

## **The ADB's Legitimization of Burma's Military Junta**

Burma Project, EarthRights International Southeast Asia

Burma is an authoritarian state that has been ruled by successive military governments since 1962. The current military junta that runs the country, the State Peace and Development Council (SPDC), has refused to honor the national elections of 1990, won in a landslide victory by the National League for Democracy. The military regime continues to wage war in the ethnic states of Burma causing over 500,000 internally displaced people in Eastern Burma and over 165,000 refugees in camps on the Thai/Burma Border and more fleeing every day.<sup>1</sup> In addition, Burma has the highest per capita ration of soldiers to civilians in the world. The SPDC spends about 40% of the budget on the military and only .4% and .5% on health and education and still continues to expand its army.<sup>2</sup>

It is in this context that the Asian Development Bank (ADB), acting as the secretariat and coordinator, has chosen to quietly include the participation of the Burma's military generals in the Greater Mekong Subregion (GMS) program. Although the ADB has not given any new loans or technical assistance to Burma alone since 1986-87 and Burma cannot receive any more direct assistance from the ADB until arrears of \$28.7 million are cleared, through Regional Technical Assistance Grants of the GMS program the ADB supports the military generals to participate in regional meetings and workshops.<sup>3</sup> In addition, the ADB is active in mobilizing private sector investment for the GMS Development Matrix, which includes projects such as the Asia Highway of the East-West Economic Corridor and the Ta Sang Dam on the Salween River, a project recognized even by the ADB itself as having "serious socio-environmental concerns."<sup>4</sup> The ADB specifically identified the Ta Sang Dam project to be a part of the Mekong Power Grid published in 2002 in an ADB funded RETA, the Regional Indicative Master Plan on Power Interconnection in GMS Countries approved in 2000, in which the ADB as the executing agency was responsible for formulating an indicative transmission master plan to promote subregional power trade.<sup>5</sup>

### **ADB GMS Regional Technical Assistance Grants**

*"We do not want ADB to grant money to Burma until there is a democratic government in Burma. We do not want the ADB to give loans or grants to the GMS program which will involve the military government"*

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1 Thailand Burma Border Consortium, Internal Displacement in Eastern Burma 2006 Survey, November 2006, p. 22  
<http://www.tbcc.org/resources/2006-IDP.pdf>.

2 Emanuela Sardellitti, "Great potential in Myanmar - for some," March 9, 2007, Asia Times,  
[http://www.atimes.com/atimes/Southeast\\_Asia/IC09Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/IC09Ae01.html).

3 Asian Development Bank, "Fact Sheet: Myanmar and ADB," July 31, 2006,  
[http://www.adb.org/Documents/Fact\\_Sheets/MYA.asp?p=ctrymya](http://www.adb.org/Documents/Fact_Sheets/MYA.asp?p=ctrymya)

4 Rajat Nag quoted in "Villagers fear dams on last untamed river", DENIS D. GRAY, Associated Press, June 04, 2006

5 Asian Development Bank, "Technical Assistance for Regional Indicative Mater Plan on Power Interconnection in the Greater Mekong Subregion," July 2000, [http://www.adb.org/Documents/TARs/REG/tar\\_reg34092.pdf](http://www.adb.org/Documents/TARs/REG/tar_reg34092.pdf).

*in Burma, because if the military is involved in the project and receives grants, the military will become more powerful and the suffering of people will increase.”<sup>6</sup>*

The ADB grants Regional Technical Assistance to all GMS members (Burma, Thailand, Cambodia, Vietnam, Laos, PRC, Yunnan Province). From 1992-2006, the ADB has granted an estimated total of \$47.33 million to GMS member countries for GMS Core and Advisory RETAs.<sup>7</sup> In 2006, the ADB granted an estimated total of \$2.55 million to GMS member countries for various technical assistance projects.<sup>8</sup> In GMS RETA documents the ADB fails to disclose, despite numerous requests from civil society groups, the percentage of ADB support allocated to Burma’s military generals raising serious questions about the lack of transparency and accountability of ADB operations. In addition to GMS RETAs, the ADB also grants RETAs for the entire Asia and Pacific Region. In 2006, the ADB approved a RETA for The Prevention and Control of Avian Influenza in Asia and the Pacific Project for US \$13 million, with US\$1 million allocated specifically to Burma.<sup>9</sup>

**Table 1: ADB Grants to Regional Technical Assistance Projects that Include Burma Approved in 2006**

Name of Project (ADB Project Number)	Date of Approval	Total Cost Amount of ADB’s Grant
Developing the Greater Mekong Subregion Energy Sector Strategy (RETA-6301 REG)	Approved 3 January 2006	Total cost: US\$1,000,000 ADB grant from its TA funding program: US\$900,000 GMS governments: US\$100,000
Development Study for the North South Economic Corridor (RETA-6310 REG)	Approved 20 March 2006	Total Cost: US\$600,000 Technical Assistance Special Fund US\$200,000 PRC Poverty Reduction and Regional Cooperation Fund: US\$400,000
Technical Assistance for Support to Trade Facilitation and Capacity Building in the Greater Mekong Subregion (155-06)	Approved 19 July 2006	Total cost: US\$1,300,000 ADB TA Fund: US\$650,000 PRC Poverty Reduction and Regional Cooperation Fund: US\$400,000
Expansion of Subregional Cooperation in the Agriculture Sector in the Greater Mekong Subregion (RETA 6324)	Approved 23 June 2006	Total Cost: US\$1 million ADB TA Fund: US\$400,000 PRC Poverty Reduction and Regional Cooperation Fund: US\$600,000
The Prevention and Control of Avian Influenza in Asia and the Pacific Project (RETA 6313)	Approved 14 March 2006	Total Cost: US\$13 million, US\$1 million allocated for Myanmar
Implementation of the Greater Mekong Subregion Cross-Border Transport Agreement (Project Number: 37523)	Approved March 2006	Total Cost: US\$800,000 ADB TA Fund: US 400,000 PRC Poverty Reduction and Regional

<sup>6</sup> ERI, “Burmese Civil Society Representatives’ Requests to the ADB,” March 2007.

<sup>7</sup> Asian Development Bank, “ADB-Assisted GMS Technical Assistance Projects,” December 31, 2006.

<sup>8</sup> Asian Development Bank, “Greater Mekong Subregion: Projects,” <http://www.adb.org/GMS/projects/adb-projects.asp>.

<sup>9</sup> Asian Development Bank, “Prevention and Control of Avian Influenza in Asia and Pacific Project,” Progress Report, March 2006, par. 33, <http://www.adb.org/Documents/Progress-Implementations/REG/39662-REG-PI.pdf>.

The ADB also levers bilateral donors to support studies and activities that are consistent with other ADB RETAs of the GMS program, such as the GMS Regional Power Trade Coordination and Development RETA funded by Agence Francaise de Developpement for US\$1.2 million approved in 2006.<sup>10</sup> The ADB also is active in promoting the GMS development matrix, which includes projects in Burma, such as the East West Economic Corridor initiative which includes the Asian Highway extension in Burma, and the controversial Tasang Dam on the Salween River of the Mekong Power Grid in the GMS program.<sup>11</sup> The Burma section of the Asian Highway, if completed, will connect with other highways in Thailand, Laos, and Vietnam, creating a transportation corridor running the entire width of mainland Southeast Asia linking the Andaman Sea with the South China Sea. The ADB takes the GMS development Matrix on “road shows” in order to mobilize private sector investment in the GMS region.<sup>12</sup> In addition to these road shows, the ADB offers political risk guarantees or partial credit cover to private sector firms for investments in the GMS program in order to facilitate investment and lower the risk to bring in the bigger investors.<sup>13</sup> ADB mobilization of the private sector to finance GMS projects in Burma is problematic because the private sector does not have to follow important safeguard policies- such as the ADB safeguard policies which seek to avoid, minimize, or mitigate adverse environmental and social impacts of projects.<sup>14</sup>

In the context of the almost six decades of war waged against the ethnic peoples of Burma, the development projects in Burma in the GMS development matrix, some of which are located in civil war zones, will lead to further abuses against local communities and the environment. One farmer living along the Asia Highway route explains,

*“As for me, I do not know much about the Asia Highway, but I have heard about this very often. Many people in Mawlamyine are fearful of this road and they say this road will pass across our village to Mawlamyine. This road is threatening to the people in Mawlamyine... When I was forced to work on forced labour last year, I understood that we were being forced to work on the Asia highway, but I did not tell anyone about because I was afraid of being threatened and arrested.”<sup>15</sup>*

10 Asian Development Bank, “Greater Mekong Subregion: Projects,” <http://www.adb.org/GMS/projects/adb-projects.asp>.

11 Asian Development Bank, “GMS Development Matrix,” <http://www.adb.org/GMS/Projects/devmatrix.asp?ct=4>

12 “ADB Urges Bigger Private Sector Role in Mekong Area,” The Nation, March 9, 2006. The ADB calls for investment in massive infrastructure projects in the Greater Mekong Sub region, which includes Burma.

“Singapore Firms Missing Out on Mekong Area Infrastructure Projects,” Channel News Asia, March 8, 2006. ADB staff visits Singapore to lure private investment for GMS projects.

13 “ADB urges bigger private sector role in Mekong basin sub-region,” AGENCE FRANCE-PRESSE, Singapore, March 9, 2007.

14. The three Safeguard Policies are the Involuntary Resettlement Policy (1995), Indigenous Peoples Policy (1998), and the Environment Policy (2002).

15 ERI Interview # 092 (2005)

Given the continuing high levels of violence, including the pervasive use of forced labor, civil society groups remain deeply skeptical that the projects in the GMS program promoted by the ADB will encourage any kind of sustainable development in the Burma. In addition, considering the military regimes' well-known disregard for environmental concerns the projects will adversely affect areas of Burma valued for their biodiversity, such as the Salween River Basin, the longest remaining free-flowing river in mainland Southeast Asia, and the Kayah-Karen Montane Rainforests, both of which will be fragmented by the ADB's East-West Economic Corridor Transportation Route and the Ta Sang Dam of the Mekong Power Grid.<sup>16</sup>

The ADB's inclusion of Burma in the GMS program further legitimizes the military regime and sends a message of acceptance to the military junta as well as to the other governments of the Greater Mekong Subregion. Whilst the ADB claims that the GMS is owned by the region's governments, the ADB is still clearly an influential player in shaping the overall program and therefore bears a certain responsibility for its direction and scope.

Based on principles of good governance, transparency, and accountability, we recommend the following to the Asian Development Bank:

- The Asian Development Bank should cease providing technical assistance to Burma via the Greater Mekong Subregion scheme and publicly disclose the percentage of funds already allocated to Burma's military generals.
- The Asian Development Bank should not renew its relationship with Burma until democratic rule is restored and mechanisms are in place for people to participate in decision-making regarding large-scale development projects.

**Table 2: Examples of ADB Grants to Regional Technical Assistance Projects that Include Burma in the Pipeline for Approval in 2007**

<b>Name of Project (ADB Project Number) Project objective</b>	<b>Implementation Period</b>	<b>TA Amount</b>
GMS Phnom Penh Plan for Development Management - Phase III, Project Number: 39558-01.	To be approved 03 Aug 2007	Total cost: \$4 million. ADB Technical Assistance Special Fund US\$1.0 million. PRC Poverty Reduction and Regional Cooperation Fun US\$3.0 million

<sup>16</sup> The Kayah-Karen Montane Rainforest area is included in the ADB's Biodiversity Conservation Corridors Initiative. Despite the ADB's stated interest in creating bio-conservation corridors, there is no mention if alternative routes or, for that matter, a plan to prevent an increase in logging, agriculture, hunting, and the exploitation of other non-timber based forest products- all of which are likely to increase following the East-West Corridor Transportation Route's rehabilitation. For details see, ADB, "Western Forest Complex (Thailand/Myanmar) Western Forest Complex (including the Tanintharyi Forest Complex in Myanmar)" (27 April 2005). For more details, see World Wildlife Fund, "Kayah-Karen Montane Region," (24 July 2003).

Enhancing the Development Effectiveness of the GMS Program (Supplemental). Project number: 38075-02.	To be approved 30 June 2007	Total cost: \$400,000 ADB Technical Assistance Special Fund: US\$150,000 PRC Poverty Reduction and Regional Cooperation Fund: US\$250,000
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*For more information on EarthRights International visit:*  
[www.earthrights.org](http://www.earthrights.org)

*For more information on the Ta Sang Dam Plans on the Salween River visit:*  
[www.salweenwatch.org](http://www.salweenwatch.org)

*For more information on the Mekong Power Grid please visit:*  
<http://www.irn.org/programs/mekong/powergrid.html>