



**PUBLIC SERVICES  
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3 May 2021

Mr. Sameer Kumar Khare  
Director representing  
Afghanistan / Bangladesh / Bhutan / India / Lao People's Democratic Republic / Tajikistan /  
Turkmenistan  
Asian Development Bank  
[Via email [skhare@adb.org](mailto:skhare@adb.org)]

CC. Mr. Yongping Zhai, Chief of Energy Sector Group, Sustainable Development and Climate  
Change Department [via email [yzhai@adb.org](mailto:yzhai@adb.org)]

Dear Mr. Khare,

**Re. ADB energy policy review**

We write to you on behalf of workers in the energy sector and other workers delivering public services, in Bangladesh and India.

We understand the bank is currently revising its energy policy and see this as an important opportunity to reorient the policy to support a just transition away from fossil fuels urgently required whilst also supporting, affordable electricity for development and decent work. The only way to effectively do this is through investments in **public sector owned and managed renewable, clean energy sources**.

We are calling for a re-orientation of ADB energy policy away from one that aggressively encourages the liberalization, unbundling and private ownership of electricity systems. This approach is failing the wellbeing of people and the health of our planet. Privatization of public utilities turns electricity into a commodity for profit maximization rather than for the public good, allowing private investors to make fortunes but achieving little to address energy poverty. Energy privatization has widened inequality and delayed the urgent transition to renewable energy.<sup>1</sup> Wherever electricity privatization has taken hold, it has been accompanied by the promise that

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<sup>1</sup> ESPU (2019). Going Public: A Decarbonised, Affordable and Democratic Energy System for Europe. <https://www.epsu.org/article/going-public-decarbonised-affordable-and-democratic-energy-system-europe-newepsu-report>

private investment will lower prices, improve supply and service. But privatization policies have instead led to higher energy bills, punitive disconnections, increased energy poverty and failed to extend the grid to unserved communities.

Under public ownership, an electricity network works as one system that benefits from integration between generation, transmission, distribution, and supply to energy users. Privatization unbundles these functions. Power plants are sold, distribution franchises are created and a wholesale market for energy trading is established. The profitable parts of the network are handed over to private investors while the unprofitable parts usually remain in public ownership. Free market ideology calls this 'deregulation', but it is in fact impossible to manage privatized electricity networks without a massive expansion in bureaucracy, including armies of marketing staff spending millions on advertising campaigns to convince consumers to buy 'their' electrons. These aspects – unbundling, introduced profit-making, and creating complex new regulations to manage the market – make privatized electricity networks inherently inefficient, more unstable, and more expensive.

For workers in the sector, privatization leads to more dangerous and precarious work because of outsourcing, overall job losses, and massive cuts in pay diverted to corporate profits. Private owners of fossil fuel generation have abruptly closed assets and abandoned workers and communities reliant on the industry. Often governments have been left to pick up the pieces. Instead of competition enabling 'consumer choice', privatization has resulted in large corporations dominating the market. When energy is no longer democratically accountable, this opens new avenues for corruption, and when these markets inevitably fail, governments and the public must pick up the pieces, as these energy systems are essential to all aspects of modern societies.

We call on the ADB to ensure the ADB energy policy:

1. Excludes energy sector reform finance and technical assistance programs which require, encourage, or lead to the liberalization, unbundling and privatization of electricity systems;
2. Aligns all lending and operations with a high-probability and equitable pathway that limits warming to well below 1.5°C as per the P1 Scenario in the Intergovernmental Panel on Climate Change's 1.5°C Special Report;<sup>2</sup>
3. Explicitly excludes fossil fuel finance, specifically excluding support for gas, oil, and coal projects across the supply chain;
4. Provides grants for Developing Member Country (DMC) governments to formulate and pursue just transition policies for workers and communities reliant on fossil fuels, including working with trade unions as a key party in all steps;
5. Provides grants and direct finance mechanisms for DMC governments to own and operate integrated renewable energy systems; and
6. Is developed in consultation with representatives of energy sector workers across the region.

If the ADB takes the climate crisis seriously, it must end the dependence of countries on fossil fuels and ideological insistence that only private energy companies can manage renewable energy production technologies. Such an approach has barred many capable public, vertically integrated electricity utilities from building new solar and wind generation. It has also prevented the

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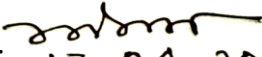
<sup>2</sup> IPCC (2018). Global warming of 1.5°C. [https://report.ipcc.ch/sr15/pdf/sr15\\_spm\\_final.pdf](https://report.ipcc.ch/sr15/pdf/sr15_spm_final.pdf)

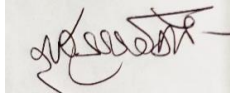
upscaling and integration of new social ownership opportunities which renewable energy technology promises. Private companies have not adequately invested into extending existing infrastructure. The private sector will not deliver the clean energy transition we urgently need to prevent the worst of global warming.

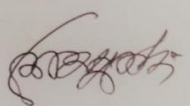
Instead, the ADB must make grants and direct finance available for DMC governments to own and operate integrated renewable energy systems, including rapidly investing in large scale renewable energy generation and storage, as well as enabling expansion of access through planned social ownership opportunities such as community micro grids. Such a public goods approach can ensure rapid progress to decarbonize energy systems in line with limiting global warming to 1.5°C as per the ambition of the Paris Agreement (2015). It also provides the best basis for meeting Sustainable Development Goal 7 to provide access to affordable and clean electricity for all.

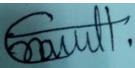
Finally, we urge you to engage directly with representatives of energy sector workers as the energy policy is elaborated and finalized. We would be happy to provide any additional information and we look forward to meeting with you to discuss this matter further.


Yours sincerely,

  
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Name: Mr Asaduzzaman Babul  
Title: President  
Union: Bangladesh Jatiy Bidyut Sramik karmachari Union

  
Signature:  
Name: Md. Mozibor Rahman  
Title: General Secretary  
Union: Paschimanchal Bidyut Bitaran Sramik Karmachari Union

  
Signature:  
Name: Md. Murshed Alam Khan  
Title: General Secretary  
Union: PGCB Sramik Karamachari Union

  
Signature:  
Name: Md. Enamul Hoque  
Title: General Secretary  
Union: Ashuganj Power Station company Ltd Sramik Karmachari Union

  
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Name: Mandal Dutt Joshi  
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