

Sri Lanka's Economic Crisis Is An Illustration Of The Failure Of Adb's Neoliberal Development Model

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Sri Lankan Civil society statement for the 55th Annual meeting of the Asian Development Bank

On the occasion of the 55th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB), which is being hosted by the Government of Sri Lanka and chaired by the Sri Lankan Finance Minister Ali Sabry, on the 5th May 2022, we as the Sri Lankan Civil society organizations question the failed role of the regional development bank to build the economic sustainability of the country and failure to defend the social, economic, environmental, gender and energy justice, and livelihoods with dignity.

On this occasion we must not forget that Sri Lanka played a leading role in founding ADB in 1966. Since then, Sri Lanka has received USD 11.5 billion worth of loans over the last 55 years which include 3.5 billion for the transport sector and 1.5 billion for the energy sector. About 13% out of the total debts are granted by ADB. Yet, Sri Lanka's public transport sector is so much deteriorated and the energy sector is in a real crisis.

Sri Lanka is now facing a serious economic crisis, social and political crisis resulting due to the years of mismanagement by the corrupt political regimes. It has resulted poor committing suicides and many compromise children's education, health, nutrition and other basic needs. It should be noted that the ruling regime has been using the police to arrest the peaceful protestors and harass them, violating fundamental rights guaranteed by the constitution.

The ADB model of development has resulted in huge inequities and created rich and poor disparities. The poor continue to be exploited through the market, less wages and patriarchal system of oppression. Although Sri Lanka ended its civil war in 2009, it still uses the military tools to oppress the descendants and even has brought the military personnel to the civil service to manipulate the decisions. Deregulation of the natural resources have seen in the past several years which has resulted in over exploitation making achievement of SDG goals and NDCs a dream.

ADB as a policy bank who advised Sri Lanka for decades on the country's development, should also take the responsibility of funding corrupt regimes and non-beneficial projects. While we commend ADB for supporting Colombo-Matara expressway and rural road networks, it has failed to mobilize a sustainable transport policy and procurement policies in the rest of the expressway connections and has led China to take advantage. As a result, the outer circular road and especially the Central highway have become the most expensive construction due to heavy corruption. If proper procurement policies and public accountability were in place Sri Lanka could have avoided such corruption practices by the politicians and the top government officers.

ADB has failed to serve the farmers, fishermen and other grassroot livelihoods throughout its development approach. Last several years we have seen people start demanding justice but the Sri Lankan government or the funding agencies did not listen to their voices.

ADB funded the Upper Elahera Canal project which has created many irreversible social and environmental problems. The project has destroyed the elephant habitats and lost the total income of the Minneriya and Kaudulla national parks. The project does not have adequate water to carry to the northern province and has given false hopes to people in the North.

ADB assistance Sri Lanka's energy sector has not been able to sustain energy generation in the country. High dependence on fossil fuel has resulted in the current energy crisis. Recently concluded feasibility study resulted in promoting LNG power plants in Kerawalapitiya which also undermined the energy sovereignty of the country.

People of Sri Lanka now demand greater transparency, greater public participation, complete accountability and zero corruption. ADB in preparation of its country plans has failed to listen to the civil society organizations and to the project affected communities and resolve grievances. ADB has let the corrupt officials and the politicians manipulate the systems. This has been indirectly responsible for the current crisis

Several other countries in the region such as Nepal, Bangladesh and Pakistan are also following the same undemocratic destructive pathway. It's time to correct these malpractices. Therefore we demand that

1. ADB must rethink its development model. It's proven that the capitalist neoliberal approach of exploitation is not sustainable for our countries.
2. ADB must not support corrupt regimes and should be accountable to the people of these countries. There should be a mandatory mechanism in place to listen to the people and involve meaningful participation when negotiating finances for development activities. ADB should support Sri Lanka to follow the principles of good governance.
3. ADB must support Sri Lanka to do a debt audit to find illegitimate debt. Such illegitimate debt should be canceled unconditionally. ADB also supports restructuring its debt and building social safety nets to make sure that poor do not suffer more.
4. ADB should assist the country to bring its energy sovereignty, food sovereignty and ensure free education, free health remain under the public control. ADB, as a multilateral bank, should respect the rights of people in the member states to live in dignity.
5. ADB must ensure Sri Lanka does not commit human rights violations and fundamental rights violations and communicate its repercussions to the Government of Sri Lanka.

Signed

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