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The Asian Development Bank's proposed new forest policy: why should we care?

Presentation at WRM/WALHI Southeast Asia Regional Meeting on Oil Palm and Pulpwood Plantations.

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Since June 2000, the Asian Development Bank has been working on a new forest policy. Originally due to be completed by the end of 2002, the Bank has still not produced a revised forest policy. The most recent publicly available version is dated June 2003. This version was rejected by the Bank's Board in July 2003. Since then discussions within the Bank have been utterly opaque to anyone outside the Bank.

Apart from the fact that ADB staff appear incapable of producing a new forest policy, and they wouldn't know what participation was even if it jumped up and bit them on the nose, why should we care that the Bank is working on a new forest policy?

The answer appears simple. The ADB funds roads, dams, mines, oil and gas pipelines, logging, tree plantations, oil palm plantations and other projects which can have serious impacts on people and forests.

In 1988, to give just one example of how the ADB can affect forests, the ADB financed a study in Indonesia to identify sites for the development of the pulp industry. Since that time the pulp industry has expanded massively in Sumatra. The impact on people and forests in Sumatra has been devastating.

But if we were looking to the ADB to develop a forest policy which might do something to protect the people and forests of Asia, we would be very disappointed.

The Bank did not commission an independent review to look at the impact of past lending on Asia's forests. Instead the ADB commissioned case studies of Bangladesh, Pakistan, the Philippines and Sri Lanka but did not look at India, or Indonesia, or China, or Cambodia, or Laos to name a few countries that Bank staff might have looked at in a little more detail.

Not surprisingly then, the Bank's draft forest policy is seriously flawed. It applies only to lending for forest projects. There are no incentives for Bank staff to apply the policy. Indigenous Peoples' rights are not explicitly protected, despite the close relationship that Indigenous Peoples have with forests. The draft policy is based on land

privatisation and not on land rights, land distribution or land reform. It is not rights based. It does not address corruption.

And the draft policy encourages funding of tree plantations.

Between 1980 and 1999, the ADB funded US\$1 billion worth of forest projects. Of this, 81 per cent was spent on plantation projects. More than one million hectares have been planted using ADB financing, of which 775,000 hectares are commercial plantations.

There are no meaningful safeguards in the draft policy about converting forests to plantations. On the contrary the ADB seems to want to put more money into plantation projects. An objective of the proposed forest policy is to “increase the extent and productivity of plantations and trees on farms to increase wood supply and rural employment opportunities.”

According to the Bank, its plantations are “successful in reducing the overall rate of forest loss”. The reality is that forests are cleared to make way for ADB-funded plantations, for example in Laos, under the ADB’s “Industrial tree plantations project”.



Laos: Forest cleared to make way for ADB-funded plantations.

The Bank tells us that “Industrial forest plantations could contribute to the conservation of natural forests by reducing the pressure on natural forests from wood-based industries.” Plantations do not reduce the pressure on forests, they increase it, as Ricardo Carrere points out in [Ten Replies to Ten Lies](#).

The ADB does not mention genetically engineered trees in its draft policy. Bank staff state that “The ADB does not have an official position as yet on the topic of genetically engineered trees.” Instead, “ADB considers its role as an honest broker” to give countries the “right information and decision making capacity to allow them to make informed decisions on using or not using genetically engineered trees”. Of course, we won’t ever see the information that the ADB passes on to governments about GE trees.

The ADB is also promoting tree plantations as carbon dumps. The draft policy states that the ADB will “Promote regional consultation on carbon sequestration in forests, and provide support for enhanced carbon sequestration.” In 2003, the ADB produced a report on Indonesia titled “Carbon Sequestration through the Clean Development Mechanism”. According to the report, 13 million hectares of forestlands in Indonesia are “presently idle and unproductive and are potential areas for carbon sequestration through forestation under the CDM”.

Far from being concerned about the impacts on local livelihoods of planting such vast areas with trees, the ADB states that “Private sector initiatives, such as forest certification and carbon sequestration provide opportunities to improve the region’s forestry governance and investment environment.”



ADB-financed eucalyptus plantations in Laos. In 2003, Louise Aukland of consulting firm Ecosecurity was part of an ADB mission to Laos. Aukland said her job was to look at the “feasibility of some of ADB’s plantation activities for incorporating carbon finance”.

In November 2004, 24 NGOs from 16 countries wrote to ADB President Chino pointing out the inadequacy of the Bank’s forest policy review process and that the draft version of the policy available on the Bank’s web-site has been rejected by the Board. In response, Robert Dobias, explained that the Bank had revised the draft to “incorporate comments received from internal and external reviewers”. At some point after this, “fundamental issues were raised related to ADB’s support to the forest sector.”

Dobias avoids saying what the “fundamental issues” were, or who raised them. “We currently are in the process of an internal discussion of these concerns,” Dobias added. Only the conclusions of this discussion will ever be made public. We may never know what the fundamental issues were, or who raised them.


Perhaps we shouldn’t care too much about the ADB’s forest policy. The problem is not the ADB’s proposed forest policy. The problem is the ADB itself.

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