionism likely to persist in the foreseeable time, both the Bank and borrowing countries must realize that Covid times call for bold changes in the economic development framework that must guide borrowing and spending of a country. For example, why are the Bank's loans overly focused in prioritizing the role of the "private sector" in the utilization of loans when local governments and communities are the ones in greater need of such funds? Additionally, the capacity of the private sector to lead in uncertain times is also low.

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This brings us to the second CSOs' concern: **ADB's climate responsibility.**The old ADB Energy Policy is not explicit if the Bank is fully aligning itself with the Paris

Agreement 2015 to reduce global temperature to 1.5 degree Celsius. Since its establishment, the Bank has been a major co-funder of coal- and fossil-fuel-run power plants in the Philippines and other Asian countries. The complaint of the CSOs is that the Bank, in recent years, tends to resort to "green washing," that is, making public avowals in support of green transitioning to renewables while "retro-fitting" or maintaining existing dirty plants.

However, the ADB-NGO Forum welcomes the recent announcement by the "IED Energy Evaluation" team of the ADB: the Bank must stop funding or investing in coal-fired power plants and must formally declare that a policy of going renewable is being institutionalized. The IED Report, released end of August, emphasized mitigation and adaptation measures as core priority in the Bank's energy program. Rayyan Hassan, ED of ADB-NGO Forum, explains that this positive development "is a testament to the years of collective pressure" CSOs have exerted on ADB to divest from dirty energy.

With the IED Report, are we now seeing a new ADB? Will the ADB also be open to a social dialogue on other concerns being raised by CSOs: food security, fair trade, sustainable finance, balanced agricultural-industrial development, full social protection to the vulnerables, rebuilding of the public health-care systems, job creation for those in the margins, development of state-led public distribution system, and people-centered global economic integration?

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