

## **ROUND-TABLE DISCUSSION**

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#### **Critique of ADB'S ROLE IN FOOD (IN)SECURITY: PROPOSALS FOR INCREASING INVESTMENTS ON SMALL FARMERS**

**July 6, 2010, 8:30 AM - 12:30 PM**  
**Crowne Hotel, Ortigas**

#### **A Critical Look at ADB Food Policies: Investment for Whom?**

A self-organized roundtable discussion by the Asia-Pacific Network for Food Sovereignty (APNFS), the Freedom from Debt Coalition (FDC) and the Focus on the Global South

#### **Concept Paper on Forum**

The occasion of an ADB-sponsored Forum addressing the challenges of food security in the Asia-Pacific region in light of the recent and ongoing crisis in global agriculture, on July 5-7, 2010, should be one of promise to specialists in the field who have long complained of the neglect of agriculture by governments and international financial institutions (IFIs). Will this Forum bolster investments in food security within the framework of sustainable, pro-poor agricultural policies in the region and correct the misguided priorities on export-oriented agriculture production and focus on market solutions? The evidence thus far suggests not. Despite the spectacular failure of rampant, unregulated free markets and their contribution to the world's biggest financial crisis since the Great Depression, the ADB's focus continues to be on the privatization of water and electricity resources, the promotion of big dams, and opening the door to multinational corporations, to the detriment of the Asian farmer.

The major gains in agricultural productivity in many Asian countries during the '60s and '70s were premised on public sector investment in irrigation facilities and inputs such as high-yielding rice varieties. Strong focus was put on agricultural research facilities working for the public good and not in the pursuit of profit. This relationship has since faltered under the sweep of structural adjustment programs (SAPs) advocated by the World Bank and the ADB.

More recently, the 'Water for All' policy of the ADB advocates 'cost recovery in irrigation services,' 'private sector participation in the development and management of water resources and assets,' and 'autonomous and accountable service providers' in the delivery of water services. These concepts embody the institution's thrust of promoting privatization and corporatization of goods that rightly belong to the public domain, which ultimately harms farmers more than any other segment of the population. ADB's loans and projects in water and irrigation have increasingly transferred the tasks of government in maintaining and operating irrigation systems to poor farmers already burdened by low farmgate prices and rising costs of production.

Examples of these kinds of projects in Indonesia and the Philippines include the Southern Philippines Irrigation Sector (SPIS) project, financed through a \$600 million loan from the ADB, and the 2003 Participatory Irrigation Sector Project in Indonesia. In both projects, the interests of small-scale farmers and local communities are excluded when it comes to competing water usage due to their relative lack of bargaining power compared to local elites and big companies.

With 65% of lending (plus the numerous examples of public-private partnerships), the bank's recent emphasis has been on large projects in the power and infrastructure area. Recent projects that have been funded by the bank include the 1,100-MW Nam Theun 2 (NT2) project in Laos and the Laiban Dam in the Philippines. The rush towards big dams has been eviscerated time and time again for the large numbers of displaced people they create, who are often indigenous people in remote areas which is where the remaining free-running rivers are, their dubious environmental benefits, and most importantly, their flooding of thousands of hectares of agricultural land in a region that can ill-afford to lose such amounts. This focus contradicts the bank's own recognition that one constraint to achieving sustainable food security is "in relation to growing land and water shortages."

The privatization of water and electricity pursues an agenda even further removed from the needs of ensuring stable supplies for achieving food security. Electricity privatization has proven itself a charade in the Philippines – an agenda pursued by the ADB in its support for the Electric Power Industry Reform Act (EPIRA), which mandated the full privatization of the electric power industry in the country. This is highlighted by the recent controversy over the Angat Dam hydroelectric plant privatization, whose upstream location from a drinking water source for Manila and an irrigation source will put an enormous amount of leverage in private hands.

Similarly, the ADB's effort at addressing the persistent problems surrounding agriculture in the Philippines through the Agrarian Reform Communities Project (ARCP), which was approved in 1998 has emphasized the division of the regions into agricultural zones that promotes export crop production over food for local consumption. While land reform factors highly in the project, a solely economic grasp of land issues ignores the political ground that has been gained by agrarian struggles over the last 20 years.

This then puts into serious question current initiatives of the ADB at the regional level to promote greater investments in food security, given evidences, so far that point to its increasing role and culpability in reshaping agriculture and food policies at country level that have undermined food sovereignty of client countries and communities.

In light of this planned ADB-FAO-IFAD forum on investments, where the voices of poor farmers may not be amplified, there is a need for civil society organizations and farmers movements in the region to come together to present their views and perspectives on what relevant investments and policies are urgently needed by smallholders and landless peasants if the long-running problems of land tenure and ownership, rural poverty, and hunger are to be addressed effectively.

Towards this, the Asia-Pacific Network for Food Sovereignty, Freedom from Debt Coalition and the Focus on the Global South propose holding a round-table discussion on June 6, from 8:30 am -12:30 pm to clarify the role of the ADB in fostering the current crisis in food and agriculture, gather lessons from the implementation of ADB policies and projects as they impact on food security in the region and understand how its investment framework may further exacerbate the food crisis and intensify landgrabbing in the region. The forum will also discuss ways and approaches to promote investments in agriculture and food security that will meet the needs and constraints faced by small farmers and landless agriculture workers in the region, particularly poor rural women.

**Objectives:**

1. To provide a critique of ADB policies as they relate to food security and the food crisis, specifically, the investment framework being promoted by ADB;
2. To discuss ways forward to financing and investments for smallholder production to secure food sovereignty;
3. To come up with common strategies to address urgent issues in relation to ADB projects and related public-private investments that exacerbate the food and agrarian crisis in the region; and
4. To organize a press conference to present the major recommendations from the roundtable discussion.

**Outputs:**

1. Come up with a common statement critiquing ADB loans, programs and policies which impact on agriculture and food security, specifically its current investment framework to promote food security;
2. Presentation of cases studies and analysis;
3. Recommendations of what kind of investments are needed to address the food crisis and poor farmers' constraints such as lack of access to land, credit, technology, poor irrigation and infrastructure, etc.
4. Common action plan; and
5. News article on the activity.

**Program**

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| Welcome Remarks   | Ms Arze Glipo, Convenor,<br>Asia-Pacific Network for Food Sovereignty |
| Input/Case Presentation (15 minutes each)   |   |
| Angat Dam Privatization and ADB's Water Policy:<br>Implications on Food Security and People's Access<br>to Water                              | Freedom from Debt Coalition (FDC)                                     |
| Diminishing State Support to Irrigation: ADB's<br>Participatory Irrigation Project in Southeast Asia and<br>Its Implications on Food Security | Asia Pacific Network for Food Sovereignty                             |
| ADB and Lessons from the Agrarian Reform<br>Community Project   | Focus on the Global South   |
| ADB Agriculture and Water Projects in Indonesia:<br>Impact on Food Security and Small Farmers   | Aliansa Petani Indonesia (API) or<br>Bina Desa                        |
| Open Forum and Discussion of Ways Forward/Strategies  |   |
| Synthesis   | Ms Arze Glipo, Convenor,<br>Asia-Pacific Network for Food Sovereignty |
| Closing Remarks   | Bina Desa   |
| <b>PRESS CONFERENCE (11:30 – 1:00 pm)</b>   |   |
| Facilitator: Milo Tanchuling, FDC Secretary General   |   |

## Presentation Syntheses

### *ADB's Water Policy: Implications for Food Security and People's Access to Water*

#### *Presentation given by Dianne from the Freedom from Debt Coalition*

The ADB first started lending to the water sector in the Philippines in 1974 with a \$51.3 million loan to the Manila Water Supply Project. A total of 10 water project loans have been made since that time although the Bank's own internal assessment only rated one of those as successful. Recently, the Umiray-Angat Transbasin Project supported by the Bank has run into controversy. The project diverts water from the Umiray River to the Angat Reservoir underneath Mt. Mabitoan and has raised issues relating to the decrease in water levels in the Umiray, an increase in invasive fish species in Angat, and the general ineffectiveness of the non-revenue water loss goals laid out by the project. The Bank has also lent support for problematic pieces of legislation such as the Electric Power Industry Reform Act (2001), which has resulted in the push for the privatization of the Angat Dam. Water supply for irrigation in Bulacan and Pampanga has the potential to be adversely affected by the separation and privatization of the dam due to unsynchronized/irregular water releases.

### **Food Security and ADB Policies: A Critical Look Behind Food Security Investment Forum**

#### **Presentation given by Arze Glipo from the Asia-Pacific Network on Food Sovereignty**

The major shift in development policy towards ideologies of privatization, participatory approaches to resource management, and a decline in public investment in agriculture as part of structural adjustment programs form the backdrop to the ADB's involvement in the food sector in the Philippines. This was expounded in the 2001 Water for All policy by the Bank, which promoted decentralization of irrigation management, the rationalization of public sector irrigation units, and tradable water rights. The results have been seen in the rationalization of the National Irrigation Administration (NIA) and ADB Loan 1668 – the Southern Philippine Irrigation Sector Project (SPISP). These have shown themselves to be opportunities for the Bank to turn over nationally built irrigation systems to irrigator's associations (IAs) and further reduce the public sector's role in irrigation management. However, problems remain in the capacity of IAs to manage these systems under scenarios of increasing input prices and decreasing farmgate prices. The SPISP's specific objectives were to increase private participation in irrigation ownership and serve as a pilot project for eventual roll-out nationally. Therefore, its proposed policy reforms are all to do with devolution and the scale back of NIA operations. The recommendation of the APNFS is for the ADB to allow national governments the sovereignty to set their own policies without conditionalities with

specific attention on women, indigenous groups, and small-scale farmers. Progressive tax measures can be used for national governments to raise the required financing.

### **The ADB's Development Assistance to Agrarian Reform in the Philippines Presentation given by Mary Ann Manahan from Focus on the Global South**

The presentation looked, at the macro level, into the land reform policies of the ADB and, on a micro level, the Agrarian Reform Communities Project (ARCP). A glance at the core specializations of the ADB according to their Strategy 2020 and Long Term Strategic Plan reveal that agriculture is not considered among the main development drivers for the Bank. Priorities and programs as they relate to agriculture are on rural infrastructure, reflecting the bias of main lender Japan. Bank lending to the agriculture sector in the Philippines peaked during the Marcos regime, at the height of the Green Revolution. Although the Bank's own assessments say the impact of projects in the agriculture sector have only been partly successful (below the average for all sectors), they say their assistance remains relevant. The ARCP, implemented between 1999 and 2007 is part of the ADB's goal of integrating rural communities into undistorted 'rural market economies' and cost \$168.85 million. The project did little to tackle the issue of land titles for the rural poor, the failure of credit extension facilities to reach those most in need, and problems of fit and appropriateness regarding agricultural training and biotechnology transfer. ADB's interventions in agrarian reforms are not clearly linked to food security and are more focused on rural infrastructure. Gains that might be made at the micro level through programs such as the ARCP obscure deeper problems and regressions at the macro level which is why it is necessary to use these insights to critically analyze the next phase of the ARCP.

### **Implications of ADB's Program on Agriculture and Food: Case Study on Participatory Irrigation Sector Project (PISP) in the watershed of Pemali (Central Java, Indonesia)**

#### **Presentation given by Aliansi Petani Indonesia (API)**

The ADB has been involved in Indonesia since 1969 for rural development. Several institutional structures exist in the country to support water privatization and has led to the continued marginalization of rural peasants. The ADB Participatory Irrigation Sector Project (PISP) is located in six provinces and is being undertaken from 2006-2010 with the objective to reduce rural poverty, decentralize irrigation network management, and increase production of irrigated crops. The necessity of PISP is defined through the damage to irrigation systems in Java, where 60% of Indonesia's rice and food production takes place. However, preliminary results suggest that an increase in irrigation water did not necessarily flow to agricultural production due to the diversion for non-agricultural purposes and farmers were only weakly involved in the 'participatory' process with a resultant loss in local knowledge. The project site was also mostly located in parts of Indonesia that may not be priorities in terms of food security since Java is relatively more secure compared to Papua, for example.

### **Question and Comments Section**

One attendee from Malaysia focused on the difference between food security and food sovereignty whereby the former looks at solely food production with a reliance on chemical fertilizers and mono-crops and the latter incorporated indigenous models of food production that drew upon the many local varieties of crops that used to be present in the Asian diet.

Regarding the ARCP1 and ARCP2 loans, a representative from the National Rural Women's Coalition of the Philippines, highlighted the fact that all Filipinos will have to repay the loan even though small-scale farmers in the country don't even have the capitalization to repay their own loans or for support services. The \$93 million in ARCP 2 funding for bridges and other rural infrastructure will be useless to farmers if they cannot effectively utilize it. The 10% of the national budget that is proposed to be devoted to agriculture should be spent on small farmers exclusively. Funding for irrigation systems is also useless if watersheds are degraded. The representative wants to see a paradigm shift in ADB policies towards grants not loans and a greater focus on small scale farmers getting ownership of land titles.

While Thailand is lauded for its food security, a representative from that country wanted to debunk some of the assumptions made about Thai agriculture. Some important questions are: how much of rice production gains from exports are invested? Are Thai people eating Thai rice? If every step of rice production, from the equipment to the cooking pots in which rice is made, is imported, can we still call Thailand 'self-sufficient?' Also

many small-scale rice farmers in the country don't have enough to eat for themselves as they have to sell their rice to get cash to pay off debt.

A similar focus on the small scale farmer was made from a Cambodian representative. He wanted to know what steps the ADB was taking to allow small scale stakeholders in agriculture to access finance from the Bank and why the ADB and other IFIs procure direct from governments and not from farmers themselves.

The wrap up and synthesis from Milo Tanchuling, Freedom from Debt Coalition Secretary General, again highlighted the fact that nowhere in the ADB's Strategic Plan is there a focus on rural development or food sovereignty. The indicative response of ADB President Kuroda to this charge is that agriculture is covered under infrastructure.

#### **Recommendations from Round Table Attendees**

- 1) Promote and respect the right to food sovereignty of people, governments and communities. Farmers should exercise sovereignty over their production. Production solely for exports as a priority should be reviewed.
- 2) There should be a halt to the privatization of common resources particularly water and a shift from private-based management to people-based management of resources.
- 3) There is a need for relevant and increased public investments in agriculture particularly in sectors which will result to increased productivity like irrigation, technology development.
- 4) The challenge is how multilateral agencies can support sustainable farming. More importantly, how can these institutions be democratized?