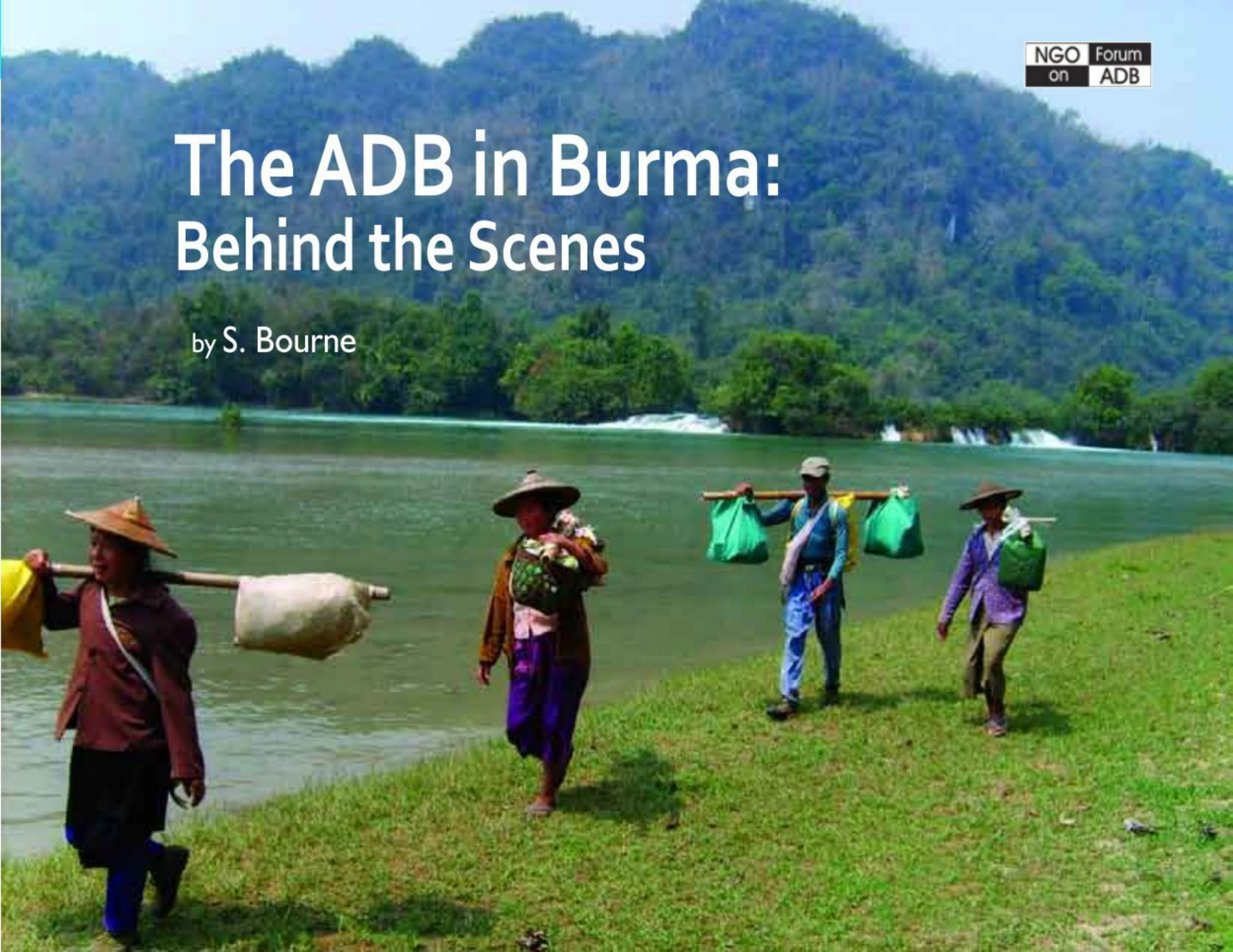


The ADB in Burma: Behind the Scenes

by S. Bourne





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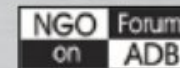
Cover photo: Villagers fleeing from a village close to the Tasang dam site, Shan State Shan Sapawa Environmental Organization.
(Photo taken by Shan Sapawa)

Inside cover photo: Salween River, Thai-Burma border
(Photo taken by S. Bourne)

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The ADB in Burma: Behind the Scenes

Introduction

Burma (Myanmar^d) became a member of the Asian Development Bank (ADB) in 1973. The ADB has, however, not provided any loans or direct technical assistance to Burma since 1986-1987, purportedly in response to internal political pressure from shareholders after the brutal crackdown by the Burmese military on pro-democracy protesters in 1988. Burma has a substantial debt to the ADB and is currently in arrears. Between 1973 and 1986-87 Burma received loans of US \$530 million, and owes the ADB US \$325 million.^{1 2}

In 2007, in response to a petition from civil society groups in the region, the ADB states that they are very attentive to the political and security situation in which they operate, and that they have not provided bilateral loans or technical assistance to Burma for almost twenty years, but that they do provide regional technical assistance for GMS meetings. What the ADB position fails to address is the major role that the ADB has played and continues to play in facilitating and mobilizing private sector investment in Burma through the Greater Mekong Subregion (GMS) economic cooperation program,ⁱⁱ and also facilitating private investment in Burma outside this program. The majority of these projects are in contested ethnic territories and have occurred without informed public participation, and have already had, or will result in environmental and human rights repercussions.

¹In 1989, the government in Burma changed the official name of the country from the Union of Burma to the Union of Myanmar. In 2010, in the lead up to the November elections, the name was officially changed to the Republic of the Union of Myanmar.

ⁱⁱ The GMS program comprises Cambodia, the People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam. For more information visit: <http://www.adb.org/gms/>

Other activities the ADB has been involved in include International Monetary Fund economic policy reviews in Burma, support for the Myanmar Environmental Performance Assessment, and support for relief and reconstruction after Cyclone Nargis through ASEAN as part of the Tripartite Core Group (ASEAN, UN and Burmese Government). There are some beneficial aspects of these activities but they are limited by the political context.

This paper recommends that until the people of Burma can meaningfully participate in development decisions, preconditions for responsible investment are in place, and adverse impacts can be mitigated, then the ADB should refrain from any form of new engagement with Burma. If they do engage (i.e., fund, facilitate, administer) in Burma, the ADB must follow the International Financial Corporation's "Sustainability Framework"ⁱⁱⁱ and adhere to their own safeguard policies, including safeguards on Involuntary Resettlement, Environment and Indigenous People, as well as the ADB's Accountability Mechanism and Public Communications Policy.

1. Current Political Context: Burma.

The military junta, the State Peace and Development Council (SPDC), was formally dissolved on 30 March 2011, after Burma's elections in November 2010. Judicial and executive powers were transferred to the new nominally

ⁱⁱⁱ See <http://www.ifc.org/ifcext/policyreview.nsf/Content/AboutFramework>

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civilian government. However, little has changed in terms of governance, with the same military elites and business affiliates holding top positions.³ The military-backed Union Solidarity and Development Party won 76.5 % of parliamentary seats.⁴ Than Shwe, who oversaw chronic economic mismanagement and widespread human rights abuses, has retired as military leader; however, many believe he will retain influence on national affairs from behind the scenes.⁵ The US State Department has dismissed the transfer of power from military to civilian figures as ‘immaterial.’⁶ The parliament is under strict control, with questions and proposals to government ministers having to be submitted to the speaker’s office 10 and 15 days in advance, respectively, for vetting.⁷ The political structure as set out in the 2008 Constitution also includes a Permanent Military Institution – the “National Defense and Security Council” (NDSC) -- which has veto power on all security decisions (the majority of positions in the NDSC are military positions). Pro-democracy activists regard the NDSC as effectively a rebranding of the SPDC.^{8, 9}

The election process itself was unfair and undemocratic, fell well short of international standards, and participation in ethnic areas was excluded on a large scale.¹⁰ Aung San Suu Kyi’s party, the National League for Democracy, boycotted the election. In addition, electoral laws prohibited long-standing opponents of the regime from registering parties, and some voters in rural areas and state employees were coerced into voting for the military-backed USDP.¹⁰ Many opposition parties saw it as an opportunity for gaining more political space.^v A handful of seats were won by opposition parties in the national parliament and people’s parliament at the regional level; ethnic

^{iv} The government subdued ethnic political parties by disenfranchising residents in 300 villages in several townships in Kachin, Karenni, Mon and Shan States and four townships in the Wa’s self-administered division. Saw Yang Naing and Lawi Weng “EC Afraid of Losing Poll in Ethnic Areas” http://www.irrawaddy.org/article.php?art_id=19498, Irrawaddy, 05 October 2010.

Saw Yang Naing and Lawi Weng “EC Afraid of Losing Poll in Ethnic Areas” http://www.irrawaddy.org/article.php?art_id=19498, Irrawaddy, 05 October 2010.

^v “many opposition parties that took part.. were participating not out of any misguided sense that the polls would be credible, but because of the important structural shifts the elections should bring: a generational transition within the military leadership, an array of new constitutional and political structures, and some space to openly debate political issues.” Transnational Institute, “A Changing Ethnic Landscape: Analysis of Burma’s 2010 Polls,” Burma Policy Briefing No 4. December 2010.

parties won 25% of seats in 4 ethnic state legislatures.^{vi} There is speculation that there may be some space to influence environment, development and humanitarian policies in these areas. However, open debate of key political issues such as political prisoners and ethnic rights is unlikely given the strict parliamentary controls and the fact that there has been no real shift in terms of power politics. This was demonstrated by the parliament’s recent rejection of a proposal for the government to build stronger relationships with the country’s ethnic nationalities.¹¹

The country lacks fundamental tenants of a democratic state, including the rule of law, freedom of expression, free media and basic human rights. Decades-long civil war continues in border areas, most prominently with the Shan State Army-South and the Karen National Union. The election did nothing to defuse Burma’s state of conflict.¹² Post-election Burma saw the escalation of tensions in both Karen and Shan states.

Sean Turnell, a Burma-focused economist from Macquarie University, Australia, explains that Burma lacks basic market institutions such as the rule of law and sound property rights, and operates according to a set of parallel rules set by the state and economic elites such as “arbitrary procedures for dispute settlement; nepotistic patron-client relationships between the military, state and business; and extralegal allocations of natural resource concessions.”¹³ Post-election, the country still lacks sound economic policy, the rule of law and sound property rights, and there are no rules to regulate investment or protect the rights of local communities (i.e., benefit-sharing, access to information, meaningful participation in decision-making on development decisions).

Sanctions

In his inaugural speech to parliament, Prime Minister Thein Sein called for the lifting of Western sanctions.¹⁴ This followed a call by ASEAN in January 2011 for the ‘removal or easing of sanctions.’¹⁵ The EU, US, Australia, New Zealand and other countries currently have sanctions policies against Burma.

^{vi} In four ethnic state regional parliaments (Chin, Kayin, Rakhine and Shan), ethnic parties have more than 25% of the seats allowing them to call special sessions of the legislature or initiate impeachment proceedings against local public officials. Burma News International, Election Report 2010: Myanmar (Burma), Chiang Mai, Thailand 2011, <http://www.nd-burma.org/hr-reports/other-report/item/39-election-report-2010.html>

These include sanctions on trade with state-owned companies, freezing of some firm's assets, and barriers to loans and some aid.¹⁶ In February 2011, the National League for Democracy reaffirmed its stance that economic sanctions should not be lifted until the new government has demonstrated progress and change towards real democracy and human rights.¹⁷ There is growing critique about the effectiveness of sanctions given the easy circumvention of the sanctions by the government's close relationships with neighboring countries in the region. Trade is booming with its close neighbors, most significantly China.¹⁸ Foreign Direct Investment is concentrated in the energy and extractive industries¹⁹ and the majority of investment in resource extraction comes from countries within the region – most significantly China, India, Thailand, and also including Malaysia, Singapore, Japan, Vietnam and Korea. The majority of Burma's income comes from sale of natural resources. Large-scale energy and extraction projects are largely located in the border regions where ethnic ceasefire and non-ceasefire groups operate. These projects often result in increased militarization, widespread human rights abuses, land confiscation, environmental damage and loss of resource-based livelihoods. Recently, there has been a heightened interest from countries in the region for more investment opportunities, raising concerns amongst civil society organizations about the social, environmental and human rights impacts and the possibility of an increase in conflict.

2. The ADB Position on Burma

In a written response to a civil society petition submitted to the ADB President in 2007, the ADB states that the “ADB is very attentive to the political and security situation in all countries which it conducts operations.... In the particular case of Myanmar, ADB does not provide lending or technical assistance bilaterally to the country and has not done so for almost twenty years... ADB has drawn up regional technical assistance to facilitate GMS meetings and events for all GMS countries, including Myanmar.”²⁰

What this statement fails to mention is the ADB's role in the mobilization and facilitation of private investment in a country where there are decades-long civil wars and widespread human rights abuses.

It is unclear what the ADB position is now in a post-election Burma; however, if it follows that of ASEAN countries who are asking for the lifting of sanctions and are looking to increase investment post-election, then it is in contradiction to the statement that the ADB is “*very attentive* [Emphasis added] to the political and security situation in all countries which it conducts operations.”²¹

3. Details of ADB Activities

3.1. Facilitating Private Sector Investment

3.1.1 Private Sector Investment Through the GMS Program

Promotion of Regional Natural Gas integration

In 2009, the ADB released a discussion draft energy strategy for the Greater Mekong Subregion entitled “Building a Sustainable Future: The Greater Mekong Subregion.” The study concludes that energy integration for all forms of energy, including gas, is the least-cost solution to meeting the energy demand in the region. This is the first GMS energy strategy to include natural gas. It is the first priority area, and the action plan is to “explore possibilities to expand GMS trade in natural gas” by preparing national sector plans for natural gas (Cambodia, Myanmar, Vietnam); coordinating with other regional programs such as ASEAN, and starting to prepare a GMS natural gas master plan.²²

The document states that “(t)he GMS does not currently have a coordinated policy framework to enable cooperation in the production and distribution of natural gas... (however) potential future gas projects are currently being discussed by the countries involved. Discussions of the ASEAN relating to natural gas pipelines have mainly focused on links with countries outside the GMS, and plans for the trans-ASEAN pipeline exclude new links within the GMS. However, as the use of natural gas in the GMS increases over the long term, a more coordinated regional approach to policy and interconnection may be warranted.”²³ The document notes that and that “(a)t present, gas transportation infrastructure within the GMS is quite limited. However, there is large potential for expanding gas trade in the subregion. Individual projects for developing pipelines and other relevant infrastructure have been identified.”²⁴

As a major source of gas in the region, Burma is included in the model. It is noted that “at present, Myanmar is the only GMS exporter...”²⁵ Current bilateral trade with Thailand is then mentioned, “ongoing bilateral trade between Thailand and Myanmar is supported by Thailand's well-established framework for importing natural gas to fulfill its electricity generation requirements,”²⁶ and then the document outlines in detail the controversial Shwe gas project:

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In January 2007, China National Petroleum Corporation signed production contracts with Myanmar's Ministry of Energy to allow crude oil and natural gas exploration projects in three deep-water blocks off the western Myanmar coast. As a result, the PRCs three state-owned oil producers – China National Offshore Oil Corporation, China National Petroleum Corporation, and China Petroleum and Chemical Corporation – are all implementing oil and gas exploration projects in Myanmar coastal waters. A feasibility study by China National Petroleum Corporation and Myanmar Oil and Gas for construction of a gas pipeline to Yunnan is also being prepared. Reportedly, the pipeline will be capable of transporting 170 bcm of natural gas per year in the next 30 years. While a timetable for completing the construction is not available in the public domain, the PRC reportedly plans to invest over \$1 billion in the 2380-km gas pipeline that will run from Myanmar to Kunming.²⁷

In including these projects in the regional approach to interconnection, the ADB is promoting two projects which are documented to have widespread human rights and environmental impacts. The current gas pipeline which exports gas to Thailand was constructed in the 1990s and resulted in a range of human rights abuses including militarization, forced relocation without compensation, forced labor and forced portering, sexual violence, and land confiscation. The US-based company (Unocal) managing the project at that time in partnership with France-based Total and the Burmese military regime, faced lawsuits for complicity in human rights abuses. In early 2006, Chevron (which absorbed Unocal) agreed to multi-million dollar settlements, but human rights abuses are ongoing and were documented in late 2009.²⁸

The Shwe Gas project is projected to earn at least US \$1 billion a year for the regime for the next 30 years.²⁹ Plans for onshore and offshore natural gas and oil production, construction of a 2800-km pipeline corridor to accommodate dual oil and gas pipelines, and the development of a deep sea port are now underway.³⁰ The pipelines will stretch from Western Burma to Yunnan Province, China and are led by the China National Petroleum Corporation (CNPC) and Daewoo International (Korea).³¹ A recent report entitled "The Burma-China Pipelines: Human Rights Violations, Applicable Law and Revenue Secrecy" by Earth Rights international documents widespread land confiscation, and cases of forced labor, arbitrary arrest, detention and torture, and violations of indigenous rights connected to pipeline construction.³² A senior consultant at ERI, Matthew Smith states that "the most common

violation so far is land confiscation and forced or coerced evictions. Families have been stripped of their means of subsistence - their land - with little or no compensation, making them instantly more vulnerable to the trappings of poverty and abuse in the militarized state."³³ In one case cited in the report, a local man was arrested, beaten and imprisoned for six months for attending community-level meetings discussing the project.³⁴ Export of natural gas is the most lucrative industry in Burma, currently accounting for 12.5% of Burma's GDP.³⁵ However, revenues from the project are likely to do nothing for the country's development but remain outside the national budget in offshore bank accounts of military rulers, and the political and economic elite.³⁶ At the same time, the majority of people in Burma lack energy for electricity or cooking.³⁷ As Smith notes, "unsurprisingly, in a multitude of interviews, not one villager expressed support for the pipelines."³⁸

Biofuels in Burma

An assessment of biofuels in Burma (2009) promotes the development of a long-term biofuel strategy with a focus on jatropha. A report entitled "Status and Potential for the Development of Biofuels and Rural Renewable Energy in Myanmar" was developed as part of the Strategic Framework for Biofuel Development in the Greater Mekong Subregion, which promotes bio-fuels as a solution to energy deficiency in the GMS.

The assessment recommends that jatropha is a good candidate for biodiesel production as it is already a well-established crop in Burma and fits with several government initiatives. The assessment notes that the past four years have seen a dramatic increase in the area of jatropha under cultivation and the government claims to have addressed food security conflicts by restricting cultivation to road sides, farm boundaries and village edges.³⁹

This is however untrue. Myanmar is pursuing energy security at the expense of food security, human rights and environmental concerns. A report by the Ethnic Community Development Forum entitled "Biofuel by Decree: Unmasking Burma's Bioenergy Fiasco" (2008) documents a nationwide crop campaign to plant five million acres with *Jatropha curcas* for biodiesel production which was launched in December 2005. Each state and division was ordered to plant 500,000 acres of the industrial crop. The report states that "(s)ince 2006, all sectors of Burma's society have been forced to divert funds, farmlands and labor to growing jatropha. Teachers, school children, farmers, nurses, and civil servants have been directed to spend working

hours along roadsides, at schools, hospitals, offices, religious compounds, and on farmlands formerly producing rice.”⁴⁰ The report documents how the campaign resulted in forced labor and land confiscation. Plantations of up to 2,500 acres have ignored local climate and soil conditions, and been planted haphazardly. There were reports of crop failure ranging from 25-75%. Interviews reveal that people have been fined, arrested, and threatened with death for not meeting quotas, damage to plants, defying orders, or criticism of the campaign.⁴¹ Over eight hundred “jatropa refugees” have already fled to Thailand from southern Shan State alone.⁴²

Tasang Dam

The GMS Mekong Power Grid is promoted under the ‘Regional Power Interconnection and Power Trade Arrangements,’ a flagship program of the ADB GMS program which states its main objective as follows: “the goal of cooperation in energy is to promote a commercially-based energy system that reliably and competitively supplies electricity to all areas of the subregion in a manner that minimizes environmental and social costs.”⁴³ The plan which was first proposed in 1994 consists of a series of hydropower schemes in Laos, Burma, Cambodia and Yunnan Province, China, which will export electricity to Thailand and Vietnam. A regional transmission grid will be built to connect these schemes and the total cost for transmission and generation is estimated by the ADB to cost US \$43 billion.⁴⁴ ⁴⁵ Research by International Rivers demonstrates that environmental and social costs have not been minimized:

...so far the planning process has been poor with no participation by civil society groups, and little consideration of the impact of the dams on the environment or livelihoods. Both national and regional electricity planning processes to date have failed to meet international standards. As a result, electricity demand, in particular in Thailand and Vietnam where much of the dams’ electricity will be consumed, is over-estimated and the potential contribution that renewable and decentralized energy, energy efficiency and demand side management could make, is not fully pursued.⁴⁶

The ADB promotes and supports the plan through hosting regular regional meetings between governments, funding studies, and financing several transmission lines. While not directly funded by the ADB, the master plan includes the Tasang Dam in Shan state. The Tasang Dam (7,110 MW) is the largest of the seven proposed dams on the Salween River, the longest free-

flowing river in Southeast Asia. On Burma’s section of the Salween River, seven dams are currently proposed. The proposed Salween dams are all located in conflict areas where military fighting still takes place. The dam is a very important source of power for the Mekong Power Grid as it will have the highest energy capacity of all the dams in Southeast Asia. The dam will submerge 870km² of land in Shan State. Between 1996 and 1998, decades of military conflict in the area resulted in the forced relocation of 60,000 people in the dam area and areas adjacent to the dam.⁴⁷ The main investors for the Tasang Dam are EGAT International (Thailand) and the Three Gorges Group Corporation (China).

Te ‘Asia Highway’

The ‘East-West Economic Corridor’ (EWEC) (or ‘Asia Highway’) is a plan to establish a land route connecting the Indian Ocean and the South China Sea through Burma, Thailand, Laos, and Vietnam. If completed, it will be the first transportation corridor running the entire width of mainland Southeast Asia with a total distance of 1450 kilometers.⁴⁸ The majority of the infrastructure has been completed aside from ports in both Vietnam and Burma, and a 40-kilometer stretch of road through an area in Karen State where there are ongoing human rights abuses.⁴⁹ If the road is built, it will provide increased access to the area for the Burmese military to conflict areas in Karen. The road would also threaten a protected area in the Western Forest complex. The Western Forest Complex includes the Kayah-Karen Montane Rain Forests, which extend south into the Tenasserim (Tanintharyi) Division. The region contains mainland Southeast Asia’s largest remaining tropical and sub-tropical moist broadleaf forests. To help protect these species, the World Wildlife Fund has added the Kayah-Karen Forests to its list of the planet’s 200 most important eco-regions.⁵⁰ This is in contradiction with the GMS Environment Program which aims to “embed environment dimensions in the GMS economic program,” and “integrate and synergize poverty reduction and biodiversity conservation.”⁵¹

Another part of the EWEC is a border economic zone (BEZ) planned to be established in Mae Sot in Thailand opposite Myawaddy in Karen State where a special economic zone is to be created. In 2007, the Thai government was reviewing its plan. However, in October 2010, the Thai government again approved the development of a zone along the border and the construction of a second bridge in Mae Sot, opposite Myawaddy. In late March 2011, there was news that the Thai cabinet was expected to decide in mid-April on the

establishment of a 5,000-rai Thai-Burmese special economic zone in Mae Sot. The Commerce Ministry is also seeking to hire experts to design an industrial estate and advise on land utilization, a logistics park, distribution centre and bonded warehouse. The industry minister said the government wanted to get the special economic zone operating as soon as possible in order to expand trade and investment. Border trade via Mae Sot was valued at 25 billion baht in 2010, with a projection of 10% growth this year.⁵²

However, recent conflict in Myawaddy may delay activities. Leading up to the elections, the government applied heavy pressure on ethnic ceasefire groups to transform into border guard forces (BGF). Fighting broke out between the SPDC armed forces and DKBA Brigade 5 – a breakaway faction of the DKBA^{vii} that refused to transform into a BGF -- in Myawaddy and Three Pagodas Pass in the wake of the elections in early November 2010, forcing thousands to flee across the border into Thailand. Approximately 30,000 refugees have fled across the border into Thailand since the elections.⁵³

3.1.2 Facilitating Private Sector Investment Outside the GMS Program

BIMSTEC

The ADB is involved in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) which consists of Bangladesh, Bhutan, India, Burma, Nepal, Sri Lanka and Thailand. The extent of assistance from the ADB to Burma as part of this program is not clear.⁵⁴ However Burma is currently the focal point for the energy and agriculture committees.⁵⁵ Furthermore, the 13th Ministerial Meeting of BIMSTEC was held in the new capital of Burma, Naypidaw, on 22 January 2011. Interestingly, at the meeting, the members reiterated an agreement “to promote utilization of natural gas as clean energy source ... and called for more cooperation among the Member Countries to promote governmental and private investment in natural gas infrastructure.”⁵⁶ At present, the ADB continues to liaise/consult with BIMSTEC for possible future activities.⁵⁷

^{vii} The DKBA broke away from the Karen National Liberation Army, the armed wing of the Karen National Union and signed a ceasefire with the Burmese military in 1995.

Contract Farming

A regional economic cooperation strategy which ADB helped design and support paved the way for a plan for Thai contract farmers to manage and cultivate more than 7 million hectares of land in Burma for plantations including sugarcane, oil palm, cassava, beans and rubber.⁵⁸ The MOU was under the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), an economic cooperation framework between Cambodia, Laos, Burma, Thailand and Vietnam that was launched in 2004 and led by Thailand under the Thaksin government. A memorandum of understanding signed in December 2005 designated four areas in Karen and Mon States. The key drivers were the Thai government and agribusiness. However, in 2010, The Ministry of Agriculture told Focus on the Global South^{viii} that Burma was the least successful among the 3 neighboring countries because the Burmese government did not want Thai traders to trade with ethnic groups along the border and so did not facilitate the issuing of Certificates of Origin for them. The investors mentioned in an ACMECS report (in Thai) were in fact mostly small and medium traders that have already been trading across the border in Tak and Kanchunaburi. The 0 tariff did benefit them and so did the legalization of ongoing trade. However, the largest new investor was a sugar company that invested in growing sugarcane on 6000 rai of land.⁵⁹

4. Technical Assistance

The ADB provides no bilateral technical assistance to Burma; however the ADB funds the participation of Burma’s military generals in GMS-related activities and projects, including regional meetings and workshops through their Regional Technical Assistance Grants (RETAs).⁶⁰

From 1 January 1968 to 31 December 2009, consultants were involved in 20,087 contracts for ADB TA projects worth \$2.52 billion. During the same period, consultants from Myanmar were involved in 23 contracts for ADB TA projects worth \$1.28 million.⁶¹

^{viii} Focus on the Global South is a program of progressive development policy research and practice that works on regional and global policy analysis, micro-macro linking and advocacy work (www.focusweb.org).

5. Reviewing Economic Policies

Staff from the ADB have joined “Article IV Consultations” conducted by the International Monetary Fund. IMF Article IV consultations reviewed a range of economic policies in its member countries. The last consultation in Burma was held on January 2011 and the ADB stated that they were involved as an observer.⁶²

6. Other ADB Activities

Cyclone Nargis

In May 2008, Cyclone Nargis left 140,000 people dead and destroyed the homes and livelihoods of two million more.⁶³ The ADB and World Bank gave support for relief and reconstruction after Cyclone Nargis through ASEAN, which was a member of the Tripartite Core Group (TCG). The TCG was set up by ASEAN, the UN, and the Burmese government to coordinate needs assessments and receive aid from donors. The ADB sent a number of experts to contribute to technical assistance needed for the initial needs assessment in cyclone-affected areas. The TCG released the resulting ‘Post-Nargis Joint Assessment’ (PONJA) report in July 2008 which claimed to be a comprehensive assessment of the situation in the areas affected by the cyclone.⁶⁴ Based on the report, the UN issued a call to the international donor community to make contributions of US \$1 billion for recovery work in Burma over a three-year period.⁶⁵

Civil society groups based in the Thai-Burmese border raised concerns that while the PONJA report detailed the impact of the cyclone and resulting recovery needs in many sectors and cyclone-affected areas, it was not comprehensive or objective as the government limited the scope and assessment of the report.⁶⁶ These groups published a report entitled ‘Post-Nargis Analysis: The Other Side of the Story,’ which recognizes the goodwill of the international community in making its assessment as the main guiding document for international assistance. However, the report highlights issues not covered in the PONJA report such as evidence that the SPDC in some cases ‘actively interfered with the distribution of aid to survivors; diverted donated goods for their own use or for resale; arrested local volunteers who were working to bury the dead; and required villagers to perform forced labor.’⁶⁷

Environmental Performance Assessment

In 2006, the Myanmar Environmental Performance Assessment was published as part of a broader program called the National Performance Assessment and Strategic Environment Framework of Greater Mekong Subregion (GMS) supported by the United Nations Environment Program (UNEP) and the ADB.

The report was done in collaboration with the National Commission for Environmental Affairs and national environmental organizations in Burma, as well as other international organizations, including the Institute of Global Environmental Strategies and the National Institute for Environmental Studies of Japan. The Myanmar EPA provides some valuable baseline data covering forest resources, biodiversity, land degradation, management of water resources, waste management, air pollution and climate change.⁶⁸ However, in the EPA there is no mention of the many environmental concerns in Burma related to large-scale development projects (i.e., mines, large dams, large scale commercial agriculture, pipeline construction). The report also does not mention the traditional natural resource management systems practiced by ethnic people throughout the country, which have traditionally supported their lives and ensured that resources were not depleted.

7. Tavoy Deep Sea Port

On November 2nd 2010, five days before the elections in Burma, Thailand’s largest construction company Italian-Thai Development signed a framework agreement with the Burmese government to develop a deep-sea port, industrial estate and road link to Thailand. The project is part of the South-South economic corridor linking the proposed deep-sea port to Thailand and Malaysia. The development of the project is supported by the five countries (Cambodia, Laos, Burma, Thailand and Vietnam) under the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) which is, as mentioned earlier, an economic cooperation program that the ADB helped to set up.⁶⁹ The project is worth US \$8.6 billion and includes a road link through a conflict area in Tennasserim division (where the Karen National Liberation Army^{ix} (KNLA) operates), to Kanchunaburi in eastern Thailand.⁷⁰ The project, if it goes ahead, will also have serious environmental impacts; however, full finance has not yet been secured.

^{ix} The KNLA is the armed wing of the Karen National Union.

There is no evidence that the ADB is involved directly, although allegedly they may have helped to facilitate it informally. The seaport is part of the GMS South South Economic Corridor and a grandiose powerpoint presentation by Italian –Thai uses GMS economic corridor language.⁷¹ However, while the GMS program was started almost entirely by the ADB -- it is one of the most influential economic cooperation programs guiding investment and development in the Mekong -- the expansion of the program has increased the influence of other actors such as Mekong governments, other international financial institutions, academics and competing regional bodies (e.g., the Association of Southeast Asian Nations - ASEAN) on the program.⁷²

8. CONCLUSION

Burma still lacks sound economic policy, and the state is unwilling to reconcile with ethnic armed groups. Foreign direct investment in Burma is concentrated in energy and extractive sectors and often results in militarization, displacement and human rights abuses in ethnic areas. The facilitation and mobilization of private investment is having and will continue to have a major impact on the environment and communities, particularly in ethnic areas where the majority of natural resources remain. Current foreign investment is not reducing poverty but reinforcing the current power structures, and the vast majority of citizens in Burma are excluded from the benefits of development.

Until the people of Burma can meaningfully participate in development decisions, preconditions for responsible investment are in place, and adverse impacts can be mitigated, then the ADB should refrain from any form of new engagement with Burma. If they do engage (i.e., fund, facilitate, administer) in Burma, the ADB must follow the International Financial Corporation's 'Sustainability Framework,' and adhere to their own environmental and social safeguard policies, including safeguards on Involuntary Resettlement, Environment and Indigenous People, as well as the ADB's Accountability Mechanism and Public Communications Policy.

9. RECOMMENDATIONS

Until the people of Burma can meaningfully participate in development decisions, preconditions for responsible investment are in place, and adverse impacts can be mitigated, then the ADB should refrain from any form of new engagement with Burma.

If they do engage (i.e., fund, facilitate, administer) in Burma, the ADB must follow the International Financial Corporation's 'Sustainability Framework,' and adhere to apply their own environmental and social safeguard policies, when they do engage, including safeguards on Involuntary Resettlement, Environment and Indigenous People, as well as the ADB's Accountability Mechanism and Public Communications Policy.

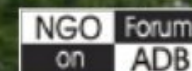
If the ADB is involved in any future national development planning for Burma, they must make sure it is based on proper needs assessments and a participatory consultation process which ensures that it furthers the interest of the people.

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Salween River, Thai-Burma border (Photo taken by S. Bourne)