

**EVA STALIN IAS ACADEMY – BEST IAS COACHING IN CHENNAI**

12/24, Muthurangan Muthali St, West Tambaram, Chennai - 600045

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## **EDITORIAL ANALYSIS → 22 JULY 2022 → THE HINDU:**

### **ASIAN DEVELOPMENT BANK:**

- **What is the Asian Development Bank?**

- The Asian Development Bank (ADB), which was founded in 1966, has its headquarters in Manila. (Philippines). 67 of its members represent Asia and the Pacific.
- China (6.473%), India (6.473%), the United States (15.567%), and Japan (6.473%) are the four nations that own ADB (6.473 percent ).
- Through investments in infrastructure, health, and public administration, the Asian Development Bank helps governments manage natural resources and lessen the effects of climate change.
- The Asian Development Bank publishes an annual report outlining its activities, budget, and other pertinent documents (ADB).

- **Goals of the Asian Development Bank:**

- Through regional integration, environmentally sustainable growth, and inclusive economic growth, the Asian Development Bank (ADB) positions itself as a social development organisation dedicated to alleviating poverty in Asia and the Pacific.
- To do this, 80% of the investment goes to the public sector.
- This is accomplished through making investments in the systems of public administration, financial, healthcare, and infrastructure, as well as in other fields, like assisting nations in better managing their natural resources or preparing for the effects of climate change.

- **2030 ADB Strategy:**

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- The Asian Development Bank's (ADB) Strategy 2030 places the organisation on a course for successfully addressing the region's changing demands.
- The Asian Development Bank (ADB) will continue to fight to eradicate extreme poverty in accordance with Strategy 2030 and to realise its vision for a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.
- **Governance:**
  - In October 1995, a policy statement titled "Governance: Sound Development Management" was released.
  - The Asian Development Bank defines governance as "the way power is exercised in the administration of a country's economic and social resources for development."
  - According to the ADB, governance has two aspects:
    - Political: Democracy and Human Rights
    - efficient and economical use of public resources
  - The Asian Development Bank (ADB) has identified four key components of good governance:
- **Accountability:**
  - Employees in the public sector should be accountable for their activities and mindful of the organisation they are in charge of.
  - Reviews of the economic performance of public institutions increase their accountability.
  - The improvement of public sector management, public enterprise management and reform, public finance management, and civil service reform are a few of the suggested specific areas of action.
- **Participation:**
  - Those who will benefit from public programmes and initiatives and others who will be impacted by them should have the chance to enhance their design and execution.
  - Building participatory development processes through, for example, beneficiary involvement, a public-private sector interface, decentralization/local government empowerment, and collaboration with non-governmental organisations would be the specific areas of activity (NGOs).
- **Predictability:**

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- Society should be governed by laws and rules that are applied equally and consistently.
- Due to predictability, the state and its subsidiary agencies must be held to the same legal standards as private businesses and people.
- The establishment of solid legal foundations for the growth of the private sector may be one specific area of action.
- **Transparency:**
  - Information should be available to the public, and laws and regulations should be clear.
  - Quick access to economic data can be crucial for private sector economic decision-making and corruption prevention.
  - All of the aforementioned factors are connected, useful to both parties, and supportive of one another.
  - The best guarantee of predictability is accountability, which is frequently connected to participation.
  - A legislative framework should function in a clear and predictable manner to guarantee that public institutions are held accountable.
- **Voting:**
  - The Asian Development Bank (ADB) utilises a weighted voting method, similar to the World Bank, in which votes are allocated based on members' capital contributions.
- **Asian Development Bank (ADB) and India:**
  - The Asian Development Bank began providing assistance to India in 1986. The Asian Development Bank will provide support to India in the following areas:
    - Industry competition and employment creation
    - concerns relating to the environment and climate change, increased growth in low-income states
- **The ADB is working in six different industries in India:**

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- Energy, resource management in the public sector, transportation funding, urban services, water, and human development
- **The following Indian state-level projects have received or are currently receiving support from ADB:**
  - Rails and the MRT (mass rapid transport) system.
  - Energy efficiency and renewable energy
  - Coastal defences
  - Riverbank stabilisation and basin management
  - Solid waste, sewage, water, and sanitation management are all included in urban environmental management.
- **Recent events involving India and the ADB:**
  - To improve urban services in five cities in Tamil Nadu, India and the Asian Development Bank have agreed to lend each other \$206 million.
  - The Asian Development Bank (ADB) has placed its Rs 850 crore 10-year masala notes on India's foreign debt listing platform.
  - A Conceptual Development Plan (CDP) for the Vizag-Chennai Industrial Corridor (VCIC) was created by INX Asian Development Bank (ADB)
  - The Asian Development Bank has offered its member countries a grant of USD \$4 million to combat coronavirus epidemics.
  - In an effort to combat the COVID-19 pandemic, the Asian Development Bank (ADB) would provide a credit of Rs 100 crore to the hospital network Medanta for medical supplies and services. Personal protective equipment (PPE), daily necessities, and patient care equipment including ventilators and beds will all be acquired as part of the initiative.
- **ADB and Covid-19:**
  - The World Bank Group and the Asian Development Bank are coordinating significant loan operations in South Asia totaling more than \$15.4 billion in response to COVID-19.

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### • **Criticism:**

- Since the ADB's founding, detractors have asserted that Japan and the United States, the two largest funders, have significantly influenced hiring, policy, and staffing choices.
- The Asian Development Bank has come under fire from Oxfam Australia for being insensitive to local residents.
- These global and international banks "may put people's human rights in peril by pursuing projects that harm impoverished and vulnerable areas," according to the report.
- Asserting in a report that "most of the expansion has bypassed more than 70% of its rural people, many of whom are directly dependent on natural resources for livelihoods and incomes," the UN Environment Program also criticised the bank.
- The social and environmental effects of large-scale ADB projects have drawn criticism for being out of control.
- Environmental and human rights organisations claim that the ADB's environmental safeguards policy, as well as its guidelines for indigenous peoples and forcible relocation, are frequently disregarded in practise, are too ambiguous or insufficient to be effective, or are simply ignored by bank officials.
- Both the bank's insignificance and its involvement un the food crisis have drawn criticism. Civil society has accused the ADB of ignoring warnings before the crisis.
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### • **Significance:**

- The growth of capital markets is aided by development banks.
- They invest in the debt obligations and shares of various Indian companies. By investing in mutual funds, they help India's capital markets expand.
- The Asian Development Bank's existence is predicated on the achievement of a certain goal.
- Promoting economic development in the Asian and Pacific regions is the goal.

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• **Conclusion:**

- With an annual budget of several billion dollars, the Asian Development Bank (ADB) manages more than 50 trust funds, financial cooperation facilities, and other funds that support social and economic development across Asia and the Pacific. In order to generate \$5 billion, the Asian Development Bank (ADB) has issued bonds with a 5-year maturity date that are pegged to the Indian rupee (INR) (about Rs 500 crore).



**IAS ACADEMY**