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**The
NGO Campaign
on the
Asian Development Bank**

**By
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And
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Asian NGO Coalition for Agrarian Reform and Rural Development

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FOREWORD

The Asian Development Bank (ADB) was founded in the mid-60s at a time when the developing nations of Asia were still embroiled in ethnic, religious, and ideological conflicts as they struggled to shake off the vestiges of the Second World War and the era of colonisation.

Almost three decades later, the ADB continues to play a crucial role in the development of various countries some of which have achieved unprecedented growth while others have lagged behind.

On the other hand, ADB policies and priorities have oftentimes been criticized by concerned NGOs and local communities in terms of various inter-related issues e.g. accountability, information-sharing and participation, tied aid, the social and environmental impact of projects, privatization, foreign debt and structural programs, and the overall debate between growth-centered and people-based development models.

This study, a first of its kind, undertaken by the Asian NGO Coalition (ANGOC) and its partners, represents a collective effort to examine ADB's role as the Asian region approaches the next millennium with the calls for sustainable development and people's participation.

May this report serve as a reminder of the road that has already been travelled even as it highlights the alternative directions ahead that can be taken by the ADB and its member countries, together with the local communities and support NGOs.

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ACRONYMS

ADB	Asian Development Bank
ADF	Asian Development Fund
AfDB	African Development Bank
BWI	Bretton Woods Institutions

CIDIE	Committee of International Development Institutions on the Environment
COSS	Country Operational Strategy Study
DMC	Developing Member Country
EBRD	European Bank for Reconstruction and Development
ECAFE	Economic Commission for Asia and the Far East
EIA	Environmental Impact Assessment
ELCI	Environment Liaison Centre International
ERBOP	Economic Review and Bank Operations Paper
ESCAP	Economic and Social Commission for Asia and the Pacific
FAO	Food and Agriculture Organization
GATT	General Agreements on Tariffs and Trade
GCI	General Capital Increase
GDP	Gross Domestic Product
GNP	Gross National Product
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICSID	International Center for Settlement of Investment Disputes
IDA	International Development Association
IDSS	International Development Support Services
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ITO	International Trade Organization
IMF	International Monetary Fund
JSF	Japan Special Fund
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Governmental Organization
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OENV	Office of the Environment
OESD	Office of Environment and Social Development
PP	Project or Program Profile
RRP	Report and Recommendation of the President
SAP	Structural Adjustment Program
SDU	Social Dimensions Unit
SECAL	Sectoral Adjustment Loans
TASF	Technical Assistance Special Fund
UN	United Nations
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
WB	World Bank
WID	Women in Development
WTO	World Trade Organization

EXECUTIVE SUMMARY

With the end of the Cold War, multilateral development banks (MDBs) have grown today to become perhaps the most potent intergovernmental institutions that influence Third World development. Armed with initial capitalization from member-government contributions and co-financing from bilateral sources and private commercial banks, MDBs play a dominant role in

shaping the directions of public spending and borrowing, which often require developing member countries (DMCs) to modify their domestic policies and priorities.

MDB activities are based on a flawed, Western development model that equates "development" with economic growth, and pursues a twin strategy of market liberalization and support for private investments as the engine for such growth. Hence, MDB lending has brought negative social and environmental consequences and contributed in the marginalization of many poor communities.

In the Asia-Pacific Region, the Asian Development Bank (ADB) has been tasked with the promotion of the economic and social growth of its DMCs. ADB is owned by 55 countries, which includes 16 non-regional (donor) members from Europe and North America. During the past 28 years, it has financed more than 1,200 projects through direct loans of over \$50 billion.

Asian NGOs have come to recognize the impact of MDBs and ADB in particular on their overall development work. With partners in the North, they have increasingly been working together to challenge fundamental flaws in the MDB development framework, as well as to institute reforms in their governments' public policies.

In 1988, the Asian NGO Coalition (ANGOC) and the Environmental Policy Institute (now Friends of the Earth-US/FoE-US) first entered into a partnership to address MDB-related issues, but with more focus on the ADB. As the campaign gained momentum, the effort included not only stopping badly-designed, destructive projects but also engaging the Bank in more constructive dialogue on policy reforms, and on development models that incorporate greater transparency and public accountability. It also focused on building greater public awareness and

debate on the social and environmental impacts of Bank lending on local communities.

It should be noted that until 1988, the ADB went along unchallenged in its first 20 years. And over the past seven years (1988-95), the Campaign has brought some modest yet significant gains.

The ADB Campaign has contributed specific changes in Bank policy in terms of improved social and environmental guidelines for projects, new Bankwide lending priorities, Bank initiatives in defining sectoral priorities on forestry, energy, population, involuntary resettlement, and information disclosure, and a somewhat improved and more open attitude to dialogue with NGOs and communities.

The Campaign has also expanded, now involving some 80 organizations. An NGO Working Group on the ADB was established in 1992, and practical lessons were gained from the seven year campaign experience.

Whether the ADB can match its newly-enlightened policy rhetoric remains to be seen. However, much will depend on the continued vigilance, monitoring and action by NGOs and public interest groups. Meanwhile, the continuing thrust of the ADB Campaign will include forging a regional consensus on more strategic interventions both within the Bank and DMCs, as well as on sharpening the debate on people's alternatives.

I.

An Overview of the Multilateral Development Bank System

The phenomenon of multilateral development banks began with the birth of Bretton Woods Institutions (BWIs) 50 years ago. In 1944, in the remote village of Bretton Woods, New Hampshire, USA, the winning allied nations led by the US and Britain created the "twin sister"

institutions of the World Bank (WB) and the International Monetary Fund (IMF) as a response to the devastation caused by the Second World War. The WB and the IMF were mandated to be the primal global ministers of post-war reconstruction and development.

The WB's thrust was to provide assistance to its member-governments in rebuilding their war-devastated economies. The IMF, on the other hand, was charged with the responsibility of fostering stability and security in the global monetary system. In essence, this genesis of new global forces were ruled by the traditional world powers of the post-war. Thus, the World Bank came to be traditionally led by an American, and the IMF by a European.

The WB group is a family of five international organizations: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Center for Settlement of Investment Disputes (ICSID).

The WB or just the "Bank" as it is sometimes called, refers to the lending bodies of the IBRD and the IDA. The IBRD was established in 1944 as the main lending institution to fund post-war reconstruction; the shift of lending to developing countries was reflected only in the late 1950s. The IDA was set up in 1960 as the IBRD's concessional kin to provide "soft loans" to the poorer members of the Bank. By the late 1960s, the WB had become the biggest sole source of international development finance.

The WB Group refers to all five organizations. The remaining three concentrate on fortifying the private sector and foreign investment.

The IFC was established in 1956 to strengthen the private sector in developing countries. The ICSID was founded in 1966 to act as a conciliatory and arbitrary middleground for disputes between governments and foreign investors. The MIGA was created only in 1988 to assist developing countries attract foreign investments.

The WB alone has a massive bureaucratic staff of more than 6,300 "international civil servants." These staff and management are supposedly held accountable by member-nations through the Board of Executive Directors and the Board of Governors. As of December 1994, the WB had a total of 177 member-countries, with equity shares valued at around \$170 billion. Voting

is dependent on the number of shares, thus, the largest shareholders have the most voting powers. In fact, the G-7 countries hold almost 45 percent of all voting shares, with the US alone having 15 percent.

The WB is part of an even larger cosmos: the multilateral development bank (MDB) system. Aside from the WB Group of Five, four other regional development banks comprise this MDB system.

The growing demand for development finance and various political factors led to the creation of three development banks for the separate regions of America, Africa and Asia in the late 1950s and 1960s. Originating from the Pan-American Union of old, the Inter-American Development Bank (IADB) was established in 1959 as the first regional MDB. This came about only after subduing staunch opposition from the United States. Independent African countries, except apartheid-ruled South Africa, founded the African Development Bank (AfDB) in 1964, with non-African and developed member-countries being admitted only in 1970. The Japanese-backed Asian Development Bank (ADB) was founded under the auspices of the UN Economic Commission for Asia and the Far East (ECAFE) in 1966. In 1990, the European Bank for Reconstruction and Development (EBRD) was consolidated in particular to support the transition of Eastern Europe and Russia to the market system in the post-Cold War era.

The significant other of the "dynamic Bretton Woods duo," the IMF, has more than 2,000 "civil servants" serving as staff for the 179 member-owner countries. This seeming world credit union has resources now valued at \$200 billion which come from the member-countries'

Figure 1. An Overview of the Multilateral Development Bank System

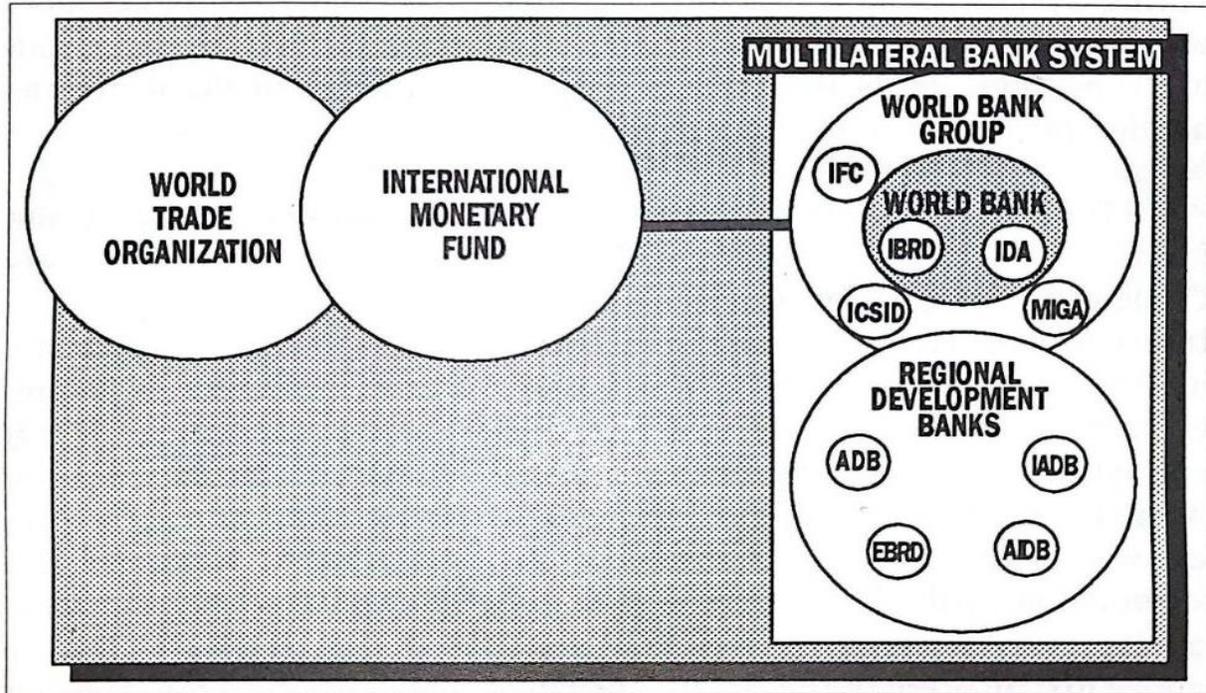


Table 1. **Relative Proportion of Funds of Multilateral Development Banks, 1992.**

	US	Japan	Germany	England	France
IMF	19.6	6.1	6.1	5.4	5.4
IBRD	17.4	6.2	4.8	4.6	4.6
IDA	25.6	16.6	11.4	8.5	6.7
IFC	25.3	6.3	5.7	5.4	5.4
MIGA	20.5	5.1	5.1	4.9	4.9
ADB	14.9	14.9	4.7	2.2	2.6
IDB	34.7	1.1	1.0	1.0	1.0
AfDB	5.9	4.8	3.6	1.5	3.3
EBRD	10.0	8.5	8.5	8.5	8.5

Source: Corral et al., 1993

subscription quotas as based on these economies' size and strength. The voting system is based on these quota share holdings of member-countries. And as such, the United States which has the biggest quota at 20 percent, emits the most power and influence in the decision-making process of the IMF.

The MDB system along with the IMF, is further upheld by the imminent third power brought to life in the 1944 Bretton Woods Conference: the General Agreements on Tariffs and Trade (GATT). The International Trade Organization (ITO), supposed to supervise the implementation of the GATT which took effect in 1947, was a failure. In its place is a much-more powerful World Trade Organization (WTO) created in the GATT Final Act signed by 125 countries in Marrakesh in April 1994. The conclusion of the eighth round of GATT negotiations, known as the Uruguay Round that began in 1986, finalized the formulation of the WTO that was launched in January 1995.

This in brief is the MDB system, backed by the IMF and the GATT/WTO, which has governed and ruled the international economic order for five long decades, and still going strong.

Given the amount of influence that MDBs wield, it has become important for NGOs to influence their lending, policies and institutional frameworks which shape the development agenda of poor, borrowing countries.

II.

The Asian Development Bank: Institutional Profile

In the Asia-Pacific Region, the ADB has been tasked in promoting economic and social growth of its DMCs. ADB is "owned" by 55 countries, including 16 non-regional (donor) members from Europe and North America. Since its creation in 1966, the Bank has committed a cumulative total of roughly \$50 billion in loans. In 1993 alone, its annual lending reached \$ 5.2 billion for 77 new projects.

Early Beginnings

The ADB was founded in December 1966 after a three-year series of meetings held under the auspices of the UN-ESCAP (then ECAFE). The Bank was set up as a response to two general aims. First, there was a perceived need among the Asian countries for a source of development financing tailored upon the specific developmental needs of the region. Second, the more industrialized countries viewed participation in the Bank as an opportunity for promoting their development policies and economic and political interests. Of the Bank's original 31 members, 12 come from outside the Asian region.

In 1960s, development aid focused mostly on "traditional" sectors of infrastructure and industry. Due to the worldwide food grain shortages in early 1970s and the growing international awareness that poverty increased particularly in the rural areas despite massive aid, the international aid environment shifted its policy towards a "rural development strategy." This combined the three objectives: growth, employment, and income distribution. At the ADB, this strategy was reflected in terms of a substantial increase in the allocation of funds for the rural sector. Hence, a strong bias for agriculture marked the early years of ADB lending. (Wihtol, 1988)

The Bank's Functions and Strategic Thrusts

The principal functions of the ADB are: (a) building loans and equity investments for the economic and social advancement of its DMCs; (b) providing technical assistance for preparation and

Table 2a. Net ODA flows to Asia, by source of funds, 1970-1990 (\$US million, constant 1990 prices, three-year averages)

Donors	1970	1980	1990	Change 1970-90
Total OECD*	10266	6773	8922	-1344
ADB	14	156	946	932
World Bank	634	1738	1868	1234
UN	384	1131	892	508
All other	89	1435	549	460

"DECD Members of the Development Assistance Committee Only

**Table 2b. Net official flows to Asia, by source of funds, 1970-1990
(\$US million, constant 1990 prices, three-year averages)**

Donors	1970	1980	1990	Change 1970-90
Total OECD*	15794	8042	11103	-4961
ADB	113	684	2090	1977
World Bank	1173	3392	4234	3061
UN	383	1131	909	526
All other	175	1496	564	389
Total multilateral	1826	6697	7796	5970
Arab countries		387	167	176
Total ODA net	17620	15117	19075	1455

It is best to draw on two sets of OECD data to look at aid flows: those relating to official development assistance (ODA), supplemented with the information on official net flows. ODA is the narrower concept, relating only to certain official flows which the OECD recognizes as 'aid'. Much of the 'hard loan' lending by the WB and ADB is not recorded as ODA but is classified as 'other official flows.'

Source: *McCawley, 1993*

implementation of development projects, programs and advisory services; (c) promoting investment of public and private capital for development; and (d) responding to requests for assistance by DMCs in coordinating development plans and policies. (ADB, 1994)

The Bank's strategic agenda as specified in its 1992 Medium-Term Strategic Framework consists of development promotion, resource mobilization, and regional cooperation. While emphasizing traditional growth projects, the Bank nevertheless addresses social concerns and environmental problems. The Bank's four-fold strategic objectives in the medium term include the promotion of economic growth; reduction in poverty; improvement in the status of women; development of human resources; and the sound management of natural resources and the environment. Through this "balanced approach" to development, the Bank seeks to improve the quality of life of low-income groups in the region. (ADB, 1995)

Legal Status and Cooperation with Inter-governmental Bodies

The Agreement Establishing the Asian Development Bank (the Bank's Charter) has the force of law in each of the Bank's 55 member countries. The Bank is immune from legal prosecution except in cases related to its borrowing and guarantee operations, i.e. in cases where it may default on its loan obligations. Furthermore, all Bank assets, property, income and their operations and transaction are all exempt from taxation and customs duties.

Although the Bank was founded through a UN body, it lies outside the UN system. The Bank's Charter, however, provides for cooperation between the Bank and the UN in development activities in the region. The Bank maintains a close working relationship with the UN and the other specialized agencies, particularly the WB Group, the IMF, United Nations Development Program (UNDP), ESCAP, the Food and Agriculture Organization (FAO), and other international organizations. In 1977, institutional and operational links were developed with the International Fund for Agricultural Development (IFAD). Since 1978, the Bank has been involved in co-financing and administering projects financed by IFAD to speed up agricultural development in the region. (ADB, 1992)

Organizational Structure

The Board of Governors, which meets once annually in May, is the Bank's highest policy-making body. Its members are usually Finance Ministers from the Bank's member countries. It may delegate its powers to a 12-person (each with an alternate) Board of Directors eight representing regional countries and four representing non-regional countries.

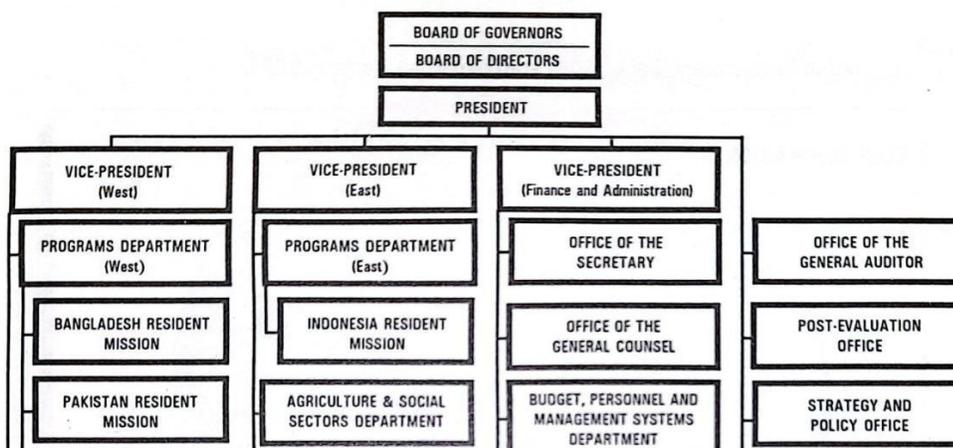
The Board of Directors is responsible for the direction of the Bank's general operations. It takes decisions concerning loans, guarantees and other investments by the Bank, borrowing programs, technical assistance and other operations. Under the direction of the Board of Directors, the President conducts the day-to-day business of the Bank.

The ADB President is elected by the Board of Governors for a term of five years, and may be reelected for another term. He is the chief of staff at the Bank, as well as the Chairman of the Board of Directors.

The Bank's Headquarters is in Manila (Philippines). It has 28. departments and offices, including a South Pacific Regional Mission in Port Vila (Vanuatu), as well as Resident Missions in Dhaka (Bangladesh), New Delhi (India), Jakarta (Indonesia), Kathmandu (Nepal) and Islamabad (Pakistan). As of March 1995, Bank staff totals 1,938 from 42 nationalities; 653 (or about 35 percent) are professional staff, where women make up a mere 10 percent. Among the support staff, the reverse is true with women comprising 70 percent.

In 1991, economists and engineers made up the bulk of professional staff at 70 percent, while social scientists only comprise 17 percent of the total number of professionals. In 1995, economists (macro, project, research), project engineers, and 'social sector specialists' compose 29 percent, 16 percent and 4.5 percent of Bank professional staff, respectively.

**Fig. 2 ADB Organizational Structure
(as of 1 January 1995)**

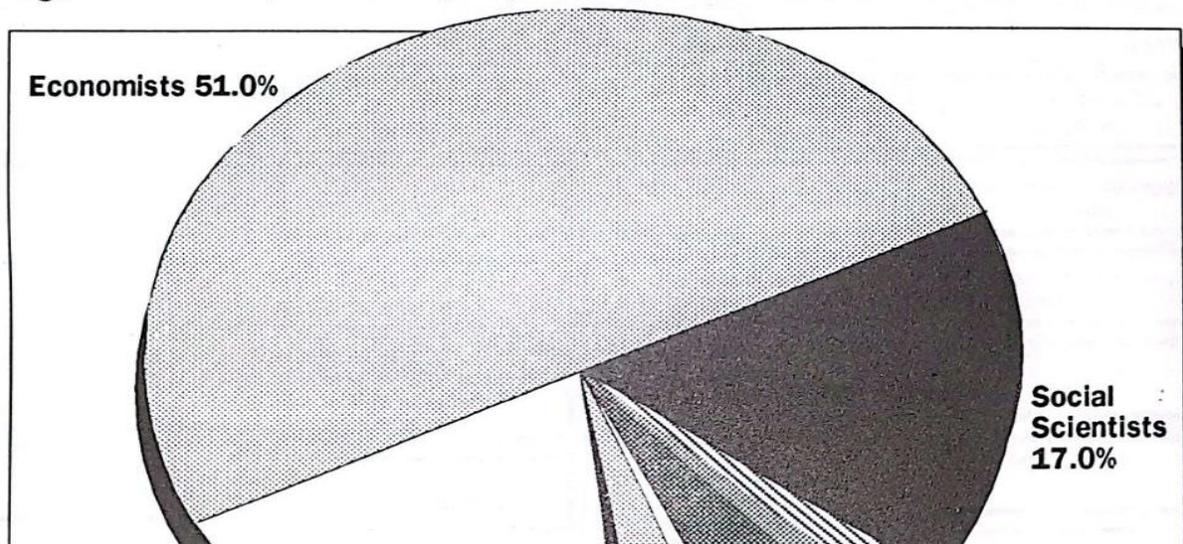


Source: *ADB Ready Reference, January 1995*

Capital Structure

The authorized capital of the Bank is \$54.2 billion, of which \$35.2 billion has been subscribed by members. Of the total subscriptions of Bank members, \$31.8 billion (90 percent) is callable as against \$3.3 billion (10 percent) of actual paid-in capital. To ensure that control of the Bank remained with the regional countries, the Bank's charter mandates that a minimum of 60 percent of total voting strength be reserved for the regional member countries. (ADB at a Glance, March 1995)

Fig.3 Asian Development Bank (ADB) staff expertise, January 1991



The financial resources of the Bank consist the following: ordinary capital resources (OCR) for "hard" loans, comprised of subscribed capital, and reserves and funds raised through borrowings; and Special Funds made up of contributions by member countries for "soft" or concessional lending and technical assistance activities of the Bank.

Special Funds in the Bank are of three types: (a) Asian Development Fund (ADF), the Bank's soft-loan window, established in June 1974 and already on its sixth replenishment; (b) Technical Assistance Special Fund (TASF), created in 1967 for technical assistance to poorer DMCs; and (c) Japan Special Fund (JSF), established in March 1988.

Governance and Voting Power

The ADB, like the other MDBs, is managed according to the rules of a corporation. Voting rights are determined by the amount of subscribed capital shares. Simply put, you "buy" your votes. Your voice will always be heard for as long as you have resources. It is unlike the UN system of "one nation, one vote" where 52 African countries get 52 votes, and Japan and the US are entitled to just one vote apiece.

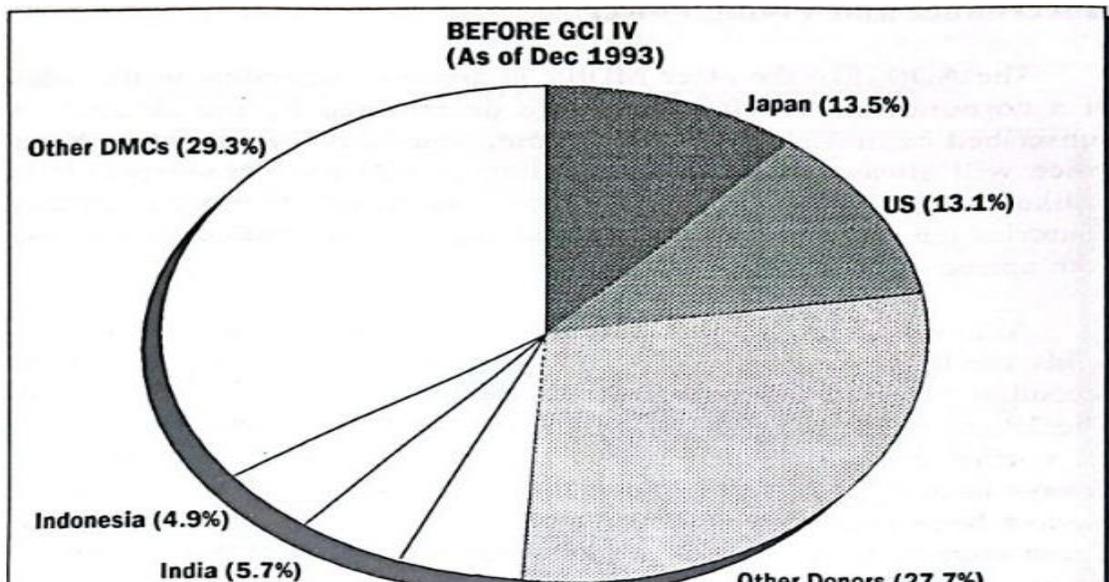
Among the 55 member-countries of the ADB, Japan currently holds the largest voting share at 22 percent, and the US comes a far second at 11 percent. Together, they account for one-third of the total. The 19 non-borrowing (donor) countries wield 60 percent control over all voting shares. Over the past 28 years, the ADB President has always been a Japanese. In much the same way, the World Bank has always been headed by an American and the IMF by a European. These seem to be the unspoken global agreements on power-sharing.

18 developed countries control a total of 54.3 percent shares in the Bank, as against the remaining 45.7 percent held by 37 DMCs. With the doubling of the Bank's capitalization in 1994, donor control in the ADB increased to 59.1 percent, mainly due to the near doubling of Japan's voting power.

The 12 seats in the ADB Board of Directors are determined by voting rights. Thus, there are automatic Board seats for Japan, the US and China. Others go into pooled votes which themselves make up for an interesting study. The Philippines, for instance, is lumped with Pakistan and not with Indonesia or Malaysia; India is not pooled together with either Pakistan or Sri Lanka; Australia is traditionally grouped with some Pacific island-states. Geo-political tensions and interests are reflected in such groupings.

In examining the power structure of the ADB, it is important to distinguish between formal voting power and actual influence on Bank operations. Formal voting power is predominantly proportional to economic contributions, and is based mostly on capital subscriptions. However, this does not reflect the real influence of the Bank's dominant

Fig. 4 Voting power of developed and developing member countries of the ADB, before and after GCI IV



Source: *ANGOC, 1995 (Figures from ADB Annual Reports 1993 & 1994)*

donors since it does not consider Special Fund contributions, which in fact constitute a much larger contribution from donors than capital subscriptions, nor the weight carried by the potential threat of non-renewal of contributions unless certain policy conditionalities are met. In other words, donor pressure and conditionalities are actually stronger in the Bank's soft loans.

Framework for Bank Assistance

The ADB channels development assistance to the region mainly through loans for specific projects and technical assistance (TA) grants. In some cases, program, sector and multi-project loans are also provided by the Bank.

The type of loans available differ according to income levels of individual DMCs. "Hard" OCR loans are provided to better off DMCS, while ADF concessional loans are given to the poorest DMCs, ie., those with the lowest per capita GNP and deemed the least creditworthy. Based upon these criteria, countries ineligible for ADF lending include the People's Republic of China, India, Thailand and Malaysia and Fiji.

Indonesia, the Philippines, and Papua New Guinea are "blend countries, i.e., they can have access to both OCR and ADF funds.

Four countries of the ASEAN Indonesia, Malaysia, the Philippines and Thailand have received about 55 percent of all loans made by the Bank from its OCR. Of the total cumulative loan commitment of the Bank since its creation in 1966 until December 1994, 69 percent came from OCR and 31 percent from ADF.

Loans from OCR have a two-to-eight year grace period and a maturity date of 10 to 30 years, besides carrying interest rates from seven percent in the late 1960s to about 10 percent in the mid-80s (Wihtol, 1988). The rate during the first half of 1994 was roughly six percent. ADF loans are charged one percent service fee, and repayable within 40 years, including a 10-year grace period. The principal is repayable at two percent interest per year for 10 years after the grace period elapsed, and four percent per year thereafter. (ADB, 1994)

**Table 3. Country breakdown of total outstanding
OCR loan commitments, 31 December 1994
(amounts in \$ million)**

Country	Amount	Per cent
Indonesia	9,594.0	33.1
India	4,908.7	16.9
China, People's Republic of	4,134.4	14.3
Philippines	3,661.9	12.6
Pakistan	2,912.1	10.0
Thailand	1,859.3	6.4
Malaysia	934.8	3.2
Korea, Republic of	644.1	2.2
Others	384.8	1.3
Total	29,034.1	100.0

Source: Financial Profile, ADB, 1995.

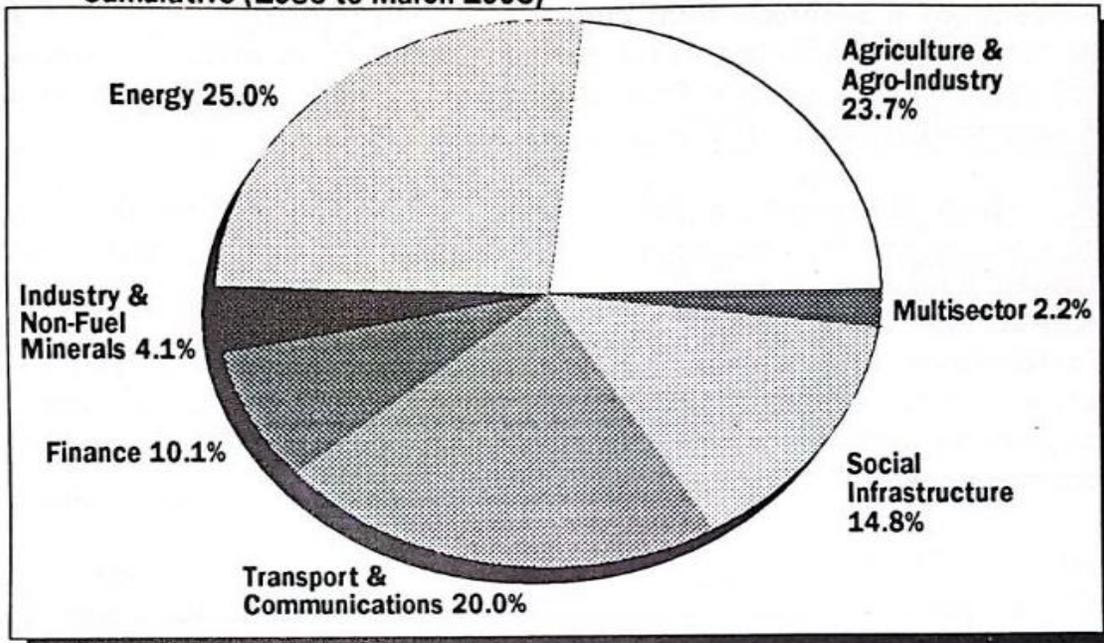
The sectoral distribution of ADB lending since 1968 reflects the priorities set by the ADB for the region's development. The largest share has traditionally been allotted to the agriculture/agro-industry sector until recent years when the energy sector has taken the bulk of Bank financing in the region. On a cumulative basis, Bank sectoral lending as of March 1995 is as follows: Energy (25.0 percent), Agriculture/Agro-industry (23.7 percent), Transport and Communications (20.0 percent), Social Infrastructure (14.8 percent), Finance (10.1 percent), Industry and Non-fuel Minerals (4.1 percent) and Multisector (2.2 percent).

Co-Financing Operations

The ADB claims that its loans have a catalytic effect, leading to capital formation within DMCs. For every dollar lent by the Bank, a counterpart fund of \$1.50 is raised by borrowing countries and other co-financiers, such as commercial, bilateral, multilateral and export credit sources (ADB Basic Information, 1994).

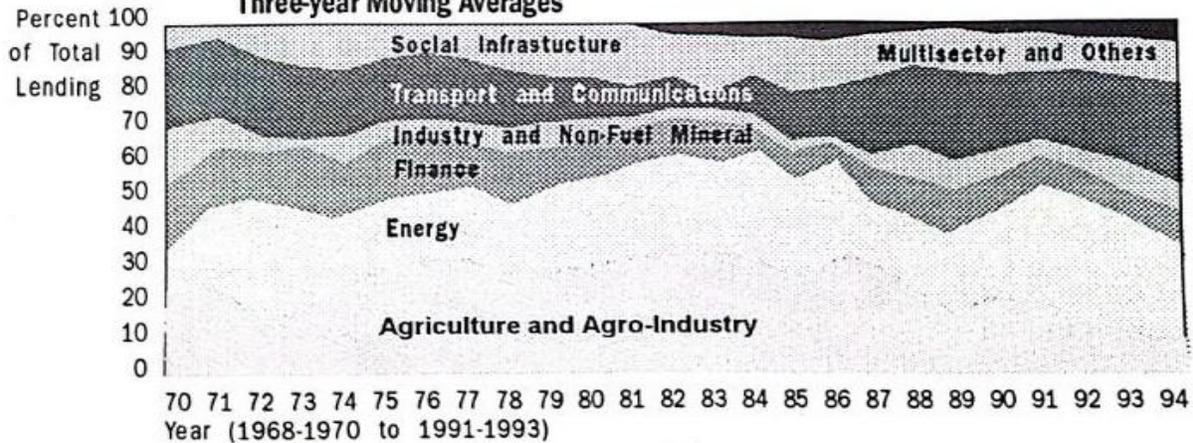
The Bank's co-financing operations is intended to mobilize additional resources from both official and private sources. It is now an

**Fig.5 Loan Approvals by Sector
Cumulative (1986 to March 1995)**



Source: *ANGOC, 1995* (Figures from *ADB Annual Report 1994*)

**Fig.6 Loan Approvals by Sector
Three-year Moving Averages**

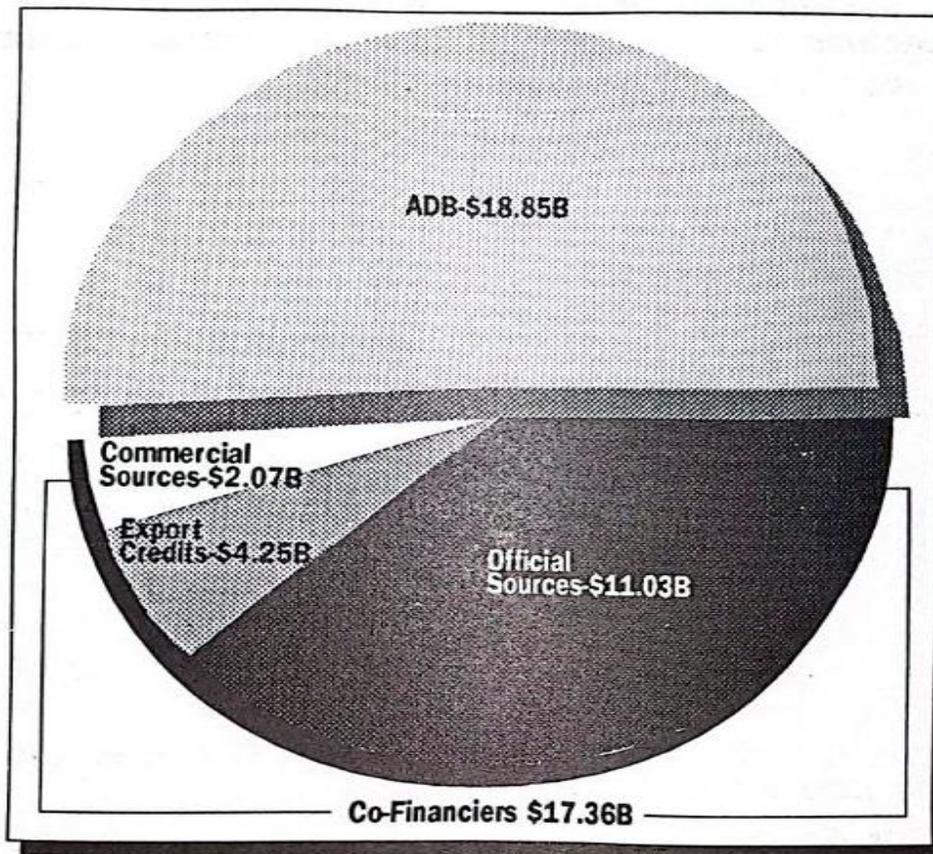


Source: *ADB Annual Report 1994*

established and important part of Bank operations. On a cumulative basis (1970-93), 387 projects involved co-financing with an aggregated total of \$17.4 billion provided by co-financiers matched by \$18.8 billion of the Bank's funds. This co-financing amount represents about 36.4 percent of the Bank's total cumulative loan portfolio. The largest portion of co-financing (63.4 percent) come from official sources, followed by 24.5 percent from export credits, and 11.9 percent from commercial sources. (*Co-Financing*, ADB, 1994)

Bilateral sources that participate in co-financing with the Bank are comprised by member countries (Australia, Canada, United States, United Kingdom, Japan, the Netherlands) and other sources such as Kuwait and Saudi Arabia. Multilateral sources include the WB, UN institutions (e.g. IFAD, UNDP), the European Union, Islamic Development Bank and OPEC Fund. Commercial banks and insurance companies from donor countries have participated also in co-financing operations with the Bank.

**Fig. 7 ADB Co-Financing
Cumulative (1970-1993)**



III.

Overall Issues and Questions about the ADB

**Accountability:
Who's the real boss?**

Multilateral banks are themselves public institutions, created by governments through public funds. Yet the reality is that over the years, MDBs have began taking a life of their own, with little or no systems of public accountability. Their highly de-personalized bureaucracies effectively shield officials from the consequences of their actions. Public interest groups have thus began clamoring for concrete measures to make them more fully accountable for their actions.

MDBs are created by pooled public funds and built by member-governments through congressional allocation. They represent both public entity and multilateral business enterprise.

Thus, citizens from both North and South have a real stake in the operations of MDBs. Northern publics are likely to raise the issue: "Is taxpayers' money being used wisely?" But the stake of Southern publics is much more, for they must live the consequences of borrowings, including their social and environmental impacts, as well as long-term consequences of foreign debt. In addition, Southern publics are also taxpayers and contributors to Bank funding. Take the Philippines, for instance, which currently owns a two percent share in the ADB. Computed roughly, this means that as of December 1993, each Filipino on the average owned about nine US dollars in subscribed capital investment in ADB resources, and owed the Bank an aggregate amount of US\$35 in both soft and hard loans (equivalent to a week's wage of an industrial worker).

By their very statutes which have been ratified by member-governments, MDBs enjoy immunity from all suits and legal damages, and are not covered by any international or domestic court. This means that no Bank official may be litigated for any act in line with "official duty," regardless of the damage a project or policy may do to a community's life, property or environment. At best, an official may lose his/her job due to diplomatic pressure, or an offended country may opt

to withdraw its membership — yet the Banks' operations will continue. Affected communities meantime have no legal recourse.

Multilateral Banks fall outside the formal jurisdiction of the United Nations. The ADB, created in 1967 under the auspices of the then ECAFE (now the UN-ESCAP), no longer falls under its jurisdiction.

The ADB charter entitled Agreement Establishing the Asian Development Bank devotes an entire section (Chapter VII, Articles 48. 58) outlining the status, immunities, exemptions and priveleges of the Bank and its officials. Article 50 states that "the Bank shall enjoy immunity from every form of legal process." The only exception cited is "in cases arising out of, or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of securities..." This means that the Bank may be held legally accountable for its financial transactions with governments, other banks and financing institutions, but not for the impact or consequences of its projects and spending.

Put another way, the ADB's callable capital is always available for the protection of the Bank's creditors (e.g. bondholders and other lenders) and can be called to meet the Bank's obligations in relation to its borrowings. However, no such guarantee exists for the compensation of the Bank's victims such as members of communities who may be evicted due to poorly-designed or mismanaged Bank projects.

Perhaps the most glaring illustration on this point is a recent case involving the dumping of toxic "fertilizer" on Bangladeshi farmers, which was financed through a \$1.88 million ADB loan subsidy. In 1991, three South Carolina corporations concocted an elaborate scheme to export hazardous waste, known as "baghouse dust," captured from the smokestack filters of the metal smelting furnaces of the Gaston Copper Recycling Corporation. Hy-tex Marketing, Inc., a hazardous waste broker, transported the waste, which contained toxic levels of lead and cadmium, to a third company, Stoller Chemical Corporation. Stoller then secretly mixed the waste with other materials to make fertilizer and illegally shipped 6,300 tons of this toxic brew to Bangladesh under an ADB loan. Once in Bangladesh, this tainted fertilizer was widely distributed and spread on fields throughout the country.

The discovery by Bangladeshi NGOs and Greenpeace came in 1992 when 55 percent of the shipment had already been used by farmers. Yet, until mid-1993, such toxic fertilizer was still being sold in some shops. When queried, the local distributors said that they had trusted the product, because it was "new and made in the USA."

The issue was raised at the ADB Campaign, and public interest groups took swift action on different fronts. Gaston was subsequently charged and indicted by a US court and fined \$1,000,000. Meanwhile, the remaining 2,850 tons of toxic fertilizer still sits today in Bangladeshi warehouses. Both ADB and the US government refused to pay for the shipment and its disposal. The Bangladeshi government graciously offered to cover the \$800,000 cost for shipping the fertilizer back to the US, but the US government refuses to take back the toxic fertilizer, or to provide any funding to cover its disposal. The court fines imposed by the US courts have gone to the US Treasury, and not to Bangladesh. The ADB insists it has no money for the purpose. The Bank -- stung by bad publicity instead sent a consultant to design a disposal scheme, and approved a technical assistance grant to Bangladesh for a study of regulatory, legal and administrative frameworks to govern the importation and use of hazardous substances and avoid a similar occurrence in the future.

On this issue, both the US and the ADB seem to point responsibility for the fiasco to Bangladesh, which they know has little capacity for product-testing, as with most developing countries. The case has been extremely instructive: for it shows how MDBs and donors shun responsibility for the impact of their funding. Meanwhile, who will compensate the farmers for their poisoned fields and water? The supreme irony of it all is that Bangladeshi citizens will continue to repay this destructive loan.

By its statutes, the Bank is seen as a "public institution," and its employees are considered as "international public servants." Article 56 of the ADB Charter exempts the Bank, its assets, property and income and its operations and transactions from all taxation and customs duties. All incomes and emoluments of Bank employees, including experts on Bank missions, are likewise tax-exempt.

With this, the Bank seems to enjoy the best of both worlds — getting the privileges of an "international public servant," and having immunity from legal suits. At the extreme end, it is the poor farmers who shoulder the double-burden for this Bank privilege — suffering the consequences of bad loans, and having to pay the debt that comes with it.

Information: What's going on?

The ordinary citizen has virtually no access to critical Bank information. The ADB, as with all MDBs, jealously protects internal secrecy, and maintains virtually no systems to guarantee public access to information. Even the voting patterns within the Board of Directors is considered "classified," and this makes it difficult for public interest groups to hold their own governments accountable.

There are no systems of public consultations with communities who may be affected by projects. In most cases, the local people learn about a project only after it has been approved, or when the surveyors and bulldozers have come rushing at the site.

In response to mounting pressure from the ADB Campaign and some donor governments, **the Board of Directors recently approved in January 1995 a new Bank Policy on Information Disclosure.** Also currently under Board discussion is a proposal to set-up a Bank Inspection Panel to investigate specific cases involving violations of Bank policies and agreements. These two measures have been heralded as major breakthroughs in establishing greater public accountability by the Bank. However, in an NGO/Bank meeting on 1 February 1995, NGOs were not able to have a copy of the Draft Inspection Policy proposal. The Bank policy states that all proposals under Board discussion are considered as "internal documents" and "confidential."

Tied Aid: What's the catch?

There should be no doubt over donor objectives in infusing some

\$19 billion annually on development assistance in Asia. Numerous official pronouncements make no qualms in saying that ODA should meet several objectives, namely, the promotion of commercial, strategic and political interests of the donor country, as well as support of "development" in recipient countries.

As part of the global aid system, ADB serves as a channel for excess domestic capital from donor member-countries. Aid appears as a bait to open new markets for donors' goods and services. This "tied aid" attribute automatically allocates a portion of donor ODA to the procurement of goods and services from their home-based industries, promoting the growth of their trade and industries, thereby stifling domestic and local initiatives.

Exactly what portion of ADB project loans is comprised of tied aid is not known. But the fact is, it is the contractors who get the early information about projects. There have been recorded instances where early bids by Japanese construction companies have been publicized in Tokyo dailies even before the project had been approved and signed.

The "tying" status of donor countries vary. For instance, 65 cents out of every Canadian ODA dollar was spent in Canada in 1992; for Australia, more than 90 cents. It is also well-known that Japan's ODA is heavily aligned with its manufacturing and consultancy services industry (Corral et al, 1995).

Most IBRD and IDA disbursements flow out of borrower countries in the form of procurement contracts on existing projects, with the lion's share going to the richest industrialized nations. In 1993, for instance, out of \$7 billion IBRD/IDA net disbursements to borrower countries, \$6.8 billion were paid out to the 24 rich OECD countries, leaving the Bank's borrowers with exactly \$170 million (or a miniscule 2.5 percent) in net positive flows for that year (Rich, 1994).

The inclusion of non-regional countries (US, Canada, Germany, etc.) as members of the ADB is not altogether an act of altruism. Bank policy states that hard and soft loans can only be used for purchases from any member country. Hence, non-membership in the Bank forfeits a country's chance to participate in the vigorous aid industry of the

fastest growing region in the globe.

Bank officials refer to the Bank-published monthly ADB Business Opportunities as a source of the latest information of projects being considered by the Bank for financial and technical

assistance. As the title suggests, the publication is intended for the business community to promote international competitive bidding for supplies of goods and services.

A second form of "tying" aid is the attachment of conditionalities to aid, or a suggestion that aid should be used as a policy tool to achieve a "bewildering variety" of other objectives as well. These include such issues as environment, women-in-development, democratic and human rights: turning the aid arena into a virtual "policy zoo," as one aid implementor calls it (McCawley, 1993).

Policy conditionalities by well-meaning donors can serve to improve the quality of projects approved by the Bank. They can act as "safety nets" for adverse effects of Bank loans on local communities.

Aggressive pursuit of policy conditionalities by donors usually occurs during such periods as pending increases of the Bank's capitalization or negotiations for replenishment of the ADF (soft-loan window). Seemingly, the debates have become more and more bitter. In a bid to double the Bank's capital in 1994, the Board had to resort to a straw vote for the first time in its 27-year history mainly because of the linking of policy conditionalities with the proposed General Capital Increase (GCI).

NGOs often note, for instance, that if the Bank is truly serious in its objective to reduce poverty, then it should impose the conditionality of a strong agrarian reform program in DMCs before any loan could be approved. The Bank's clientele is predominantly a rural Asia where some 70 percent of the population live. Industrialization cannot take place unless a strong agrarian base exists. At the heart of Asia and the Pacific, the farmers' rallying cry has always been control and ownership over the land they and their ancestors tilled throughout the ages. Somehow, this discourse has always been studiously avoided by the Bank. If MDBs in general could convince governments to dispose of

their assets in various privatization schemes, then surely it could also convince governments to craft and implement a no-nonsense agrarian reform program for their farmers.

CASE IN POINT: Conditionalities on governance and participation. In donor parlance, "good governance" may define a whole gamut of concerns ranging from the more benign discourse on administrative processes to more controversial human rights issues such as the Indonesian policy on East Timor and Chinese policies following the Tiananmen Square episode.

A proposed policy paper on "Good Governance" is currently the subject of heated debate by the ADB Board of Directors. "Good governance" is yet another donor policy conditionality on top of all the rest, resulting in bitter complaints from borrower countries concerning donors' intrusion on sovereignty issues.

This particular situation constitutes a dilemma faced by Southern NGO activists in the advocacy for reforms within the ADB. Much as they would like to see more reforms instituted in the Bank's activities and lending operations, agreeing to more donor conditionalities imposed upon their own governments smacks of puppet-like allegiance to donor vested interests. Where does one draw the line?

DMC concerns on "good governance" issues are not unfounded. Multilateral institutions, the ADB included, have over time evolved toward roles that put greater intervention over governance processes of low-income borrower countries. In this pseudo-governance role, MDBs act as non-elected legislative bodies which are totally without accountability to citizens who bear the consequences of their decisions, as these processes occur at the topmost level of executive agencies, sans public consultation or participation. This increasing influence of MDBS over society reduces the people's countervailing power to control them.

Social and Environmental Impacts of Projects: Who really pays? At what cost?

Numerous cases have been documented on how MDB lending and

policies caused massive social displacement and environmental damage to communities. In an internal study on resettlement, WB itself admitted that over 800,000 people in the Indian subcontinent alone were displaced by projects financed by WB lending, turning them into what we may term as "development refugees." Many such social displacement were caused by mega-dam projects. The WB spent over \$50 billion for some 500 dam projects around the world. Yet more such projects are now being processed and financed in the pipeline, the most controversial of which are the Sarvodar Dam in India, and Arun III in Nepal.

In the ADB, NGOs involved in the Campaign have documented and presented several cases where local communities have been adversely affected by Bank lending. The ADB-financed timber plantations in South and West Kalimantan threatens to convert 51,000 hectares of forests and agricultural lands into mono-crop rubber plantations. The project has enabled local elites to acquire fertile agricultural land by reclassifying them as "degraded land," thereby leading to forcible land acquisitions and evictions of entire communities. The 600-megawatt Masinloc Coal-Fired Thermal Plant in Zambales, Philippines, which has been protested over the past five years, continues to threaten 106 hectares of prime agricultural land, endanger the livelihood of 3,000 families and affect the only remaining marine sanctuary in Luzon due to plant discharge. In Sri Lanka, the Bank was forced to review a new proposal in the Kirindi Oya Irrigation Project which sought to divert the Menik Ganga River into a catchment basin, when in 1991, the Sri Lanka Environmental Foundation (an NGO) pointed out that this would cause massive destruction in the heart of one of the country's major national parks. The \$200 million, 4.8 km. Jamuna bridge in Bangladesh, approved in 1994, affects a total area of 2,724 hectares and more than 77,000 persons. Of those affected, 7,000 will be forcibly relocated.

The Bank often claims that all projects are the responsibility of member-governments, rather than of the Bank itself. They frequently point to Article 38 of the ADB Charter which states that Bank officials must not be influenced in their decisions by the political character of member-countries, and "only economic considerations shall be relevant to their decisions." Whether economic decisions can be separated from political issues is a debatable matter. Yet even by the Bank's own

standards, reality reveals something else.

In the case of the above Masinloc Coal-Powered Plant, the Bank proceeded by releasing loans due to increasing pressures from the Philippine government. The Bank itself admitted that the project did not comply with the Bank's own EIA requirements.

Indeed, Bank staff play a larger role in pushing loans than the Bank itself is ready to admit. Discussions with Bank staff often reveal that they are regularly evaluated by the amounts of loans moved, rather than by the quality of their projects.

These points are confirmed by the Bank itself. The 1994 Task Force Report on Improving Project Quality, the equivalent of the Wapenhans Report of the WB, came up with very revealing findings and recommendations regarding the quality of the Bank's portfolio of projects since 1966. Out of 726 ADB-financed projects completed, a non-random sample of 427 projects (or 60 percent) were post-evaluated. The overall ratings indicated that 60 percent of the projects were "generally successful." 30 percent "partly successful," and the remaining 10 percent "unsuccessful." The study defined project quality in terms of development impact economic or financial viability, social impact, implementability and sustainability. Among the reasons cited for project failure were: (a) the "loan approval culture" of the Bank, (b) lack of "ownership" among projects by developing member countries, and (c) the over-centralization of Bank practices and systems.

Privatization: Private investments, but why public debt?

Over the years, MDBs have emerged as global financial powers in their own right, given the very scope and extent of their project funding. They pour tremendous amounts of resources into borrowing countries, and thereby influencing (and oftentimes forcing) the development priorities and directions that these countries take. Among the key policy thrusts that MDBs promote (or impose) are privatization and the promotion of private sector investments through increased liberalization of markets.

During the past 50 years, the WB lent an estimated \$300 billion for 6,000 plus projects worldwide. The ADB lent some \$50 billion for 1,300 projects across developing countries in its past 27 years.

However, the total amount that MDBs "move" is actually much greater than is stipulated, for they bring in co-financing and guarantee arrangements with bilateral sources and private banks for their projects. Out of the \$36 billion foreign debt of the Philippines, for instance, only about

\$4.5 billion is actually owed to the WB. The rest consists of foreign and domestic borrowings from over 200 bilateral and commercial sources much of it come through co-financing arrangements.

Similar to military invasions, MDBs also provide the "beachheads" for the entry of corporate investments. A case in point is Indochina, which is now gradually opening up to a market-led economy. Indochina has 76 plus major projects now lodged in both the WB and ADB pipelines amounting a net total of \$14.7 billion for the next two years. Similar to "commando troopers," these MDB loans will "parachute from the sky" over the next few years to build ports, airports, communications systems and other infrastructure. Co-financing arrangements will further ensure the entry of private banks. All these would have paved the way for the main infantry invasion of foreign capital. In short, public funds are used this way to subsidize not only private, but corporate investments. Yet, this is not merely an incidental, but a deliberate strategy premised on a "growth-at-all-costs" paradigm.

The Bank makes no qualms about the fact that it supports private sector investments as one of its main strategies. However, this strategy has grown over the years to become a major objective as well. The Bank provides direct funding to the private sector with government guarantees, and has in its structure a separate Private Sector Department. In recent years, the Bank even began providing loans directly to private corporations, even without government guarantees, but with its approval. (ADB, 1992)

As the ADB itself boasts:

*The ADB has strengthened its efforts to assist
DMCs to enlarge the role of the private sector and*

market forces in economic activities in the region. At the end of 1991, the Bank had approved 112 credit lines totalling some \$4 billion for use by a network of DMC financial intermediaries; this money has been committed to finance nearly 18,500 enterprises mostly in the private sector." (ADB, 1992)

Finally, MDBs also provide businesses for the private sector by contracting arrangements for its projects, as tackled in the earlier section on "tied aid".

The whole idea of "private sector" development has grown in fashion, but it needs more careful analysis and discourse. For one, what exactly constitutes the "private sector"? Dominated as they are by traditional economists and conservative planners, the Bank has indeed tilted its resources and lending towards "corporate" investments. They will never likely see, for instance, farmer-households as the private sector, although farmers may constitute the majority population in developing countries.

This raises a fundamental question about whether the ADB is a bank, or a development institution whose primary and first objective is poverty eradication. For in practice, the ADB functions mainly as a banking institution. Its main business is to "sell" loans, premised on its working principle that poor countries need to borrow more money in order to develop.

In developing countries, where wealth and power combine and interact among a privileged few, "economic" decisions about where to place investments can have powerful political and economic implications. Even decisions about where to place a road can lead to sudden wealth by a privileged few, as land prices shoot up. Or there may be disenfranchisement of the many, as communities are forcibly evicted, or their tenanted lands re-taken by their owners.

One key appraisal criteria for all ADB projects, for instance, is "return on investments" (ROI) and "rates of return" (RRs). Hence, the Bank's main lending tends to be in infrastructure and traditional "growth" projects, where returns are much more easily understood and

computed by economic planners, Bank staff and consultants take an active role in project formulation and design, and tend to be evaluated based on the amount of loans moved, rather than on the quality of their loans -- as annual lending targets are set.

Hence, they are likely to be more interested in a few large-scale projects, than having to deal with several small loan packages. Bank staffing itself is dominated by economists and engineers.

Foreign Debt and SAPs:

Why must our children pay?

There is wisdom in the old saying: "He who has his hands in another person's pocket will have to walk around with him wherever he goes."

As MDBs fall into the business of "selling" loans, their operations now raise serious questions about the short and long term impacts of increasing global indebtedness. Indeed, because of growing debt repayments, there has been a continuing, reverse net flow of resources from South to North ever since the global balance of payments tilted in 1987.

Foreign debt repayments imply the expatriation of huge resources which indebted countries badly need for domestic development. The Philippines, for instance, spends between 40-60 percent of public expenditures on debt servicing alone. The actual amount paid is not pre-approved by Congress, because of a previous law that provides for automatic budgetary allocations for debt-servicing. This law was passed due to mounting pressures from the country's debtors for more guarantees.

Among most poor countries where huge bureaucracies practically eat up the national budgets, pro-active development initiatives can often be financed only through more borrowing. Thus, this gives debtors substantial leverage over project designs and domestic policies.

Foreign debt also means that it must be repaid in foreign

exchange, mainly by increasing the volume of exports. In an increasingly competitive global market, this means that poor countries having little or low-level industries, often have to resort to the actual export of their raw materials and natural resources (logs, cash crops), even if this is sometimes detrimental to environment. Though this may seem like a natural consequence, it results in a gradual domination by Northern countries over Southern economies. For debt simply represents a "claim or stake on future resources." Thus, it is not altogether surprising that the largest debtors today are also those countries which are resource-rich (lands, forests, mines which have exploitative potential), and have large populations (or vast, potential markets) such as Brazil and Indonesia.

Increasing exports also means increasing domestic competitiveness. This implies imposing low, competitive wages, longer hours and poor labor conditions, lowering one's environmental standards, and imposing higher taxes on citizens. Indeed, debt is a form of mortgage of a people's future.

Given their vast financial powers, MDBs represent a system of increasing control and domination by the North over the South. Lenders tend to determine the directions of spending, and hence of development itself, among borrowers. Aside from direct loans, there are direct interventions and impositions on domestic policies through structural adjustment programs (SAPs). Among those included are privatization of state enterprises, forex currency adjustments, and removal of state subsidies. These conditionalities are led by multilateral institutions composed of the IMF, the newly-established World Trade Organization, and the WB that increasingly promoted "sectoral adjustment loans" (SECAL) over recent years.

For the ADB, Bank officials have repeatedly stated that its lending does not include unpopular SAPs. This is far from the truth, for Bank practice proves otherwise. The ADB is involved with both the WB and IMF in monitoring macro-economic developments in developing member-countries. In fact, ADB has come to be recognized as a major partner in the process of restructuring several DMCs where major changes are underway (ADB, 1992). Furthermore, the Japan Special Fund was created specifically to restructure DMC economies and to broaden the

scope for new investments, among others.

Finally, it must be pointed out that substantial amounts of MDB lending continue supporting authoritarian governments. The Philippines case is illustrative. In 1966, the Philippine debt which stood at \$200 million rose to over \$28 billion in 20 years (1986) under the Marcos government much of it acquired during the Martial Law period. This raises serious moral questions about the Banks' support for governments which are unaccountable to their citizens but who borrow in their name. For in the end, it is the citizens, not the government, who carry the full burdens of indebtedness.

Furthermore, Filipino pro-democracy groups in the US and Europe at that time used to point how the Marcos regime borrowed for projects which it should have financed through government spending. This tactic, in effect, freed government coffers from substantial spending in areas which donors would not have directly supported or approved -i.e. military operations and acquisition of armaments used for whatever reasons.

It must be stressed that until today, the ADB still has no policy or program to address the growing problem of indebtedness.

Yet, the Bank consistently made profits in its ordinary operations since 1967. This "high level of earnings" is used in maintaining and strengthening its capital base. The Bank's good fortune is compounded by the fact that it does not have to pay dividends to the members' paid-in capital. In 1991, the Bank realized a rate of return on average investments and average total earnings of 9.0 percent and 8.4 percent, respectively (ADB, 1992).

Growth-Centered Vision: Where are we really going?

Much of the issue raised here are not mere "accidents," but the natural consequence of a flawed development paradigm that MDBs actively subscribe to and promote.

The ADB, as with all other MDBs, subscribes to a growth-centered paradigm which equates "development" with economic growth, as measured by the growing pie of what it calls "GNP." In essence, the objective of "development" is to enlarge the pie by infusing money in key growth areas, and benefits, as we are led to believe, will "trickle-down" through more jobs and increased productivity. According to this growth-oriented paradigm, poverty and underdevelopment in the South is a result of inadequate capital investments; and this inadequacy can be partially met through the infusion of external assistance from the more affluent North. This monetarist approach places an overriding reliance on the liberalization of market forces and the support for private sector initiatives as its twin engines for development. In its most basic equation of values, growth-centered development sees nature as a resource capital to be mined and extracted, and people as either laborers or consumers in this effort.

But those who make decisions control power and resources. In the process, they tend to be the main beneficiaries of the projects. The extent of poverty, for instance, has not waned over the past decade in Asia, despite its reputation as the fastest growing region in the world. This has led some NGO advocates to comment that indeed, the "trickle-down theory is nothing more than a suck-up theory."

It should be noted that in 1992, 70.6 percent of global GDP (\$12 trillion out of \$17 trillion) was controlled by only seven countries of the world, known as the G-7 countries. And much of this "wealth" is now controlled through private and public "corporations." In 1990, for instance, the assets of the 10 largest financial groups were worth \$3.6 trillion, equivalent to four times the GDP of 43 least developed countries, and 22.5 percent of OECD countries (composed of the 24 richest countries of the world). (Rich, 1994)

IV.

The ADB Campaign

Beginnings of Public Protests

Public awareness and concern over the negative social and environmental impacts of MDB-financed projects began mainly in the mid-1970s. It all started when protests by local peoples grew against specific mega-projects financed mainly by the WB. In Northern Philippines, thousands of Bontoc and Kalinga tribal families engaged the Marcos regime in a life-and-death struggle against the building of a giant hydroelectric dam in Chico Valley. Faced with the loss of livelihoods and ancestral lands, including sacred burial grounds, the local communities put up a fierce resistance which generated substantial international support. After years of struggle, the Bank was forced to withdraw its involvement. The project was stopped.

Throughout the 1980s, other WB-funded projects causing even greater social and environmental destruction were opposed by local peoples and NGOs. Among the most celebrated cases was the Polonoeste Project in Northeastern Brazil: a massive integrated development project considered as a colonization scheme. The WB project destroyed huge tracts of primary rainforest and brought sickness and death to numerous, previously uncontacted Indian communities. A massive local and international uproar forced the WB to temporarily halt disbursements. The Polonoeste campaign brought greater efforts to challenge other WB-funded debacles. In Indonesia, protests were raised against the WB-led Transmigration Program, a so-called colonization program with huge social and environmental costs not unlike those in the Polonoeste Project. And until today, opposition to WB involvement in the Polonoeste Region continues.

Gradually, these campaigns became more focused upon the WB and the multilateral banking system itself, with demands for greater public transparency and accountability of said institutions. In the US - where 20 percent of the WB's annual funding come from - NGOS heightened political pressure upon the US Congress that must approve such funds. Similar pressures from the public were generated in Canada, Western Europe and in several developing member-countries.

These efforts marked the beginning of the Multilateral Development Banks (MDB) Campaign.

Beginnings of the ADB Campaign

The ADB in its first 20 years went along its business unchallenged.

It was in early 1988 when Jim Barnes, an attorney from the Environmental Policy Institute (EPI), visited Manila and met with ANGOC Chairman Dr. D.L. Umali and then ANGOC Deputy Director Antonio B. Quizon to explore possible working relations on the MDB campaign. EPI had prior experience working with a host of Washington-based NGOs on lobbying activities with the US Congress and the WB, and wanted to encourage the ADB to become involved in promoting "debt-for-nature" swaps. EPI then set up a one-person office in Manila, under Chip Fay, an American who had worked seven years in the Philippines.

The "debt-for-nature swap" is an innovative financing mechanism wherein part of a country's foreign debt papers are re-purchased or re-financed at discounted international market rates, in exchange for a government commitment to channel local resources towards environmental protection and nature conservation. It is premised on the belief that foreign borrowings can never save the environment in the long run. For resource-poor countries can only pay their foreign debts by accelerating the pace of extracting and exporting their natural resources, thus leading to increasing destruction of their own environments.

At that time, there was very little public awareness of the ADB, and practically no linkages. In September 1988, EPI invited Quizon to participate in the WB Annual Meeting in Berlin. This gave ANGO the opportunity to become familiar with the international MDB Campaign, and meet many of the MDB Campaign players. Thereafter, ANGO and EPI/FoE began working more closely to bring about Bank reforms.

Initial discussions with the ADB begun by "selling" the idea of a

debt-for-nature swap. Contact was first made with ADB's small Environment Unit, and other concerns emerged. For one, the Environment Unit played only an advisory role on projects. And with only three professional staff, it faced the daunting task of reviewing and monitoring over 50 new projects a year. Hence, discussions with other Bank officials pushed for a strengthening of ADB's environmental review process, and stricter Environmental Impact Assessment (EIA) guidelines. Issues were also raised on the Bank's target priorities and role in addressing both poverty and environmental problems of the region. These concerns, expressed mainly by NGOs and shared by some member-governments, received growing attention by Bank management.

Meanwhile, the ADB Board had just passed its new policy on *The Bank's Cooperation with NGOs* (1987), and was exploring ways for collaboration with NGOs. The Bank commissioned ANGO to prepare eight country studies and two regional studies, the purpose of which was to seek NGO inputs for implementing the policy framework on ADB-NGO relations in the field of NGO institutional strengthening on environment and natural resource management.

Defining the Overall Campaign Objectives

These initial interactions with Bank officials also helped NGOs articulate clearer ADB Campaign objectives. Overall, the central theme of the ADB Campaign would be: (a) to challenge the Bank's overall development priorities based on a centralized, economic growth model, and (b) to open up greater public accountability, transparency and participation in the Bank's processes. Within this broad agenda, specific issues would be examined and addressed — i.e., sectoral lending policies in forestry, energy and agriculture; social and environmental policies and guidelines; monitoring the impact of selected in-country projects; and institutional reforms towards greater information access, popular participation, and a more open policy environment for conducting ADB/NGO/DMC relations. As a first step, there would be need to establish more systematic and open dialogue with the Bank and member-governments. There would also be a need to promote greater public awareness (and interest) among Asian NGOs on the ADB Campaign.

A decision was first made to center major lobbying activities during the ADB Annual Board of Governors Meetings. ADB Annual Meetings, held in the first week of May each year, are the Bank's "corporate stockholder meetings" which gather some 2,000 people in one huge "marketplace" — the powerful finance and economic planning ministers of all member-countries, ADB Board of Directors and Bank officials, bilateral aid agencies, commercial and investment banks, prospective bidders and contractors for Bank projects, and the international media. Although the three-day official program consists mainly of speeches, the usual formalities on reports and budgets, and non-stop reception lines, it nevertheless provides extensive opportunities for backroom lobby work, side negotiations and media exposure. Also, there is an opportunity for influencing the official statements presented by each member-government which broadly define their policies on borrowing priorities and funding conditionalities, since most delegations usually rush their statements to the last minute.

It was felt that NGO presence at ADB Annual meetings would serve to highlight different interests posed by the Bank's "stockholders" versus those of its real "stakeholders," as represented by NGOs and other public interest groups.

The Beijing Meeting, 1989

At the 1989 ADB Annual Meeting held in Beijing, China, ANGO and EPI/FoE were joined by Agus Purnomo of WALHI (Indonesia) and Yukio Tanaka of JATAN (Japan) for the lobbying activities. Prior to this meeting, the ADB Board upgraded the status of the Environment Unit to that of a Division, giving it more direct access to the Department Head and in theory, greater input into the policy-making process. Also, the ADB "Blue Ribbon" panel chaired by Saburo Okita, released what is better-known as the "Okita Report" which recommended that poverty alleviation and the environment become new ADB priorities. This marked the beginning of a substantial shift in the way ADB described its mission, and gave the Campaign a "handle" by which to push for Bank reforms.

Meetings were held with then ADB President Fujioka, the Vice-

Presidents, the Executive Directors, and some 10 country delegations, particularly the US, Germany and Japan mainly through office walk-ins and "ambush interviews" at corridors and receptions. Questions centered on environmental issues — i.e. as they related to the Bank's sectoral lending in energy, forestry and agriculture; the need to strengthen the environmental staff and review process; and the need to open up access and modes for public participation. Two issues of Eco (a four-paged newsletter) were prepared on-the-spot and some 200 photo-copies of each were distributed to delegates. This caught the ire of some over-eager Bank bureaucrats who were quick to claim that their NGO "guests" had violated the Bank's official diplomatic protocol.

During discussions, the NGOs criticized ADB's "master forestry plans" that emphasize traditional bias toward forest management for production rather than environmental protection. The Bank failed to leverage its loans and place safeguards to protect old growth forests. Instead, the Bank was seen emphasizing reforestation and industrial tree plantations, rather than law enforcement and community-based schemes. Thus it failed to address key questions of land tenure security, ancestral land rights, and popular participation. Similarly, the issues raised against the ADB's agriculture sector (then the ADB's largest loan sector) were that it continued emphasizing production for export through expensive and environmentally harmful petro-chemical inputs, with

very little progress made on sustainable practices, crop diversification, promotion of land use planning favoring small holders, and promotion of land tenure security.

The NGOs also presented a critique of ADB's energy sector lending. Energy (read: power) projects are usually the most environmentally-sensitive and prone to cause social displacement and negative social impacts. NGOs noted that the bulk of ADB's energy loans continued going to large, capital-intensive energy projects and system improvements, with little emphasis on energy alternatives and conservation. The case of the Mt. Apo Geothermal Plant was then raised. The plant-- located within a national park and on Bagobo ancestral lands-- was opposed by local groups and Philippine NGOs.

The first NGO-participated ADB Meeting in Beijing had other interesting sidelights, for it was the height then of the pro-democracy

movement. It was held just one month before the infamous "Tiananmen Square Massacre." The meetings and the huge Chinese Government reception were hosted right beside the square, at the Great Hall of the People, seemingly oblivious to the thousands of protestors gathered outside. The NGOs also took this occasion to meet with donor-country delegations in order to inquire and register their opposition against China's WB-financed Three Gorges Dam Project.

In June 1989, the ADB hosted the annual meeting of the Committee of International Development Institutions on the Environment (CIDIE). CIDIE is composed of the environment departments of all MDBs as well as of specialized UN institutions such as UNDP and the United Nations Environmental Programme (UNEP). Since a group of environmental NGOs from the region were to be invited at the Bank's expense, ANGO and EPI worked with the ADB Environment Division to organize a one-day ADB/NGO dialogue, the first in the Bank's 22-year history.

In preparation for the CIDIE and ADB/NGO meetings, ANGO and EPI conducted for ADB a five-country study identifying potentials and constraints to ADB/NGO relations on the environment. The meeting drew up a nine-point set of practical recommendations.

At the same time, ANGOC and the Environment Liaison Centre International based in Nairobi were also organizing an international conference in Manila, in preparation for UNCED. Another half-day open dialogue meeting was held at the Bank between CIDIE and some 24 NGOs from around the world. The NGOs presented a consensus statement, now better known as the *Manila Declaration*.

The Initial Years, 1990-91

NGOs attended the subsequent ADB Annual Meetings in New Delhi (1990) and Vancouver (1991). Dialogues with the Bank continued in-between annual meetings. In an effort to broaden NGO involvement in the Campaign, a survey form was sent to some 200 groups in the Asian region, of which about 70 responded. This group of 70 became the first target for continued information and updates on pipeline Bank

projects and issues. *Bankwatch*, a newsletter, was launched as a regular NGO information bulletin.

As the dialogue with the Bank progressed, other issues emerged, and the campaign began to take clearer shape. To prepare for Bank debates, case studies of problematic ADB projects were documented at country level. These led to several further realizations.

First, ADB also lacked systematic analysis of the social (not just environmental) impacts of projects in its process of project appraisal. Second, the ADB lacked definitive policies on issues concerning forestry, energy, indigenous peoples' rights, agrarian and land rights. In the absence of a clear "handle" with which to grapple with these issues, the NGOs decided to "challenge" the ADB with the question: "What is the Bank's response to the emerging global environmental imperatives?" The timing was ripe: global discourse was taking place at that time in preparation for UNCED, and environment was a "hot" issue.

Furthermore, the NGOs surmised that bad projects were due to inherent institutional and procedural weaknesses in the ADB project process. For one, in the absence of clear lending policies directions, Bank staff performance seemed to be hinged more on the amounts of loans moved, rather than by the quality of their projects. Concrete cases of problematic projects presented to the

Bank included: the Kirindi Oya Irrigation and Settlement Project (Sri Lanka), and the Forestry Sector Loan (Philippines).

NGOs also prepared two types of review papers: (a) on institutional staffing; and (b) on sectoral lending.

Regarding staffing, the NGO study noted that, while the Bank had increased its lending by 25 percent in the past two years, there were no corresponding increases upon staffing vis-a-vis monitoring and evaluation. About half of the the Bank's 660 professionals were economists, and about one-fifth were engineers. Yet less than one percent had training in environmental concerns. Also, it was pointed out that while women-in-development was one of the Bank's three major priority thrusts (the others being poverty alleviation and the environment), it remained in the periphery with only one staff. Only

three percent of all professional Bank staff were women. Perhaps among all the issues raised, this had caused the Bank the most embarrassment.

Sectoral review studies meanwhile were presented on forestry and energy. Issues regarding access to information and public accountability were also raised — a recurring theme that was to be raised in all succeeding Bank/NGO dialogues. Country-focused reviews of Bank lending were also presented for Indonesia, the Philippines and Sri Lanka.

At the Vancouver ADB Annual Meeting in May 1991, strong backstopping support was provided by Canadian and US NGOs. The ADB Campaign also gained Canadian news television coverage, and its press conference was well-attended. Media attention was also captivated when ANGOC and FOE-US invited a former ADB Director for Information to join the Vancouver meeting. The said personality later joined the Philippine NGO sector since his retirement.

Strategy for NGO Intervention

Meanwhile, more and more NGOs began to join the Campaign. Work was strengthened particularly in the Philippines, Indonesia and Sri Lanka. From the start, it was clear to ANGOC

and FOE-US (EPI) that they were setting up a campaign rather than an organization, thus, inclusive strategies were necessary. Yet, some kind of broader framework was needed.

The Campaign focused on: (a) NGO participation at ADB Annual Meetings; (b) regular information (i.e. newsletter); (c) ongoing liaison and dialogue with the ADB in Manila; and (d) policy researches and project case studies. Also, every year, there would be a meeting with the ADB President during the Annual Meeting, and an NGO letter formally presented to air collective concerns.

A multi-pronged approach was to characterize the NGO campaign on the ADB. These key strategies included creating broad public awareness on the ADB, coalition-building, policy intervention, information dissemination, research and documentation.

Table 4. Concerns raised by NGOs during the Seven-Year Campaign (1989-1995)

	1989	1990-1991	1992	1993	1994	1995
MACRO-ISSUES	Debt reduction through debt-for-nature swaps	Structural transformation rather than adjustment Change economic growth framework	Equity rather than growth Gap between ADB rhetoric and practice	Flawed ADB development model	Destructive impacts of ADB policies, programs, & projects Equity & sustainability Privatization Critical position on GCI IV Write off debts thru spring-cleaning	ADB reforms Impact of market-oriented economic growth Asian Development Fund Delinking from SAPs Debt relief & spring cleaning
PARTICIPATION/ TRANSPARENCY/ ACCOUNTABILITY		Public participation Access to ADB documents Independent monitoring & evaluation process	Timely access to information Adequate consultation Accountability of aid funds	Engage stakeholders in dialogue Independent review of "bad" ADB projects	Public accountability/ Automatic access to information/ Consultations with potentially affected peoples/ Inspection/ appeals mechanism	Inspection function/ Confidentiality & disclosure of information/ People's participation
ISSUES	Energy loans for end-use efficiency Forestry issues/	Forest issues/ sustainable livelihoods		Respect IP customary and traditional rights Forest issues	Community-oriented energy generation Commercialization of forest	Energy lending towards rural electrification, demand-side management, and renewable

	1989	1990-1991	1992	1993	1994	1995
SOCIAL/ ENVIRONMENTAL DIMENSIONS	Improved project monitoring	Integrate social/ environmental factors Implementation of environmental policies GEF-like window in ADB Impact on women and children	Improved monitoring of projects Develop Bank strategy on crucial global environmental issues	Implementa- tion of social/enviromental guidelines Indemnifica- tion of affected communities and damaged ecosystems Meet global imperatives on environment	Meeting regional/ global imperatives Failed resettlement cases/IP rig's ts Population policy WID goals Climate change, biodiversity, ozone depletion	Unacceptable IP draft policy Bank Focus on mitigation measures rather than option for non-resettlement Support for women and development
BANK-NGO RELATIONS	Cooperation with NGOs	Create ADB-NGO focal point NGO room/ amenities during ADB Annual Meeting	More effective ADB-NGO liaison Discriminatory accreditation of NGOs to Annual Meetings		NGO accreditation to Annual Meeting	Civil society fund for capacity building
BANK STAFFING	More environmental staff	Increased social/ environmental expertise of staff Revise incentive structure	Social/ environmental staff expertise Incentive structure	More social scientists, ecologists	Reform staff performance criteria	

Source: *ANGOC, 1995*

Creating public awareness. Much of Asian NGO work with MDBs would focus on building greater public awareness and on stimulating public debate on the social and environmental impacts of Bank lending. This should lead to constituency-building. Included as activities were the publication of *Bankwatch* and in-country newsletters, the conduct of news conferences, and building access and relations with mass media.

Network-building. Efforts would be made on an inclusive strategy, making linkages with all public interest groups (including community action groups) which have expressed interest in joining/contributing to the Bank lobby. This would require a continuous flow of information. It was foreseen that NGOs and networks based in Manila would have to play a key role in such endeavor.

Policy intervention. The ADB Annual Board of Governors Meeting would continue to be a regular focal point for NGO policy intervention. Immediately prior to the ADB Meeting, a two-day NGO Strategy Session would be organized at the venue to allow the building of consensus positions, and to map-out concrete strategies. It would also help brief participants on previous work done, and serve as a session for sharing practical skills. Appointments would be arranged with key Bank officials and country delegations. Prior documentations would be prepared, and media relations, including press conferences, organized.

Case studies and documentation. The ultimate objective of the Campaign would be to echo the "voices" of affected communities in the dialogue and debates with the Bank. Unlike other global advocacy campaigns, and as the Asian voluntary sector remains largely constituency-based, the approach would focus on practical actions that link-up policy-level work with grassroots action.

For one, emphasis would be on bringing specific field documentations of ADB projects in order to strengthen policy discussions with the Bank and member-governments. Where possible, the Campaign would facilitate the direct participation of the local people from affected communities.

Growth of the Campaign, 1992

During the ADB Annual Meeting in Hongkong in 1992, the Bank appointed the then Environment Office as the Bank's focal point for NGOs. For the first time, NGOs were given formal office space and with it, better formal recognition. Serious questions, however, arose when some members of the NGO delegation were refused formal accreditation by their respective

governments (particularly in Malaysia, Indonesia and Bangladesh) and consequently, by the Bank. However, their participation was eventually arranged through compromise on some "creative" approaches.

The Hongkong meeting registered several "firsts" in terms of the Campaign efforts. For one, the more macro and fundamental issues

about debt and structural adjustments were raised. Besides the NGOs gathered the largest delegation (25 NGO representatives) ever since the Campaign started, with the joining in of the "South-North Project." Many of the NGOs present were also recognized technical experts in their respective fields, and thus were able to hold high-level debates with Bank experts.

Significant policy changes within the Bank then included the imposition of a 120-day rule on public disclosure of all projects that are pending Bank approval, and the rising prominence of the Social Dimensions Unit (then lodged within the Agriculture Division) as the Bank's response to NGO issues raised on the negative social impacts of several Bank projects.

Among the several project critiques presented were the following: the Madhupur Forest and Agri-aqua Project (Bangladesh); Timber Plantations in South and West Kalimantan and in South Sulawesi (Indonesia); Artificial Reefs (Malaysia); Masinloc Coal-powered Plant (Philippines); and the Road Improvement Project and Export Promotions Zones (Sri Lanka). Critiques of ADB's sectoral lending were also presented for Agriculture and Forestry. All these cases helped contribute to the clarity of the Campaign message.

The NGOs present decided then to create a Working Group composed of four Manila-based networks -- to oversee the Campaign. Since there was lack of funding, such arrangement was deemed to be the most feasible, since Manila is also the site of the ADB Headquarters. Also, the next ADB meeting was scheduled to be held at the Bank's new headquarters in Manila.

As part of the Hongkong meeting follow-up, the Second ADB/NGO Consultative Meeting on the Environment and Natural Resources was organized by the Bank in Manila in October 1992. It hired an Australian consulting firm, the International Development Support Services (IDSS), as its international consultant, and ANGOC as its local consultant. The Bank, however, bungled the affair, when it insisted on a narrow agenda focused solely on the "implementation issues" which

NGOs experience in Bank-financed projects despite earlier protestations from the NGO Working Group. The NGOs had hoped the

Meeting would provide the opportunity to openly discuss broader policy issues. Stand-off in the final session arose, when fundamental NGO critiques about Bank policies were eventually brought up. The meeting ended on an embarrassing note, with NGOs presenting a set of 22 recommendations, and the Bank Vice-President unable to respond. At the Meeting, the appointment of the Bank's first NGO Coordinator was announced.

The Current Campaign, 1992-95

The ADB Annual Meeting, held in Manila in 1993, provided the Campaign with the rare opportunity to bring in people from affected communities into direct dialogue with Bank officials for the first time. The Campaign also combined its "soft" with a "hard" approach — when some 150 people from Masinloc, together with support NGOs, held a "lightning rally" at the Bank's opening session which was formally opened by no less than Philippine President Fidel V. Ramos. The event brought significant local and international media coverage.

Perhaps the most significant session was the meeting convened with ADB Vice-President In Yong Cheung who brought in some 28 Department Heads and top Bank officials in one grand dialogue with NGOs. A meeting was also held with ADB President Tarumizu, several country delegations, as well as (for the first time) with the Private Sector Department and Strategic Planning Unit.

Case studies raised at the 1992 Bank Meetings included the Masinloc and Pagbilao Power Plants (Philippines); the Koggala Export Processing Zone (Sri Lanka); the Rayalaseema Thermal Power Plant (India); Tropical Forest Plantations (Indonesia); and the Arun Dam project (Nepal). But perhaps the most dramatic case presented which caught the attention of top Bank officials was the Toxic Fertilizer Case (Bangladesh), wherein a Bank loan was used to finance the dumping of toxic waste in the guise of fertilizers, from the US onto Bangladesh.

In the year that followed, the focus of the Campaign settled on the ADB's proposed GCI, which sought a doubling of the Bank's capitalization (from member-government contributions) over a span of five years. As a consequence of inter-member politics and internal Bank

negotiations, the Bank was pressured to draw up some eight policy papers, as part of GCI "conditionalities" — led mainly by the US government. The NGO Working Group thus decided to convene a Regional NGO Strategy Meeting in Manila, attended by some 20 participants, one month prior to the ADB Annual Meeting.

At this NGO meeting, critiques were prepared on each of the proposed ADB policy papers which were subsequently forwarded to the Bank. The group also drew up a consensus position of "No to GCI," citing that any capital increase must be hinged upon specific reforms which the NGOs outlined. Eventually, the Bank's General Capital Increase was approved at the 1994 ADB Annual Meeting in Nice, France. But by then, the draft policies had already taken on a momentum of their own.

The NGO campaign in Auckland (1995) continued monitoring the progress of policy reforms within the Bank. NGOs evaluated the extent to which their comments on draft papers were incorporated, if at all, into the final policies or later versions of the papers. Summing up, the NGO delegation assessed that the language of reform has indeed entered the Bank, but that these reforms need to be implemented at the level of projects in communities all over Asia and the Pacific.

Impact: Seven-year Changes in the ADB

Much has been achieved by NGOs over the past seven years, in terms of broadening public awareness on the social and environmental impacts of Bank policies and development approaches. The Bank has also come to increasingly appreciate sustained NGO efforts at constructive dialogue to narrow down basic gaps in development outlook, as well as to translate common agenda into action. This continuing dialogue between the Bank and the NGOs over the past seven years has played a significant role in catalyzing the process of instituting policy reforms within the Bank. Some of these changes, however, do not necessarily lead towards improved Bank practice in its actual lending operations. NGOs involved in the campaign generally believe that though the rhetorics of reform has entered the language of the Bank, the reality of reform has yet to take root in the attitudes among the staff and decision-makers, as well as in actual practice in the field. The following section outlines some significant changes within the Bank which NGOs have taken note of over the years.

Shift in Bank-wide Lending Priorities

The ADB's "Okita Report" in 1989 called for a new set of Bank-wide medium-term priorities and systems for internal review. Subsequently, the Bank outlined its priorities as environment, women-in-development, and poverty reduction in *The Bank's Medium-Term Strategic Framework (1992-95)*.

NGOS have repeatedly called the Bank's attention to the flawed development model which the Bank has actively pursued. NGOs argue that growth without consideration for equity issues

will not uplift the conditions of the poor in the region. In their letter to then ADB President Kimimasa Taramizu (dated 5 May 1992), NGOs emphasized that:

In the whole of Asia, despite positive growth in many countries, the overwhelming majority of the people remain in abject poverty. After a quarter of a

century of promoting this (growth) model, poverty has increased rather than decreased in many countries in the region... The ADB's investment and lending policies must first of all consider the interest of communities and the finite nature of regional as well as global resources. We would like to see a fundamental shift in terms of policy and budget support towards projects that promote equity, increase household and community incomes, and improve basic social and economic services.

In 1993, the Bank approved its medium-term plan targeting 50 percent of the total portfolio lending for social impact projects (versus infrastructure projects), in terms of number. This 50-50 projects mix is unprecedented among MDBs, as other multilaterals have never set a numerical target for social and environmental lending. With sustained pressure from Bank donors and NGOs during the deliberations on GCI IV in 1994, a 40 percent soft sector lending by dollar value conditionality was sought on top of the numbers mix.

In a meeting with NGOs in Auckland in May 1995, President Sato announced that the Bank has already met or will soon meet its numerical targets. The 50-50 mix by number has been met; in terms of dollar value, some 40 percent of Bank lending has been shifted towards the social and environment sector.

The Bank's categorization of what is "social" and "environmental," however, is another matter. NGOs have learned to take in stride such Bank pronouncements on its accomplishments, as they are well aware that the paradigm battle has yet to be won. In his response to the NGO letter in Auckland, current Bank President Mitsuo Sato stated that:

The Asian experience has made clear that broad-based economic growth is essential in improving social conditions, especially to the poor. It is true that economic growth may not translate directly into the reduction of poverty, but is also true that poverty reduction cannot be successful and sustainable without economic growth. Economic growth is seen as a

necessary, though not independently sufficient, condition for poverty reduction... At the same time, while the Bank is deeply committed to the equity aspect of economic growth and development, it must be recognized that in the final analysis, redistribution of income and wealth within a given country is a highly political matter. Decisions with regard to these aspects ultimately are the responsibility of the sovereign state. (Personal communication, 25 July 1995)

Despite this gloomy forecast, however, there exists some ray of hope. When queried by NGOs during a Bank-NGO meeting in October 1994 about what to expect from the Bank between Nice and Auckland (1995 ADB Annual Meeting), US Executive Director Linda Tsao-Yang replied that:

There is a commitment to move this Bank forward in spite of barriers and obstructions. In that one year, you will see a number of significant policies approved, a significant number of tools as a check and balance to see if the Bank is on track, and more movement towards far greater emphasis on loans and project assistance that address poverty alleviation efforts.

Debt and Structural Adjustments

Third World debt and SAPs heavily affect the most vulnerable groups. Thus, over the past years, NGOs have urged the ADB to examine more closely its role in easing indebtedness and the effects of SAPs. In 1994, NGOs urged the Bank to write off debt as part of the Bank's spring

cleaning exercise. In the following year, NGOs reiterated the idea of sharing in the cost burden in the spring cleaning process by writing off bad loans attributable to ADB mismanagement.

Up to the present time, the ADB has not identified the debt of borrowing nations as a primary barrier to development and has not developed a plan for debt relief, nor a position on the debt issue. Some borrowing nations such as the Philippines devote between 40 to 60

percent of governmental expenditures to debt servicing, and the ADB can only propose increased borrowing for growth, which in turn leads to more debt.

Social and Environmental Dimensions

NGOs have continually urged the Bank to increase its social and environmental staff expertise. In a letter to then President Tarumizu during the 24th Annual Meeting in 1992, the NGO delegates argued that skilled professionals who can bring new perspectives are crucial in project preparation. They initially suggested additional staff in the areas of forest ecology, land reform, natural resource economics, natural resource management, environmental protection, energy conservation, sociology, anthropology, and women-in-development. At the Nice Meeting, President Sato agreed with the NGO delegates that the incentive structure for Bank staff needed to change to promote high-quality projects.

With the Bank's reorganization in January 1995, the Office of the Environment (OENV) and Social Dimensions Unit (SDU) were fused into an Office of Environment and Social Development (OESD) that reports directly to the ADB President. This upward movement of both offices is perceived to add more prestige and clout to both units. It also sends a strong message to Bank management and staff that more emphasis should be put on the social and environmental aspects of Bank operations. The OESD acts as the focal point and clearinghouse for Bankwide cooperation with NGOs.

Much earlier, the Bank has steadily upgraded and beefed up the staffing of the SDU (which was previously under the Agriculture Division) to monitor the social effects of Bank projects. This was seen largely as a response to the numerous field-base case studies brought by NGOs to the Bank over recent years, highlighting the negative effects of even well-intentioned projects on

vulnerable groups (e.g. effects of reforestation and tree plantation projects on land rights of indigenous communities and small farmers in Bangladesh, Indonesia and the Philippines).

In October 1993, the SDU issued the new Guidelines to Incorporate Social Dimensions in Bank Operations, which addresses the question of Bank definitions and mechanisms for determining "social acceptability as a pre-condition for loan approval (a debate brought by the controversial Masinloc coal-powered plant in the Philippines. In May 1994, the SDU came out with a Handbook for Incorporation of Social Dimensions in Projects to provide Bank staff with concrete and practical steps. Moreover, Bank studies are currently being undertaken on more effective measures for mitigating the social effects of Bank projects citing specific projects raised by the Asian NGO community in recent years.

Prior to the recent Bank reorganization, the Environment Unit was upgraded into a Special Office under the President, and its professional staff significantly increased. A more thorough environmental appraisal and monitoring system has been instituted within the regular project cycle and a system of project categorization formulated.

"Environmental" projects (i.e. reforestation) which formerly did not require environmental review, have been re-categorized. In January 1993, the Bank included the environmental category of each proposed loan project in its monthly ADB Business Opportunities.

A 120-day rule on public disclosure for all projects for Board approval has also been instituted. Participation of NGOs and local communities are required and their views and suggestions are sought in the preparation of the Environmental Impact Assessment or EIA. There were also previous exploratory talks for NGO environmental monitoring of Bank projects.

Issues on Transparency, Participation, Accountability

Access to information. In recent years, the Bank has become much more aware of the need to ensure transparency and accountability. A new information policy took effect in January 1995. The policy aims to provide the fullest degree of transparency and disclosure in all areas of Bank operations, instilling in Bank staff an attitude of "presumption in favor of disclosure of information."

In addition, Bank staff will now have to prepare a Project or Program Profile (PP) at the earliest stage of project preparation to ensure adequate debate, dialogue and participation by concerned parties, including affected populations. The Report and Recommendation of the President (RRP) for Projects and Programs (Public Sector), Country Operational Strategy Study (COSS), Economic Review and Bank Operations Paper (ERBOP), and Public Sector Policy Papers will be declassified and can be obtained by the general public. As far as practicable, the Bank should respond to all requests for information within 22 working days of receipt.

A major limitation of the new information policy, however, is its non-retroactive character, i.e., documents deemed restricted and confidential prior to January 1995 are not covered by the information policy. Furthermore, the policy does not supersede nor modify Section 9 of the Rules of Procedures of the Board of Directors which states that: "The proceedings of the Board are confidential and shall not be published except when the Board decides to authorize the President to arrange suitable publicity on any matter relating thereto." (Sato, *personal communication*, 25 July 1995).

Although NGOs still seek the release of these documents, they generally concede that the new disclosure policy has expanded the categories of documents made available. Next steps for NGOs include monitoring the extent of implementation and compliance of the new policy among Bank staff as well as the resident missions in the region.

The Bank has also initiated a Depository Library Program which was launched in January 1994 as a means for wider public dissemination of Bank publications and information materials on the Bank's activities. Subject to availability, the Bank provides the depository libraries with the following Bank publications: books published by or for the Bank, selected country and economic studies, technical papers, annual reports, statistical publications, summary environment impact assessment reports, and public information materials. All depository libraries should receive the

monthly *Loan, Technical Assistance and Private Sector Operations Approvals*, and *ADB Business Opportunities*.

Currently, 81 libraries from 34 countries are included in the program. Discussion is also ongoing on the possibility of an NGO library depository in the region. There have been reports, however, that some depository libraries, (e.g. in the Philippines and Indonesia) are not yet fully functional.

Participatory development. The ADB, in many of its official documents, has recognized that people should be the center of development and development should be for all people, and that popular participation is critical for successful and sustainable development. However, the Bank does not yet have a coherent and separate policy on participation, although stakeholder participation has increasingly been perceived as an end in itself. (Rao, 1994)

According to the SDU, approximately one-half or more of all projects approved since 1992 are likely to have data on beneficiaries and their characteristics. Furthermore, some conscious efforts in recent years were made by concerned Bank staff in incorporating consultations with beneficiaries and affected people in the design of projects. (Rao, 1994)

The SDU has initiated internal Bank staff workshops on incorporation of participatory approaches in Bank operations. The workshops primarily aim to increase staff awareness and skills on participatory development approaches. One such workshop was held in November 1994 where 36 staff participated.

On the part of NGOs, the regional Working Group on the ADB submitted to the Bank a working paper on *Practical Application of Guidelines on Access to Information and Public Participation* in the EIA process in January 1995. If adopted by the ADB, these practical steps would help ensure effective public participation in Bank operations. The Bank's response to the proposals, however, was lukewarm.

For instance, the NGO Working Group proposed that there be increased public involvement in project preparatory technical assistance (PPTA) missions. The Bank replied, however, that "*given time constraints and other limitations under they often operate, PPTA*

missions may not be in a position to meaningfully receive direct public input." Furthermore, the NGOs suggested that project documents be translated into local languages. The Bank nixed the idea due to administrative presumably cost-related and technical difficulties. (Jalal, personal communication, 7 April 1995)

Creation of an inspection function. To institute some form of accountability within the Bank to take responsibility for its actions on the potential negative impacts of their projects, NGOs have urged the ADB to "*establish an inspection and appeals mechanism that allows people the right of intervention at a number of pints, starting with access to feasibility studies, involvement in environmental assessments and appraisal reports and their right to be informed about and consulted concerning projects.*" (NGO letter to President Sato dated 2 May 1994). The proposed inspection function was to have a similar function as the newly created Inspection Panel of the World Bank.

Board discussions on an inspection function within the ADB started as early as October 1994. The aim was to provide an opportunity for an independent review of complaints of the Bank's compliance with its operational policies and procedures in connection with Bank-financed projects. At the Nice Meeting, President Sato promised that such an independent appeals panel would be set up within a few months after Nice.

One year after Nice, the inspection panel proposal has yet to be approved by the Board.

Improving Project Quality

A Task Force under Bank Vice-President George Schultz was created in April 1993 as a response to growing concerns to improve project quality. In January 1994, the *Task Force Report*

on Improving Project Quality came out with its damaging findings on the large number of unsuccessful projects funded by the ADB.

The Bank defines project quality as a set of attributes that capture the development impact of the project — economic/financial viability

social impact, implementability and sustainability. Among the reasons cited for project failures were the "loan approval culture" of the Bank, a lack of "ownership" of projects by DMCs, and the over-centralization of Bank practices and systems.

The major recommendations of the Report included a formal affirmation by Bank President Sato of the primacy of development impact rather than loan approval, and the equal importance of project administration and project processing in the project cycle. The Report also addressed the so-called "bunching" problem within the Bank, i.e., the convergence of a disproportionate number of loans for Board consideration late in the year, again due to the pressure on Bank staff to meet loan targets.

To address the dismal performance of Bank projects, the Task Force recommended a one-time "spring cleaning" of the projects portfolio, in partnership with DMCs to weed out inactive and slow-moving projects. One year after the Report's release, spring-cleaning remained a vague and elusive buzzword to people both inside and outside the Bank. After the hoopla which greeted the recommendation of the Task Force Report, came a big letdown for NGOs.

As far as the Bank was concerned, the one-time spring cleaning was purely an administrative function that only covered mostly laggard Bank-funded projects. Largely done by the Programs and Projects Departments with no significant input from the Social Dimensions or Environment offices of the Bank, the much-touted spring cleaning process simply identified existing problematic projects for loan cancellation or reduction. It did not heed the NGOs' call to include controversial projects like Masinloc and Bangladesh toxic fertilizer in spring cleaning.

According to President Sato, the spring cleaning exercise (now called Country Program and Portfolio Review) was a single-event exercise that was "never intended as a substitute for effective monitoring of individual projects during implementation... From the overall spring cleaning

exercise, some 100 projects were identified for possible restructuring, with an associated potential loan saving of US\$639 million." (*Personal communication*, 25 July 1995)

NGO Lobby on the GCI

The Fourth General Capital Increase (GCI IV), approved by the ADB's Board of Governors in 22 May 1994, is a replenishment of the Bank's authorized capital from \$23.2 billion to \$48 billion. To ensure approval of the proposed GCI, the ADB announced a plethora of new policy papers, ostensibly to improve the quality of its loan portfolio. NGO participants in the April 1994 Manila Regional Consultation voiced out their strong objections to the increase, arguing that unless the Bank change its loan approval culture to focus on quality and sustainability of projects, GCI IV approval would only mean throwing more good money after bad.

The Bank, however, went ahead with the increase, in what was perceived as a largely done deal. The DMCs were not opposed to the GCI per se; but only to attempts by certain donors, mainly the United States with support from Canada and the Scandinavian countries, to link the capital increase to measurable policy targets for ADB lending: 40 percent by dollar value of Bank portfolio towards social projects. The approval of GCI IV resulted in a drastic realignment of voting power in the Bank, with Japan ranking first at 22 percent, and the US tailing at 11 percent.

Sectoral Approach to Development

The rhetoric of reforms has entered the mainstream discourse within the Bank, actually reaching policy level. The year 1994 was indeed "ADB's year of reforms" when it instituted upon itself eight policy papers on a wide range of sector-related issues (which also reflect the Bank's sectoral thinking and approach to development). These draft policies were upon the following: information strategy, confidentiality and disclosure of information, inspection function, forestry, energy, indigenous peoples, involuntary resettlement, and population.

The papers were extensively critiqued by Asian NGOs during the April 1994 NGO Consultation. Their comments were integrated into a 10-point set of recommendations given to President Sato by NGO

delegates in the Nice Annual Meeting. NGOs assessed that although the papers included packets of progressive language, the papers contained intrinsic weaknesses as they remained subsumed under the Bank's traditional growth framework.

Out of the eight draft policies discussed by the Board in 1994, only four -- Population, Information Policy and Strategy, Confidentiality and Disclosure of Information, and Forestry have been approved thus far.

Forestry sector. ADB has substantially increased its "forest sector" lending in recent years. NGOs have continually encouraged the Bank to move away from looking at forestry as a mere economic sector geared towards timber production, and to develop more holistic approaches to forest zone development.

NGO case studies on forest sector loans to the Philippines, Indonesia, and Bangladesh have highlighted key questions related to land and resource tenure issues, environmental protection, debt questions, and law enforcement. NGOs have also noted that the ADB still has no official policy regarding indigenous people's rights.

With its new policy on forestry approved in March 1994, social assessment and necessary social design studies will be carried out together with governments. These will involve "appropriate" levels of beneficiary consultation and participation at all stages of project identification, preparation and implementation.

According to the Bank, it will not support any commercial logging in old-growth forests. In second-growth forests, the Bank will work to have wasteful and destructive logging practices replaced with those that are sustainable and environmentally sound. (Sato, *Personal communication*, 25 July 1995)

Involuntary resettlement. The working paper on Involuntary Resettlement is still under review by the Board. It deals with proposed approaches to address involuntary resettlement, compensation and rehabilitation of people displaced by development projects, drawing generously upon WB approaches and operational directives. NGOS

contend that all resettlement should be voluntary; involuntary resettlement should not be an option at all. The Bank should not consider any project that would involve involuntary resettlement.

In response, the Bank regrettably states that avoidance of involuntary resettlement in the densely populated countries of the region is not always possible. For communities affected by involuntary resettlement, compensation will be provided such that those affected would have a standard of living that is comparable or better than before resettlement.

Indigenous peoples (IP). The working paper on IP was discussed by the Board in November 1994. The paper basically states that development strategy should avoid extremes of total forced isolation and complete and rapid assimilation. Key issues identified by NGOS include: legal recognition of ancestral domain, recognition of their traditional social and legal institutions, and formation of a strong, well-qualified national-level institution responsible for all matters concerning indigenous peoples and their development.

At the *Regional NGO Consultation on ADB Policies and Issues* held in April 1995, the NGO participants expressed their strong objections to the language used in the draft paper. In a letter to President Sato, they stated that:

The working paper as it stands hints at forcible integration of widely diverse cultures and is unacceptable. The paper itself was not distributed (let alone made available in local languages) to the peoples subject to the policy. It is difficult to accept how the paper can be fully sensitive to indigenous peoples when there has been no process of informed consultation.

As a result of this unfavorable assessment, the NGO participants urged the Bank not to submit the paper for formal Board approval until a "*full and proper consultative exchange with*

indigenous peoples and their representative bodies have been made." Furthermore, the NGOs called for a moratorium on Bank-financed projects with detrimental

Impact on indigenous peoples.

As a response to the NGOs' comments, the Bank deferred approval of the IP paper pending further consultation with IP representatives. In November 1995, the Bank will be hosting a three-day *Regional Forum on IP Policy for Development in Asia*, to be attended by IP groups, government officials, and other development institutions in the region. The objectives of the forum will be to review various policies, papers and statements related to IPs and development in the region. The Forum will hopefully contribute towards a more enlightened IP policy in the Bank.

Agricultural sector. The ADB has made heavy lending in the agriculture sector — focused on the intensification of field production. In its early years, much public investments were made, for instance, on irrigation infrastructure and production subsidies. Yet, irrigation projects could have had stronger components for watershed management — which goes to show the limitedness of a highly sectoralized approach to projects.

In recent years the ADB begun to take interest in resource management and the sustainability of agriculture. Bank-NGO dialogues initially focused on the ADB's pesticide policy with NGOs calling for a delinking of chemical pesticides from the Bank's agricultural loans. The loans should no longer support the production of genetically uniform, high-yielding seed varieties that displace indigenous seeds cultivated in many farmers' fields.

NGO participants of the 1995 Regional Consultation have urged the Bank to formulate an agriculture and natural resource policy, specifically for the fisheries sector, to be formulated in a participatory process. This should incorporate an agrarian/aquatic resource reform program and community-based natural resource management framework.

In response, the Bank is currently drafting a fisheries policy which should be made available for discussion by the third quarter of 1995. The Bank also announced that a comprehensive strategy

for agriculture has already been prepared and country-specific agricultural strategies already in place.

In terms of promoting alternatives to chemical-intensive pest control, the Bank recently published the *Handbook for Incorporation of Integrated Pest Management in Agricultural Projects*, which it claims is the first publication of its kind. According to the ADB, the publication of this volume demonstrates its commitment and "leading role in pesticide management." With regards to high-yielding crop varieties, the Bank will continue to support work toward the development of new varieties that require fewer inputs. (Sato, *Personal communication*, 25 July 1995)

A working paper on *Agricultural and Natural Resources Research* was reportedly at an early stage in 1994; no more has been heard of the paper since then.

Energy sector. Together with the World Bank, the ADB generally directs the energy development policies of most of Asia. Over the past years, NGOs have challenged the ADB to move beyond traditional energy strategies which promote new energy capacities and line transmissions, towards closer work with DMCs in developing energy strategies and programs which have conservation, sustainability and end-user capacity as clear priorities. A policy paper on the energy sector (drafted in February 1994) which clarifies the Bank's position on the energy sector, was unfavorably critiqued by NGOs in April of the same year.

The NGOs argued that the paper did not touch on social issues, displacement of people and resettlement. It did not clarify the role of community-based small-scale energy systems such as hydroelectric systems. The policy also lacked benchmarks for implementation, which should include least-cost analysis, a change in the skills mix within the Bank's Energy and Industry Department in favor of people with backgrounds in environmental and social impact assessment, or those trained in demand-side management. Furthermore, the policy did not cover projects already in the pipeline.

Despite these negative feedback, the Bank reiterated that a major portion of its lending and technical assistance will be geared towards DMCs who are willing to restructure their power sectors to increase efficiency and mobilize additional investment from the private sector.

The Bank would assist in the provision of commercial energy sources to rural areas only when it is deemed economically and financially viable. (Sato, *personal communication*, 25 July 1995).

In a favorable turn of developments, the Bank announced that it will provide technical assistance to DMCs to assess the economic viability of solar, mini-hydro and wind energy options. Recently, at least one Bank Technical Assistance is geared towards projects with a demand-side management component.

Upon being repeatedly harassed by NGOs on the Bank's position on nuclear energy, the Bank finally stated that the "*Bank has not been involved in the financing of nuclear power generation projects and will maintain this policy of non-involvement in the financing of nuclear power generation.*" (Sato, *personal communication*, 25 July 1995)

Women in development (WID). The Bank's Policy on Women in Development adopted in 1985 recognizes the important role women play within and outside the household and emphasizes the need to facilitate the participation of women in all development activities. In a critique on the ADB's WID Program in 1991, NGOs argued that the WID policy was limited by the Bank's perspective of underdevelopment being a mere administrative problem, and its simplistic solution requiring the transfer of vast amounts of money and technological resources. (*Bankwatch*, 1991)

The staff complement to implement such a program was too inadequate to address the needs of women. Only one WID Project Specialist was hired in 1987; assisting her were 22 WID Liaison Coordinators who were appointed in November 1990. They were primarily responsible for incorporating WID concerns into country programming and country strategy studies for each DMC.

Moreover, the WID component was not integrated into the overall evaluation/assessment design of the projects. The policy framework itself does not acknowledge the structural factors that contribute to the subordination of women. It also ignored the reproductive side of women's lives, which affect women's ability to participate in the productive sphere. Efforts should be made to transform and empower

women, and not merely integrate them into on-going, export-oriented, capital-intensive development approaches.

In its *Operational Agenda for the 1990s*, the Bank expressed several WID commitments. First, it will increase its attention to WID activities by incorporating WID concerns into country operational strategies and country operational programs. Second, the President will also issue a policy statement to ensure equal access and opportunity for women professional staff in the Bank. Third, the Bank President will increase the total number of women professional staff to 100 for the next 36 months 100, including appointments at the senior level.

An audit of its 10-year WID program was sought by NGO delegates at the Auckland meeting. President Sato promised to look into the matter when the NGOs had an audience with him in Auckland.

Population policy. The population policy was the first paper approved after the Nice Meeting. The NGOs basic objection to the paper was, in justifying the need for a population policy, the Bank relied on the argument that population growth is the cause of increasing poverty and hinders economic development. It was hypocritical for the Bank not to acknowledge that the real cause of poverty is the highly skewed distribution of resources in these countries. Overconsumption in the North as well as the increasingly unequal terms of trade between North and South were as much to blame.

In his latest letter to NGOs, President Sato has maintained that population programs are sound when accompanied by appropriate economic policies and macroeconomic management, among other things. He reiterated that "*respect for women's reproductive rights and a focus on women's overall reproductive health are at the center of the Bank's population policy.*" (Personal communication, 25 July 1995)

ADB Policies on NGOs

ADB was a latecomer in recognizing NGOs, with a single policy paper entitled *ADB Collaboration with NGOs* passed by the Board in 1987. Since then, NGOs have challenged the Bank to meet this policy

with more concrete measures. In 1989-90 and 1992, NGO sector studies for eight Asian countries were prepared, and two consultations with NGOs were organized by the Bank.

In 1992, the Social Dimensions Unit was designated as focal point for NGOs, and the first-ever NGO Coordinator was appointed. Increasingly, NGOs are being involved in field projects, albeit on a limited scale. These include sub-contracting arrangements on projects related to fisheries, micro-enterprise credit, and reforestation.

A yearly imbroglio between the Bank and NGOs centers around NGO accreditation at Bank Annual Meeting, which to the NGOs' view is discriminatory, as no such requisite is asked of other Meeting guests from the commercial banking and corporate sector. Several NGOs have not been able to attend these meetings due to their governments refusal to grant them permits or accreditation.

NGOs have always belabored this issue at every Annual Meeting, but to no avail. The Bank's best efforts has only resulted in the granting of automatic accreditation to those NGOs who have already attended past Bank meetings.

The Bank, however, has made up for this "inconvenience" by making the NGO lobby work during Annual Bank Meetings as smooth as possible. Beginning in 1992, an NGO room was provided where NGOs can regroup and strategize after holding dialogue-meetings with the Bank. In subsequent years, a secretariat support staff was also provided to facilitate meetings, and other logistical errands. Photocopying services were also given free of charge.

Seemingly, the process of facilitating Bank-NGO policy dialogues in Annual Meetings is slowly being institutionalized, as more Bank delegates have come to increasingly expect to engage NGOs in constructive debates over Bank policies and programs. The NGOs, in turn, have

increasingly prepared for these meetings, through region-wide consultations prior to the annual event. Moreover, the NGO delegate

annual audience with the Bank President has been "ritualized" over the years, with the perceptibly lengthier sessions year after year.

If these small tell-tale signs are any indication at all, it would be to indicate that both the Bank and NGOs do look forward to such frank exchange of ideas, and that these exchanges do produce results, and that more of these dialogues should take place where they would matter most, i.e., in local communities with peoples directly affected by Bank-financed projects.

POSTSCRIPT

After seven years in the ADB Campaign, we are just beginning to break new ground, and we now realize that we need new skills.

Indeed, public advocacy work today has grown very different from what it used to be.

Before, when we campaigned on issues such as agrarian reform or anti-logging, we utilized Community Organizing (CO) approaches which had been carefully nurtured through years of practical field experience. We brought communities to confront "enemies" which were more easily-recognizable and personified (i.e. landlords, Congress leaders, loggers). Our messages were also rather straightforward and had public appeal, i.e. "land-to-the tiller, " or "institute a log ban."

Yet today, we find ourselves in an entirely different scale, albeit of the same ballgame. For in the face of rapid market globalization, and the emergence of financial institutions (i.e. multilateral development banks) as the new global power centers, we find ourselves confronting "faceless" public institutions which we are supposed to "own", yet do not really know, and forced to experiment with new campaign strategies in which we have had no previous experience at all.

Much of the information is inaccessible, bureaucracies and power relations are much more complex, and institutional value-systems and economic language seem totally alien among those of us who have spent most of our years in the voluntary sector.

Indeed, this has been our own story in the past seven-year ADB Campaign. For until today, we continue to learn from a process which we started seven years ago. In the beginning, we had no fixed blueprints, and no proven strategies as working guide — just a firm rationale for our actions. Creativity was our guide.

The long-standing NGO debate which has been going on since the ADB Campaign started seven years ago has been: "Should we work for the dismantling of MDBs? Or should we continue to work for Bank reforms?" This has also been reflected in the NGOs' *World Bank 50*

Years is Enough Campaign. This debate is likely to continue for some more time, and is not likely to be permanently resolved even among those of us already involved in the ADB Campaign. There are arguments of how realistic the prospects are, on both sides.

Some of us have opted at the moment to work for reforms, because Bank lending continues to impact now on the lives of local communities and poor sectors. And we foresee that the Bank is not likely to fade away in the foreseeable future.

MDBs are merely one part of the global aid system, but perhaps the most potent. And its system of "selling" international loans will continue, for as long as certain countries see such form of aid to be in their best interest — as a means to "invest" excess domestic capital, to create new markets, and as instruments/extensions of foreign policy. If MDBs were to be dissolved today, such funds would surely find their way into other multilateral channels — perhaps in the form of a "European Union Fund," a "NAFTA Fund" or an "APEC Fund." And for sure, through enlarged bilateral financing. Would such channels likely be more accountable?

In the course of our interventions, we have learned much in particular about how the system works. In the process, we have also realized how in the light of the rapidly changing global economy and institutions, we must find additional means and strategies for empowerment, especially when confronted by "faceless" institutions. And although we have shared some of our lessons here, we are all really just beginning.

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Annex A. Donor Countries and Their Aid Conditionalities

Country (Voting%)	No. of Countries and Concentration	Recent Trends in Geographical Allocations	Stated Priorities and Criteria for Geographical Allocation
Japan (21.753%)	> 130 (1991)	Aid suspended to Sudan, Sierra Leone, Myanmar and Zaire. Resumed to Korea, SEM, and ...	Four criteria: environment and development; avoidance of ODA for military ...

Annex A. Donor Countries and Their Aid Conditionalities (*continued*)

<p>Germany (3.328%)</p>	<p>69</p>	<p>Aid to Africa will decline, while aid to Asia and the FSU will increase. NGOs observe that political conditions are mainly used for Africa, not countries where there are strong German economic interests. NGOs find little evidence of strong poverty focus.</p>	<p>Human rights, participatory democracy, rule of law, market oriented economy. Criteria not used as sanctions, but to support appropriate development projects.</p>
<p>United Kingdom (1.763%)</p>	<p>38 but over half of bilateral aid is concentrated on 20 countries</p>	<p>46% of bilateral aid goes to Sub-Saharan Africa and 38% to Asia. British commercial and foreign policy considerations still influential in country allocations.</p>	<p>Sustainable social and economic development, good government, improving quality of life and reducing poverty</p>
<p>Italy (1.602%)</p>	<p>1992: 26 top priority countries receiving 66% of payments 1994: 6-10 priority countries</p>	<p>Africa, Near and Middle East received largest share of payments, but Latin America largest commitments owing to difficulties implementing projects in Angola, Mozambique, Somalia</p>	<p>Selection will be based on historical links, countries involved in the Middle East peace process, countries from which immigrants come to Italy, and to Mozambique, Albania and Angola</p>
<p>New Zealand (1.602%)</p>	<p>Less than 40 but 30% to countries to whom NZ has obligations</p>	<p>60% of aid goes to the South Pacific. Second focus is SE Asia, with new focus on Vietnam, Cambodia and Laos arising out of NZ business interests there.</p>	<p>No stated criteria but guiding principles state South Pacific island states and national and regional priorities.</p>

Annex A. Donor Countries and Their Aid Conditionalities (*continued*)

<p>Netherlands (1.602%)</p>	<p>55, long term structural cooperation with 37</p>	<p>Cooperation ended with 12 countries. 10 countries in CEEC and the FSU are identified for cooperation under 'countries in transition'. Of the 37 long term cooperation countries, 7 are in Asia, 18 in Africa and 12 in Latin America. Criteria for inclusion are not clear.</p>	<p>New categorisation arising out of broad concept of development cooperation. As well as long term cooperation, Dutch aid is now focused on countries in transition and in conflict or rehabilitation.</p>
<p>Denmark (0.597%)</p>	<p>Concentrated on 20</p>	<p>Selection of 1993 countries 'triumph for poverty orientation'. Relative decrease to Africa but still over 50%, relative and absolute decrease to Asia. Growth in aid to Latin America.</p>	<p>7 criteria, now reduced to 3: potential for poverty alleviation; potential to influence development policy; potential for Danish business interests.</p>

Excerpted from *The Reality of Aid*, May 1994

Annex B. NGO Delegation to the ADB Board of Governors' Annual Meeting, 1988-1995

	1989 (Beijing, China)	1990 (New Delhi, India)	1991 (Vancouver, Canada)	1992 (Hongkong)	1993 (Manila, Philippines)	1994 (Nice, France)	1995 (Auckland, New Zealand)
I. ASIAN							
Japan	JATAN	OISCA- Japan		JATAN	JATAN	JATAN* FoE-Japan* NWF* Prof. Sumi CEPAT	JATAN/ Jap.NGOWG NWF Prof Sumi IACOD CHT JACSES
Indonesia	WALHI	WALHI		WALHI	WALHI IDRD	WALHI	WALHI Akatiga* Pelangi*
India		AVARD OISCA-India			AWARE	AWARE*	AWARE PRIA*
Bangladesh		BCAS	BCAS	PROSHIKA CCHR Sintesa	PROSHIKA SEHD	PROSHIKA SEHD UBINIG*	PROSHIKA SEHD UBINIG* ADAB GSS
Philippines			NATURE KUF	LRC PRRM FDC CADI	LRC PRRM FDC PDF CODE-NGO PhilDHRRA PBSP GF AF WAND Buklod SAC	LRC PRRM FDC PDAP* CODE- NGO*	LRC PRRM FDC PDF* NACFAR* UNAC* CRC*
Sri Lanka			EFL	EFL	EFL	EFL	
Malaysia				AWB APPEN	SAM	SAM	SAM
Thailand				PER FTRRM			NGO-COD*
Hongkong				FoE-HK			
Nepal							CWN/NFN

Annex B. NGO Delegation to the ADB Board of Governors' Annual Meeting, 1988-1995

(continued)

	1989 (Beijing, China)	1990 (New Delhi, India)	1991 (Vancouver, Canada)	1992 (Hongkong)	1993 (Manila, Philippines)	1994 (Nice, France)	1995 (Auckland, New Zealand)
II. NORTHERN							
United States	FoE US (formerly EPI)	FoE US	FoE US FoE NW Survival Int'l	FoE US BIC/NOVIB	FoE US BIC EDF TRD	FoE US BIC EDF	FoE-US* BIC
Canada.			GP-Canada				
Australia					AIDWATCH	AIDWATCH	AIDWATCH ACFOA CAA
Netherlands					WISE		BothEnds/ Dutch WG*
France						FoE France ESF CLOSI/CRID	
Germany						BORDA	
United Kingdom						NCVO	
New Zealand							FoE NZ Aotearoa APEC Group AUSA APWSL GP-NZ
III. REGIONAL/ INTERNA- TIONAL	ANGOC	ANGOC	ANGOC	ANGOC	ANGOC	ANGOC GP Int'l INFID* WWF Int'l SEARICE*	ANGOC GP Int'l INFID ANDD CAN ARENA*
Number of NGOs:	4	7	9	18	26	31	44

* Participated in the NGO Regional Consultation but not at the ADB Annual Meeting

Source: *ANGOC, 1995*

ACFOA (*Australian Council for Overseas Aid*); **ADAB** (*Association of Development Agencies in Bangladesh*), **AF** (*Association of Foundations*); **AIDWATCH**, **Akatiga** (*Akatiga Foundation*); **ANDD** (*Asian Network on Debt & Development*); **ANGOC** (*Asian NGO Coalition for Agrarian Reform and Rural Development*), Aoeteroa **APEC Forum** (*NGO Forum on APEC*); **APPEN** (*Asia Pacific People's Environment*); **APWSL** (*Asia Pacific Workers Solidarity Link*); **ARENA** (*Asian Regional Exchange for New Alternatives*); **AUSA** (*Auckland University Students Association*); **AVARD** (*Association of Voluntary Agencies for Rural Development*); **AWARE** (*Action for Welfare and Awakening Rural Environment*), **AWB** (*Asian Wetlands Bureau*); **BCAS** (*Bangladesh Center for Advanced Studies*); **BIC** (*Bank Information Center*); **BORDA** (*Bremen Overseas Research & Development Association*); **BOTH ENDS/Dutch NGO WG on the ADB**; **Buklod-Pagbilao** (*Pagbilao community*), **CAA** (*Community Aid Abroad*), **CADI** (*Center for Alternative Development Initiatives*); **CAN** (*Climate Action Network Pacific*); **CCHR** (*Coordinating Council for Human Rights in Bangladesh*); **CEPAT** (*Center for Environment Policy & Advocacy-Tokyo*); **CHT** (*Japan Committee on Chittagong Issues*); **CLOSI/CRID**; **CODE-NGO** (*Caucus of Development NGO Networks*); **CRC** (*Cordillera Resource Center*); **CWN/NFN** (*Child Workers in Nepal/NGO Federation of Nepal*); **EDF** (*Environmental Defense Fund*); **EFL** (*Environmental Foundation Ltd.*), **EPI** (*Environmental Policy Institute*), **ESF** (*Ecoles Sans Frontiers-France*); **FDC** (*Freedom from Debt Coalition*); **FoE-HK** (*Friends of the Earth-Hongkong*); **FoE-NW** (*Friends of the Earth-Northwest*); **FoE-US** (*Friends of the Earth-US*); **FTRRM** (*Foundation for Thailand Rural Reconstruction Movement*); **GP-Canada** (*Greenpeace-Canada*); **GP-International** (*Greenpeace-International*); **GP-NZ** (*Greenpeace-New Zealand*); **GF** (*Green Forum*); **GSS** (*Gonoshahajjo Sangstha*); **IACOD** (*Institute for Alternative Community Development*); **IDRD** (*Institute of Dayakology Research and Development*); **INFID** (*International NGO Forum on Indonesian Development*); **JACSES** (*Japan Center for Sustainable Environment and Society*); **Japan NGOWG** (*Japan NGO Working Group on the ADB*); **JATAN** (*Japan Tropical Forest Action Network*); **KUF** (*Kapwa Upliftment Foundation, Inc.*); **LRC** (*Legal Rights and Natural Resources Center*); **NACFAR** (*Nationwide Coalition of Fisherfolks for Aquatic Reform*); **NATURE** (*National Action for the Total Upliftment and Restoration of the Environment*); **NCVO** (*National Council for Voluntary Organizations*); **NGO-COD** (*NGO Coordinating Committee on Development*); **NOVIB** (*Netherlands Organization of International Development Cooperation*); **NWF** (*National Wildlife Federation*); **OISCA**; **PBSP** (*Philippine Business for Social Progress*); **PDAP** (*Philippine Development Assistance Program*), **PDF** (*Philippine Development Forum*); **PER** (*Project for Ecological Recovery*); **Pelangi** (*Pelangi Foundation*); **PhilDHRRRA** (*Philippine Partnership for the Development of Human Resources in the Rural Areas*); **PRIA** (*Society for Participatory Research in Asia*); **PROSHIKA** (*Proshika Manobik Unnayan Kendra*); **PRRM** (*Philippine Rural Reconstruction Movement*); **SAC** (*Social Action Council - Masinloc community*), **SAM** (*Sahabat Alam Malaysia/Friends of the Earth*); **SEARICE** (*Southeast Asia Regional Institute for Community Education*); **SEHD** (*Society for Environment & Human Development*); **Sintesa Foundation**; **Survival International**; **TRD** (*Tropical Research and Development*); **UBINIG**; **UNAC** (*Upland NGO Assistance Committee*); **WAND** (*Women's Action Network for Development*); **WALHI** (*Wahana Lingkungan Hidup Indonesia*); **WISE** (*World Information Service on Energy*); **WWF** (*World Wide Fund for Nature International*).

ABOUT THE AUTHORS

ANTONIO B. QUIZON has been Executive Director of ANGOC since 1990. The earlier half of his past twenty years involvement in development work was spent mainly in the students and farmers movement in the Philippines as community organizer, journalist and volunteer.

His first job at ANGOC in 1987 focused on the agrarian reform campaign in the Philippines. A year later, he struck a working friendship with two members of FoE-US to start the NGO campaign on the Asian Development Bank (ADB). These two other earlier pioneers were Jim Barnes, an environmental lawyer now based in Paris, and Chip Fay, now PROGRAM OFFICER of the Ford Foundation in Jakarta.

He represents ANGOC in the NGO Working Group on the ADB, as well as the NGO Working Group on the World Bank.

VIOLETA Q. PEREZ-CORRAL joined ANGOC as Project Officer in 1993. She currently manages ANGOC's policy dialogue program with international financial institutions. Her work involves networking, policy research and advocacy, as well as extensive information dissemination. She handles Bankwatch, a publication of Asian NGOs engaged in monitoring activities and lending policies of multilateral financing institutions.

She is also engaged in volunteer organizing work in the student/youth sector, as well as the active non-violence movement in the Philippines.