

**CSO Meeting with ADB President
3 May 2006, 10:30-11:30 am
Room G.05 Hyderabad International Convention Centre (HICC)
Hyderabad, India**

ADB President Kuroda addressed about 100 civil society organization (CSO) representatives participating in the Annual Meeting. He pointed out that, in India, CSOs are participating in ADB-financed projects to restore livelihoods in disaster-prone regions, increase community involvement in infrastructure development, clean up polluted sites, and provide education, health services and microfinance. Mr. Kuroda encouraged similar ADB-CSO collaboration at all levels to give the Asia and Pacific region the best possible chance of attaining the Millennium Development Goals.

President Kuroda said that ADB will explore the possibility of financing CSO-led initiatives against HIV/AIDS to complement ongoing ADB assistance to the health sector. He added that ADB is working with the Partnership for Transparency Fund to provide grants for CSOs undertaking anticorruption activities. In response to the demands of member countries, ADB plans to expand investments in areas like energy efficiency, safe water supply and sanitation. A task force was constituted to explore how ADB could increase its program on clean energy to \$1 billion a year by 2008.

Mr. Kuroda further expressed ADB's commitment to building on its cooperation with CSOs to ensure that women and disadvantaged groups are uplifted by the region's economic growth, and that ADB-supported projects do not adversely affect the natural environment. In the months ahead, he added, ADB will solicit views of CSOs and other stakeholders on the Environment Policy and other safeguard policies, as well as on the Energy Sector Strategy. Mr. Kuroda noted that ADB has already entered into a substantive dialogue on the Energy Sector Strategy with Greenpeace, which has one of the largest CSO delegations at the Annual Meeting.

The ADB President reported that the new Public Communication Policy, which was developed through extensive consultations, is now in effect. In addition, ADB has just published a Guide to Consultation and Participation to assist staff in using participatory methods in its operations.

Following are questions raised by CSO representatives and President Kuroda's responses:

- First Voice International, USA: *What is ADB's current position on information and communication technologies (ICT) and its role in poverty reduction?*

The ADB President recognized the role of ICT for sustained poverty reduction in the region. He explained that ICT can accelerate poverty reduction, especially among rural areas in Asia and the Pacific. The problems faced by people in rural areas are multi-faceted. One problem is the lack of efficient connectivity with the global and national markets. ICT can improve connectivity with less cost. There are 3 conditions before ICT can help accelerate poverty reduction:

1. Basic infrastructure conducive to ICT should be established in national as well as local governments. Education, training and basic communication connectivity must be supported by governments,
2. Households, in addition to farms and enterprises, must be empowered to utilize ICT. This is a basic challenge in the region, and

3. The digital divide between developed and underdeveloped countries, as well as the divide between sectors, should be avoided. This is not only an economic issue, but a social issue as well.

While ADB has provided some assistance to enhance ICT technology, the ADB President noted that ADB needs to do much more.

- Public Services International: *ADB should not privatize such crucial services as education, healthcare, water, power, and social security. ADB should not include conditionalities of privatization and restructuring in its loans and other operations. PSI calls upon ADB to introduce a strong enforcement mechanism to comply with core labor standards (CLS), and to engage in meaningful dialogue with PSI.*

Mr. Kuroda pointed out that in order to attain the overarching goal of poverty reduction, there needs to be a quality public sector, which means a strong public sector. To foster social inclusiveness and improve governance, the private sector plays an equally important role. On the issue of privatization of services – health, water, power – ADB has to differentiate how to secure appropriate and quality services with affordable cost to the general public. In various countries with appropriate conditions, there is private sector participation in services like education. Private universities contribute greatly to the advancement of science and technologies as well as in other fields. In some cases, the private sector plays, and is sometimes more effective and efficient in providing electricity to all with affordable cost if the sector is appropriately privatized.

Of course, there are many cases when privatization has failed, but management of those services should be better aligned to the national conditions, social and economic, and the capacities in those sectors. ADB will continue to support governments to improve their capacities and regulatory frameworks in those sectors with a view toward providing basic services to all people. Workers' rights will have to be respected in ADB's operations. ADB has strengthened its cooperation with the International Labor Organization and in addressing CLS in ADB's developing member countries. The ADB President noted that there may be differences in perspectives on the privatization of services, but ADB and PSI can continue to discuss ways to improve these services.

- NGO Forum on the ADB: *ADB lacks managerial commitment to avoid corruption. ADB should be prepared to halt loan disbursement where corruption is present. In the World Bank, there are 58 people working to eradicate corruption, while in ADB there are only 6 staff members.*

The ADB President responded that corruption is a major issue among multilateral banks like the ADB, which adopted its Anticorruption Policy in the late 1990s. ADB is currently reviewing an action plan for implementing its policy and welcomes inputs from civil society. ADB is a small institution as compared to the World Bank, but is dedicated to deter corruption in ADB-financed projects. Mr. Kuroda cited that, in the past, ADB had cancelled and frozen loans in Indonesia and the Philippines due to issues on corruption. He argued that although ADB is determined to prevent corruption in its operations, and is prepared to cancel any loan which involves irregularities and doubtful transactions. ADB has established the Integrity Division within the Auditor General with 6 or 7 professional staff, national officers and support staff. If necessary, ADB is prepared to increase the staff under the Integrity Division, or any division, that is dedicated to anti-corruption. Anticorruption and governance are important issues to ADB.

- Greenpeace Southeast Asia: *The Mae Moh Coal Plant in Thailand not only causes climate change but creates health problems for the surrounding communities. ADB should be accountable for the health problems brought about by the coal plant.*

Mr. Kuroda explained that energy consumption is increasing rapidly in a fast-growing region like the Asia and the Pacific. The ADB is committed to developing a cleaner, more sustainable energy source in developing countries, while trying to improve energy efficiency in developing countries. International organizations and development banks must support developing countries in finding cleaner, sustainable energy sources. The ADB President pointed out that ADB projects comply with strict social and environmental standards. Energy issues are crucial in poverty reduction. Sustainable development is of paramount importance to ADB, which involves developing clean energy source at affordable cost. Global cooperation is needed to develop cleaner, sustainable energy sources. In this regard, developing and developed countries, as well as multilateral and bilateral institutions, play their roles.

- Project-affected person from Bangladesh: *ADB should correct the Khulna-Jessore Drainage Rehabilitation Project, learn from its mistakes, and compensate for its social and environmental damages.*

Mr. Kuroda emphasized that Bangladesh needs this project to improve sanitation and drainage. ADB takes community concerns seriously and has worked very closely with the Bangladesh Water Development Board to address these issues. The Bangladesh Resident Mission staff recently visited the project site and have found that the Bangladesh Water Development Board had worked satisfactorily and had consulted with many stakeholders, including NGOs. ADB will continue to consult with stakeholders in this project as it is intended to improve community drainage system. Appropriate safeguards will be enforced. ADB will continue to respect the safeguard of environment and resettlement and other issues that may arise.

- Representative of project-affected persons from Nepal: *ADB has not finalized the compensation and resettlement process of the Melamchi Water Supply Project. ADB denies better and cheaper alternative water supply in Kathmandu. None of the project affected people were consulted regarding corruption issues in Melamchi.*

Mr. Kuroda noted the seriousness of water scarcity in the Kathmandu Valley. The international community, including ADB, is committed to assist the government in addressing this issue. ADB will wait to hear from the new government about its development priorities and how they will view the project. Based on this, ADB will determine its position. By itself, Melamchi is a good project in addressing the scarce water supply. At the same time, ADB should consider the views expressed by community people. ADB will continue to consult stakeholders surrounding this particular project. Mr. Kuroda emphasized that careful and wise water resource management has become an increasingly important sector in ADB. ADB will step up its efforts to help its developing member countries manage scarce water resources.

- NGO Forum on the ADB: *ADB has not implemented the plan of action in relation to the Southern Transport Development Project (STDP) in Sri Lanka. Independent monitoring*

of resettlement and environmental impacts have not started despite the fact that this was approved nine months ago.

Mr. Kuroda did not provide specific information on the STDP, but reiterated ADB's commitment to provide infrastructure support to Sri Lanka to achieve poverty reduction.