



FAIR FINANCE ASIA

Fair Finance Asia Urges the Asian Development Bank to Advance a Gender-Transformative Just Energy Transition in Asia and to Put People and Environment Over Profit

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The Fair Finance Asia (FFA) network, on the occasion of the Asian Development Bank's (ADB) 58th Annual Meeting of the Board of Governors in Milan, Italy, calls on the ADB's President, Masato Kanda, Board of Directors, and Senior Management to advance a gender-transformative Just Energy Transition (JET) in Asia by strengthening gender considerations in its Energy Transition Mechanism (ETM) and overall approach to JET. This is in addition to calls for the ADB to address other ongoing concerns from communities and civil society organizations (CSOs) regarding the social, environmental, and human rights impacts of ADB-financed energy transition projects. If unaddressed, these gaps risk reinforcing and inflaming structural social, economic, and gendered inequalities across Asia.

Moreover, FFA urges the ADB to put people and the environment over profit by enhancing transparent, meaningful, and regular consultations with communities and CSOs, ensuring that its new Sustainable Critical Minerals & Clean Energy Technology Manufacturing (CM2CET) approach and implementation aligns with the highest standards in human and environment rights, and enhancing the accessibility and effectiveness of the ADB's Accountability Mechanism Policy (AMP).

FFA urges the ADB to urgently course-correct in lieu of the planned launch of the ADB's CM2CET approach and Environmental and Social Framework (ESF) at the annual meeting, the ongoing review of the ADB's AMP, and the forthcoming review of the ADB's Energy Policy. To this end, we make the following recommendations:

- **Strengthen gender considerations in the ETM and across all interrelated strategies and policies:** In addition to addressing ongoing concerns from communities and CSOs regarding the social, environmental, and human rights impacts of the ADB's ETM, we urge the ADB to strengthen gender considerations in the ETM and in its overall approach to JET. Just transition planning in all ETM countries must be guided by a commitment to gender equality and women's empowerment. Second, all assessments of the potential risks and opportunities of the ETM should include the collection and analysis of gender-disaggregated data, including information on gendered impacts on health, livelihoods, unpaid care and domestic work (UCDW), gender-based violence (GBV), changes to household and community power dynamics, energy access, employment, and decent work. Third, a stand-alone



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gender impact assessment, in addition to tools such as the Strategic Environmental and Social Assessment (SESA) and the just transition plan, must be in place, and that this is delivered with inclusive, active, meaningful, and continuous participation of women, women's rights organizations (WROs), and CSOs throughout the project cycle. Fourth, the ADB must strengthen initiatives that promote energy democracy through small-scale, locally owned, and gender-representative energy systems. Fifth, the ADB must elevate its commitment by embedding robust gender-responsive elements in the ESF and other relevant energy transition strategy and policies. Lastly, we urge the ADB to enhance the transparency and accessibility of project-level documents, such as those associated with addressing gender considerations.

- **Address other ongoing urgent social, environmental, and human rights concerns about the ADB's ETM:** Echoing other allied CSOs, the FFA network urges the ADB to ensure that the ETM has absolutely no loopholes for continued coal financing; enhances meaningful consultation with communities, CSOs, and WROs; excludes consideration for resource-intensive and environmentally-destructive energy alternative “false solutions,” such as ammonia, hydrogen, and biomass co-firing plant technologies; clarifies the extent to which ADB's safeguards and accountability mechanism will apply; and sufficiently addresses reports of reprisals on communities and rights defenders.
- **Enhance transparency and meaningful consultations:** As CSOs make efforts to engage meaningfully with the ADB, they face challenges vis-à-vis the availability of project-related documents. FFA urges the ADB to make it easier to find and access documents digitally associated with a particular project or stream (gender or safeguards). This accessibility should be independent of having to contact ADB to understand which documents are public and/or under review. There should be information that indicates the list of project-level documents and assessments that will be undertaken, what stages of review they are in, and with timelines for disclosure of those documents. Given the absence of transparent and adequately disclosed processes, workers' unions, community groups, and CSOs continue to face significant barriers in reviewing agreements associated with projects. In addition, the ADB and all implementing partners of the ETM should uphold meaningful participation of affected communities and marginalized groups at every stage of project planning, implementation, and monitoring. This includes ensuring accessible consultations, culturally-appropriate communication, capacity-building, and mechanisms for accountability and grievance redress. A truly just energy transition must empower the voices of those most affected—including marginalized sectors, such as fisherfolk, outsourced workers, and other vulnerable communities—whose lives and futures are directly impacted. Only through inclusive, transparent, and participatory



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processes can we ensure that the energy future we build is equitable, sustainable, and just.

- **Embed robust human rights and environmental rights due diligence in the ADB's new CM2CET approach:** The CM2CET approach presented by the ADB is limited in its provisions for addressing human rights-linked externalities in financed projects. ADB must ensure that its new CM2CET approach prevents and mitigates (and does not exacerbate) serious human and environmental rights violations occurring already in Asia's critical minerals supply chains. FFA urges ADB to undertake robust environment and social due diligence, to ensure the external risks are well accounted for, especially in transition minerals linked investments.
- **Enhance the accessibility and objectivity of ADB's AMP:** FFA urges the ADB to make its AMP more accessible and inclusive, instead of being a last resort, especially in good faith negotiations prior to a complaint fail. There continues to be significant challenges in accessing the mechanism, such as eligibility criteria, delays due to limited capacity of staff to handle complaints, and non-inclusion of the complainant being consulted during the remediation process. FFA urges ADB to remove the requirement of good-faith negotiation efforts with ADB staff prior to a complaint, and to introduce a time-bound negotiation process of the Special Project Facilitator (SPF). FFA also urges the ADB to invest more in capacity building of their staff to handle complaints effectively. More detailed comments from the FFA network have been compiled in the joint CSO feedback submitted by the Accountability Counsel.
- **Enhance transparency of fossil fuel GHG emissions reporting and prioritize clean air as a key consideration in JET financing and safeguards:** While the ADB claims its safeguards mitigate harms, there's a disconnect between policy and practice. The Paris Agreement's Enhanced Transparency Framework (ETF) aims to standardize global climate accountability, yet international financial institutions (IFIs) like the ADB are slow to align their safeguards and ETMs. The ETF requires detailed emissions reporting, but IFIs often compartmentalize data, hiding project-level greenhouse gas (GHG) impacts, especially those associated with coal and gas. For example, ADB-funded coal plants in Pakistan report aggregated emissions, obscuring local health and ecological damage. Moreover, the focus on CO₂ neglects Short-Lived Climate Pollutants (SLCPs) like methane and black carbon, which significantly contribute to global warming and are prevalent in ADB's fossil fuel investments. The ADB ETM's claim of retiring coal plants early is undermined by the absence of binding SLCP reduction targets, allowing ongoing methane leaks from abandoned mines. Additionally, the ADB ESF's neglect of non-CO₂ pollutants contradicts the Global Methane Pledge, which ADB developing member countries (DMCs) like Pakistan have adopted. Without integrating SLCPs into disclosure requirements, IFIs make the ETF ineffective, permitting climate-harmful investments under the guise of compliance. The ADB cannot claim climate leadership while funding such



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pollutants. Full transparency is essential for all emissions, not just for those that are politically convenient to report.

Sincerely,

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