

## Climate fund not to be entrusted to IFIs: A lesson from the ADB experience in Bangladesh

<http://www.forum-adb.org/News/20081215.htm>

By S.Jahangir Hasan Masum\*

**Poznan, 15 Dec** -All the parties to [UNFCCC in COP 14](#) have noted that adaptation measures should be designed in such a way that it can effectively contribute to poverty reduction and sustainable development with low carbon approach. It has been discussed in COP 14 that according to estimates the level of support for adaptation in developing countries has to be scaled-up by three orders of magnitude. All of the LDC delegates expressed deep frustration regarding the adaptation fund for which they have been pleading for this fund for the last seven years. It is ironic that the developed countries failed to arrange \$172 million during the last seven years, whereas, within a couple of weeks, the US, EU and Switzerland managed to raise \$1.2 trillion to bail out their bankrupt corporate sector.



Parties to the UNFCCC have proposed that financial support for adaptation should be additional to existing ODA commitments (0.7% GNI), in the form of grants and not loans and be sufficient to meet the full additional costs of adaptation in developing countries. They have also proposed that adaptation in the Copenhagen agreement should be covered by a comprehensive Framework for Adaptation consisting of an adaptation and

prevention pillar and an insurance pillar, both funded through an adaptation finance mechanism. Here comes the fear of incorporation by International Financial Institutions (IFIs) as entities that will operate the adaptation fund. Any civilized and humanitarian activist must strongly oppose if such situation arises.

If you are still undecided, then please read the Bangladesh experience on ADB projects. It would not be an overstatement if people brand the Asian Development Bank (ADB) as “the environmental criminal in Bangladesh” considering what the ADB has done to the Sundarban and coastal ecosystem in the name of poverty reduction, flood control and drainage/irrigation projects like SBCP, KJDRP in Bangladesh. [The Khulna-Jessore Drainage Rehabilitation Project \(KJDRP\)](#) is a classic example of how the IFIs jeopardize the sustainability of natural resources and endanger the livelihood of the millions of people who are dependent upon those resources in the name poverty reduction, increased production and employment creation. The ADB designed

and funded the KJDRP [1] to support the government's efforts to reduce poverty by alleviating drainage congestion. The KJDRP was approved by the ADB on 14 December 1993 and it was formally started in 1994 & ended in 2004. Prior to this KJDRP, ADB also funded the Khulna Coastal Embankment Rehabilitation Project, which was implemented between 1986 and 1993.[2] The major portion of the KJDRP area is low-lying, barely one meter above the mean sea level and below high tide level. The livelihood is historically shaped through the interplay of tidal river system and the Sundarban ecosystem. In 2004, the ADB's KJDRP Project Completion Report (PCR, 2004) described that KJDRP was successful with moderate institutional and development impacts. It is important to note that PCR 2004 reported that KJDRP produced no adverse negative environmental externalities. The ADB's Operation Evaluation Department (OED) evaluated the KJDRP in March 2007. The evaluation concluded that it was not only unsuccessful but also partly relevant, less effective, inefficient and unlikely sustainable.



The failure of KJDRP also provides a learning that straightforward technical solution, designed on the basis of pure economic efficiency, has the potential of ending up unsustainable. The project was unsuccessful because primarily, the project was focused on ADB's strategic emphasis on private sector participation and market efficiency improvements, and not human rights focused and people-centered development approach. The project failed to develop an active

partnership between public institutions and local stakeholders. ADB showed callousness for indigenous knowledge since the conceptualization of the KJDRP project. The project was based on inadequate analysis and lack of appreciation for indigenous knowledge systems for reducing drainage congestion. ADB showed resistance against socially acceptable solution like Tidal River Management (TRM).[3] Even PCR 2004 recognized that project implementation delays could have been reduced considerably if the beneficiaries demand for the TRM system had been appreciated earlier.

It is important to note that in the KJDRP region, since the 17th century, people used to build low earthen dykes around the tidal flats to prevent tidal intrusion and wooden sluices to drain off surplus rainwater and then cultivate indigenous varieties of flood-tolerant and saline-tolerant rice. After the harvest, the dykes and sluices were dismantled, and the people grazed cattle and fished in the tidal floodplains. ADB did experiment on their unrealistic assumptions in the name of poverty reduction, production and employment creation without giving a second thought for

such 400 years of traditional wisdom. The assumption to generate funds for Operation & Maintenance (O&M) of the drainage system by annually leasing government-owned land proved unrealistic.

In ADB context, the project could be evaluated in terms of success or achievements. However, the project has endangered livelihood of the millions of people and reduced the capacity of the ecosystem services in the project areas. KJDRP resulted in extinction of the local biodiversity (especially fisheries) and loss of livelihood of local fisher folks. The effect of converting an aquatic ecosystem into a terrestrial in the project area has shown that KJDRP is detrimental to the ecosystems in the intermediate and Sundarbans areas. More than 100,000 people of the 144 villagers were forced to live an inhuman life with their homesteads, agricultural lands, schools and roads remaining under water since October 2005 due to the faulty KJDRP project.

However, this is not for the first time ADB used such an approach. In 1998, the ADB acted in the same way in the implementation of the Sundarban Biodiversity Conservation Project (SBCP). After the continuous movement of SBCP Watch Group, the ADB accepted that the implementation of the SBCP project had been faulty. On 10 September 2003, it formally announced in Manila the suspension of the release of the loan and two other associated technical assistance grants for the project. As a consequence of the CDP campaign through SBCP-Watch Group, the ADB finally cancelled the project in April 2004. The ADB used complex and climate-sensitive ecosystem of SW coastal region in Bangladesh as their natural laboratory in the name of poverty reduction and employment creation.#

## **Endnotes**

1 Asian Development Bank (ADB), 1993. Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of Bangladesh for the Khulna-Jessore Drainage Rehabilitation Project. Manila (Loan 1289-BAN [SF] of \$61.7 million, approved on 14 December 1993 and closed on 18 March 2002)

2 ADB.1986. Appraisal of the Khulna Coastal Embankment Rehabilitation Project. Manila. (Loan 819-BAN[SF] of \$16.9 million, approved on 11 December 1986 and closed on 31 December 1993.

3 Tidal River Management method allows tidal flow into the wetland basin and releases the tidal flow back to the river.

\* *Mr. Masum is the executive director of the [Coastal Development Partnership](#) which is based in Bangladesh. He attended the COP-14 negotiations in Poznan.*