

ASIAN NGO PERSPECTIVES:

The ADB Poverty Reduction Strategy

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Reform and Rural Development
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ASIAN NGO PERSPECTIVES: ADB POVERTY REDUCTION STRATEGY

1. INTRODUCTORY COMMENTS

1.1 *In a booklet published on November 1999, the Asian Development Bank outlined its “Poverty Reduction Strategy” to fight poverty in Asia and the Pacific. Assessment of the progress made in implementing this strategy will be on the agenda of a Poverty Forum that will take place in February 2001. The forum will assemble policymakers, private sector groups, representatives of non-government and civil organizations and international donors to discuss how poverty reduction can be achieved in the Asia and Pacific Region.*

As its principal objectives, the forum seeks: (a) to provide an opportunity for an exchange of ideas regarding poverty reduction strategies; (b) to increase the awareness of recent research regarding the causes and measurement of poverty; and (c) to improve the level of understanding among policymakers of the problems faced in designing and implementing policy and institutional reforms effective in reducing poverty.

1.2 ANGOC welcomes this latest opportunity for dialogue with ADB and views it as an expression of the Bank’s recently approved policy to expand participation of NGOs and civil society groups beyond project implementation into more meaningful involvement in its strategic planning process.

1.3 The following comments on the ADB Poverty Reduction Strategy are based largely on the findings of the **200-Village Project**, a combination of community-based projects and complementary initiatives initiated by ANGOC in 1998 to improve household- and community-level food security in 200 pre-selected Asian villages.

The **200-Village Project** is a strategy for grassroots action that adopts the basic principles laid out in the Bangkok Declaration. The Bangkok Declaration, which was adopted by NGOs in the Asia-Pacific region 1996 during a 1996 preparatory meeting for the World Food Summit, calls for a food security compact that is based on the integrity of local farming communities and national food security.

Until the 1960s, it was generally assumed that each country should aim to produce all of its basic food requirements. However, as countries began to industrialize, the production of food for domestic consumption became secondary to the production of export crops where these countries had a comparative advantage. Over time, developing countries, which were formerly food sufficient, increasingly became importers of cheap food from food-exporting industrialized countries. While this policy has worked to the benefit of urban consumers, it has dampened local production. Producing food has become less and less profitable, sometimes impoverishing, for small farmers, fisherfolk and other community-based food producers.

The Bangkok meeting denounced this prevailing food policy that undermines the viability of small farming and food producing communities and promotes a dangerous reliance on food imports. The participants of the meeting emphasized that foreign trade is not vital to food security and, at best, should merely complement national production.

In line with the Bangkok Declaration and as a follow-up to the World Food Summit, ANGOC undertook the **200-Village Project** to establish mechanisms to monitor and determine the extent to which WFS commitments have been pursued and fulfilled. ANGOC undertook this task at the village and household levels on the assumption that food security, or the lack of it, is clearly manifested and more accurately measured in the home and in the local community.

A household and community survey was undertaken to assess the food security status of 200 villages in 10 Asian countries, which were selected according to a set of criteria. The survey instrument was formulated according to a set of indicators derived from food security commitments set out in the WFS Plan of Action, the Asia-Pacific NGO Declaration (the Bangkok Declaration), and the ANGOC-organized Fifth Asian Development Forum. The survey was also designed to monitor the extent to which food security initiatives have been or are being undertaken within the framework of agrarian reform and resource rights, sustainable agriculture and resource management, and participatory local governance.

1.4 The ANGOC inputs may be grouped into eight categories. The first category of comments concerns the Bank's understanding of the nature of poverty while the second set of comments deals with the issue of agrarian reform and (regrettably) the notable lack of emphasis it receives in the Bank's poverty reduction strategy.

The third set of comments examines the bank's economic development strategy and urges a review of the theory and practice of privatization. As an alternative to "conventional" privatization, ANGOC proposes community social enterprise management, a people-centered paradigm that operates within the economic framework of community.

A fourth set of comments supports the thrust of ADB towards sustainable resource management and suggests that the strategy can be strengthened by giving emphasis to the central values of spirituality, community and a bonding to place or habitat, which have unified Asian cultures over the centuries.

The fifth set of comments, which examines the bank's agriculture and rural development strategy, stresses that the Bank's efforts should not be in support of the Green Revolution and its unsustainable technology package. Instead, ANGOC recommends that the development of future agricultural technology, particularly for the crops of the poor and for less favored areas, must be consistent with the philosophy and principles of sustainable agriculture (SA).

In the sixth set of comments, ANGOC expresses agreement with the bank's support of microfinance but cautions that there is growing evidence that the majority of

microfinance programs have failed to reach the poorest of the poor. At the same time, it criticizes increasing donor reluctance to support expenditures in organizing and social infrastructure building among the target clients of microfinance schemes, thereby forcing microfinance NGOs to subsidize these social preparation activities.

The seventh set of comments affirms the support of Asian NGOs to the importance given by the Bank to improving the status of women and recommends that, given women's severe time constraints, bank-assisted development programs should incorporate strategies to reduce the added burdens to women that result from their involvement in these programs.

The eight and final set of comments focus on the bank's intent to solicit civil society participation in the ADB Country Planning processes. While the bank's intentions are welcomed, ANGOCA cautions that, in many Asian countries, an inhospitable policy environment still effectively curtails NGO action. Experience has also shown that meaningful beneficiary participation is difficult to implement in situations where project performance targets have been predetermined from above. A change in this situation requires modifications in the current procedures for the design of development projects and consequently, a shift in the requirements of donors who support these development projects.

2. ADB'S UNDERSTANDING OF THE NATURE OF POVERTY

2.1 *ADB has acknowledged that conventional income- and consumption-based poverty measures - the headcount ratio, severity of poverty and poverty gap index, etc. - do not reflect the true picture of poverty. The Bank has adopted the view that*

“poverty is a deprivation of essential assets and opportunities to which every human is entitled. Everyone should have access to basic education and primary health services. Poor households have the right to sustain themselves by their labor and be reasonably rewarded, as well as having some protection from external shocks. Beyond income and basic services, individuals and societies are also poor – and tend to remain so - if they are not empowered to participate in making decisions that shape their lives.”

In light of the above, ADB feels that poverty is better measured in terms of: basic education, health care, nutrition water and sanitation; as well as, income, employment and wages. These also serve as proxies for important intangibles such as feelings of powerlessness and lack of freedom to participate.

2.2 In the 200-Village Project, ANGOCA and its partners utilized a **Food Security Framework** with a set of indicators that were grouped into the six major categories of Food Availability, Purchasing Power, Access to Food, Quality of Food, Governance and Level of Participation and Ecological Factors. The framework is summarized in the following table.

Food Security Indicators – 200 Village Project		
MAJOR CATEGORIES	SPECIFIC INDICATORS	VARIABLES
FOOD AVAILABILITY (PHYSICAL ACCESS)	Land ownership	tenurial status
		land classification
		access to public lands
	Productivity	access to production inputs
		technology adopted
	Self-sufficiency	seasonal calendar (peak & lean)
		source of food (locally produced vs. bought in the market)
	Storage system	food crop vs. cash crop production (type of crops produced yield)
		post-harvest technology
	Disasters	reasons for storing (consumption; planting; marketing strategy)
Food Preference	occurrence of natural & man-induced disasters	
PURCHASING POWER	Household income	major food restrictions (e.g. pork, beef, etc.)
		source of income/type of employment
	Access to credit	average income of household
		available source of credit / Government credit program
		existing-microfinancing schemes (interest rate; credit policies)
	Expenditure pattern	purpose & frequency of acquisition
		percentage distribution of expenses (household, production, taxes)
		investment and savings
	Government food subsidies	price equivalent of agricultural and non-agricultural products
	Poverty threshold level	Types of food assistance (timing availability and actual availment)
ACCESS TO FOOD	Food distribution	
	Social stratification	practice/pattern of food distribution in the community
	Agricultural product flow	practice/pattern of food distribution in the community
	Gender equity	farm to consumer product flow
QUALITY OF FOOD	Diversity of available food	household decision-making pattern
		types of crops produced (major and secondary crops planted)
	Source of food	types of poultry and livestock raised
		food acquisition practices
		food storage facility
	Drinking water quality	food processing technology / methods
		source of drinking water
	Health status	drinking water storage facility
		leading causes of disease
	Nutritional status	morbidity rate
nutritional status of children / degree of malnutrition (0-7)		
GOVERNANCE/ LEVEL OF PARTICIPATION	Membership in organizations	Membership in civil society organizations
		Membership in government organizations
		Nature and level of involvement in organizations
	Mode and mechanism of decision -making	Public consultation processes
	Community rights over resources	

Food Security Indicators – 200 Village Project		
MAJOR CATEGORIES	SPECIFIC INDICATORS	VARIABLES
	Women’s participation	Nature and degree of women’s participation
ECOLOGICAL FACTORS	Cropping system	Cropping system for wet and dry seasons
	Production input	Major inputs used and type
	Level of input used	Level of input used
	Machinery and equipment used	
	Sustainable agriculture practices	Conservation measures (soil, water and vegetation)

Respondent-households were categorized into four sub-groups corresponding to varying levels of food security. “*Food Secure*” households are those who reported sufficiency in all food groups (i.e., staples, vegetables, meats). “*Moderately Food Secure*” households are sufficient in at least one food item from each food group, even if other insufficiencies in food items were identified. “*Food Insecure*” households are insufficient in all food items in one of the three food groups. Finally, the “*Highly Food Insecure*” are insufficient in all food items in two or three food groups.

The use of the above indicators in the survey is expected to identify the food security-related factors that operate in the home and in the community and how the inter-relationships among them affect (directly or indirectly) food security at these two levels. These findings will be used in community level planning and action and for policy advocacy at the national and regional levels. The ultimate goal of the project is to promote and help the selected villages to achieve food security.

2.3 Given its overarching goal of poverty reduction, it is important for ADB to gather more focused poverty data, particularly those related to the food security of the poorest households. This would also be in line with Bank’s efforts to undertake poverty analysis in its member-countries as the basis for its country operational strategy. This is particularly important since poverty reduction strategies vary widely across the Asia and Pacific countries. Even within each country, especially the larger ones, there are variations in strategy across states and sub-regions.

3. ASIAN POVERTY TRENDS

3.1 *ADB has acknowledged the need to review poverty reduction targets set earlier at a series of world summit meetings in the 1990s, particularly, the objective of the Agenda for Action on Social Development to eradicate absolute poverty in the Asia and Pacific region by the year 2010. Clearly, such targets are no longer attainable.*

3.2 No less than the World Bank has been forced to conclude that, in East Asia, the financial crisis has put an end to the period of rapid growth and led to significant increases in poverty. For this reason, the global picture at the end of the 1990s is one of

stalled progress in poverty reduction and of rising numbers of poor people everywhere. (*Poverty Trends and Voices of the Poor*, The World Bank Group, September 29, 1999)

Recent studies of the ADB itself show that the Asian crisis has worsened poverty incidence in Indonesia, Thailand, Malaysia and the Philippines. (David, I.P., Asra, A., de Castro, M., *Poverty Incidence in the Asian and Pacific Region: Data Situation and Measurement Issues*, Economic and Development Resource Center/Asian Development Bank, September 1999.)

Equally important are the long-term consequences of the crisis. As pointed out in a recent ADB study, although it appears that the worst of the financial crisis is over and the crisis economies are on the road to recovery, the social impacts continue to unfold. In fact, the social crisis is likely to be deeper and can be expected to persist long after the crisis economies return to solid growth. (Knowles, James, Pernia, Ernesto, Racellis, Mary, *Social Consequences of the Financial Crisis in Asia, The Deeper Crisis*, Economics and Development Resource Center, Asian Development Bank, July 1999).

3.3 How long will it take for the East Asian countries to recover the gains in poverty reduction that they had achieved prior to the crisis? How much does growth need to be raised to make substantial inroads into income poverty?

A recent study estimates that a 20% drop in the proportion of people living on less than \$1 a day requires about a 10% increase in mean income. This implies that per capita GDP growth of 3% a year would be needed to halve the incidence of poverty in a decade. (*Human Development Report 1997*, United Nations Development Programme, New York, Oxford University Press 1997)

It should be pointed out that, according to IMF forecasts, none of the four ASEAN countries (Indonesia, Malaysia, Philippines and Thailand) affected by the financial crisis can expect growth rate much higher than 3% in the year 2000.

4. A LACK OF EMPHASIS ON AGRARIAN REFORM

4.1 Given ADB's definition of poverty as a "deprivation of essential assets", it is disturbing to note that the Bank's poverty reduction strategy makes little mention of the importance of agrarian reform. In fact, only passing mention is made regarding "land reform" in the section on Social Capital Development.

4.2 This lack of emphasis on agrarian reform is disturbing given recent IFAD findings that rural poverty incidence in Asia is highest among landless families and those with less than 0.2 hectare of land.

In fact, as noted by a recent ADB study, agricultural growth must be equitable so that it puts increased purchasing power into the hands of the rural masses and not just a privileged few. Although the green-revolution technology may be considered basically scale-neutral, access to rural resources—particularly land—has been a key determinant of the equity of agricultural growth. Many of Asia's strong economies - Japan, Taipei, China and the Republic of Korea - had major land reform programs that led to equitable

agricultural growth. To ensure such broad-based agricultural development, the study urged policymakers to ensure more equitable access to land for both men and women farmers. This may require land reform where appropriate, the introduction of efficient markets for sale and lease of land if possible, and the provision of secure ownership and tenancy rights as needed. (*Asian Development Bank, Rural Asia: Beyond the Green Revolution, 2000.*)

4.3 In the 200-Village Project, ANGO and its partners have found that there is a positive correlation between food security and access to land. Among the four categories of food security groups in the participating countries, the food secure group has the largest percentage of owner-cultivators at 70% of respondents. The highest incidence of owner-cultivators in a food secure group is found in Thailand at 79%, while the lowest may be found in the Philippines at 29%. Conversely, the food secure category had the smallest number of share tenants and leaseholders among the four subgroups at 7%.

Further, the 200-Village project found that, even among the households who do not own their own land, the food secure groups have better leasehold arrangements than the other categories. Forty-seven percent (47%) of the food secure groups in the five countries have leasehold arrangements that are better than a 65:35 sharing arrangement (65% to the farmer-tiller). The food secure group in Thailand has the highest incidence at 82%, followed by the Philippines at 59%. In contrast, the respondent-households in Bangladesh have the least favorable leasehold arrangements with some 73% of all respondents forced to endure a 50:50 leasehold sharing.

4.4 The 200-Village Project also found that, with the exception of the Philippines, agrarian reform programs appear to have had minimal impact in terms of land acquisition by the rural poor. Only 4% of the food secure groups had acquired their farms through agrarian reform while 8% of the highly food insecure category acquired their lands in the same manner.

Instead of agrarian reform, purchase and inheritance are the principal mechanisms for land acquisition by the majority of respondent-households. Twenty-one percent (21%) of food secure households acquired their farms through purchase while 48% acquired land through inheritance

4.5 There is also the emerging trend of land reform reversal, where farmers are mortgaging their newly acquired lands to traders, agribusiness corporations and similar interests. This trend, which is gathering momentum in the Philippines, is the result of government's inability to provide vital support services – that is, farm-to-market roads, irrigation, extension and credit – to agrarian reform beneficiaries.

4.6 There is widespread disappointment with the decline of political will by governments to carry out the agrarian reform and rural development agenda, in spite of the continuing urgency and clamor for its implementation. Civil society organizations and NGOs have taken the lead in continuing to focus on agrarian reform and rural development as a priority in national and international development agenda; otherwise, justice and equity issues would not be addressed.

Civil society initiatives towards ensuring fuller and more equitable access to land, water and other natural resources are found at local or national level throughout the countries of the Asian region. At the same time, civil society organizations realize the tenurial reforms must go hand in hand with the provision of services for beneficiary development, such as sustainable agriculture, that can allow the poor maximize their production and incomes.

4.7 Given the above, Asian NGOs urge the ADB to take the following minimum positions to further agrarian reform among its member countries:

- Advocate for the immediate enactment and implementation of comprehensive agrarian reform laws based on the principles of land redistribution and equitable access to resources, land to the tiller and the landless, genuine people's participation, and adequate support services.
- Advocate for the immediate implementation of all existing pro-poor land reform laws already in place, however imperfect such laws may be. It should be noted that many land-related reform laws already exist but are often ignored or consciously not implemented.
- Give priority support to implementation of land reform measures among self-organized rural communities, who tend to be better prepared for collective and productive work, and for receiving external support services.
- Provide support for direct peoples' initiatives at agrarian reform, such as land-gift movements, collective land acquisition and farming and similar activities.

5. "PRO-POOR" ECONOMIC GROWTH AND PRIVATIZATION

5.1 *ADB views the private sector not only as the engine of growth but with a direct role in poverty reduction. The private sector can participate in physical and social infrastructure, including the provision of basic services that will benefit the poor, thus freeing resources for the public sector. However, for the private sector to contribute more effectively to the delivery of such services, an enabling environment must be established and the financial sector developed. And, as the role of the private sector expands, the ADB view is that the government should shift from owner and producer to facilitator and regulator. Indeed, ADB is concerned that governments should also monitor the social impacts of privatization to see that retrenchment, redeployment or compensation programs are appropriate.*

5.2 Beyond this regulatory role, however, it would be appropriate for governments, in cooperation with ADB, to review the theory and practice of privatization, especially in the light of recent developments in the California power sector.

Privatization of the energy sector was the flagship program of the United States' domestic effort in privatization and until recently, was touted as one of its great successes. This program was piloted in California and other states of the Pacific West,

where minute-by-minute bidding for the lowest priced power supply was expected to benefit the state for years to come.

In the recent past, however, electricity costs in the Pacific West have risen between 500 and 10,000%. This drastic energy situation developed after the government privatized and deregulated the energy sector, and profit-seeking private energy companies scrimped on long-term investments in new energy production facilities (as any private corporation is expected to do).

In response, the California state treasurer has called for the return of state authority over its energy sector by creating a \$10-billion state authority that could construct power plants, take ownership of the transmission system that currently belong to private utility companies and power plants to put control of their output back into the hands of the state. Meanwhile, the North Carolina Commission has abandoned its plan to deregulate its electricity market, clearly out of apprehension of a similar experience in the future.

Factories are moving from California to Nebraska where all utility services are publicly owned, and electricity prices are 20% below the national average. Worse, California's energy crisis has had an impact on the US banking system, in particular, the Bank of America and Chase Manhattan, two of the largest financial institutions in the world.

Experience is beginning to show that privatization does not necessarily provide a universal solution to the inefficiencies associated with the public sector. Social scientists and progressive thinkers have also begun to question whether private enterprises can guarantee that the public interest will be best served when private interests take over public sector activities. Some have pointed out that the diversion of private capital from new investments to purchase public sector assets would retard economic growth rather than stimulate it. It has also been proved that, with managerial reforms, greater public accountability and a more transparent public sector, greater efficiency could be achieved by curtailing public sector waste and borrowing. (*Gomez, Edmund Terence and Jomo K.S., Malaysia's Political Economy, Politics, Patronage and Profits. Cambridge University Press, 1997.*)

Moreover, since only profitable (or potentially profitable) enterprises are attractive to the private sector, it is only these that the government is able to privatize. Any reduction of fiscal deficits because of the revenue generated from the divestment of state assets will only be temporary since the public sector would lose income from the more profitable public enterprises that have been privatized while still being burdened with financing the unprofitable ones that remain unprivatized. Hence, privatization undermines the potential for cross-subsidies within the public sector.

The substitution of a private monopoly for a public one through privatization does not increase competition and hence does not necessarily lead to greater efficiency or cheaper and better-quality services. Instead, it has been argued that privatization has adverse effects on the interests of the public, especially poorer consumers, to whose needs the public sector has been more sensitive. Since privatization gives priority to profit maximization at the expense of social welfare, only profitable new services are likely to be introduced rather than services needed by the poor and those without political

influence. Thus, privatization may lead to increased costs of living and poorer services and utilities, particularly in remote and rural areas.

In certain instances, two sets of services have emerged as a result of privatization: one for those who can afford the privatized services and the other for those who can not and therefore have to continue to rely on public services, e.g., medical services and education. This has meant that with the privatization of public enterprises, the quality of service to the public has diminished considerably.

6. COMMUNITY ENTERPRISE MANAGEMENT

6.1 *ADB believes that growth can reduce poverty by generating employment and incomes, and labor-intensive growth can reduce it even faster. Thus, ADB considers policies that encourage labor-intensive growth to be powerful pro-poor measures. Such policies include, in particular, the removal of market-distorting interventions, such as overvalued exchange rates, import and/or export restrictions, credit subsidies, and reliance on state-owned enterprises. Other policies that fall in this category are the development of a conducive environment for the private sector, and programs (e.g., microfinance and “workfare”) aimed at increasing employment and income generating opportunities for women and other groups that may be outside the formal labor force.*

6.2 Asian NGOs find agreement with much of the above. However, the continuing relentless pursuit of economic growth and the unhampered intrusion of capital into investment areas have uprooted Asian people from their livelihood and communities. As a result, there is a breakdown in community life as traditional bonds are replaced by consumerist values.

In the light of the above, NGOs are experimenting with “community social enterprises”, an alternative paradigm that operates within the economic framework of community and places people at the center of its efforts.

Community Social Enterprises involve the implementation of sustainable livelihoods in the village. Sustainable livelihood refers to the means by which a community meets its basic needs for food, shelter, clothing, security, recreation and spiritual upliftment, as well as management of its resources.

6.3 Community Enterprises are organizational entities that provide economic and social benefits for a group of beneficiaries through livelihood undertakings. They differ from mainstream business enterprises, not so much in their search for operating profits and socio-economic gains, but in the distribution of these profits and gains to the disadvantaged and poorer sectors of society. At the same time, they give equal importance to the ecological soundness of their chosen livelihood as well as to their contribution to the quality of life and well being of the community as a whole.

This alternative paradigm of Community Social Enterprise is based on the following principles:

- Equity with growth. People-centered development is not anti-growth; it calls for a selective kind of growth that emphasizes equity and overall increases in community well being, gives preferences to dispossessed people, and restores the environment.
- Full accountability. A community-based development model recognizes the capacities of people to manage their resources and surroundings in a sustainable way. It reaffirms the kind of community life where people observe greater accountability for their actions. This requires a community-based accounting system that takes into account the aggregate human productive activities over a given area, where the household, firm and other entities are subsumed. Unlike conventional GDP accounting, a community accounting model uses the household as its basic unit, assigns variables to all community resources and takes into account the social and environmental costs of production.
- Holistic and self-sustaining. Community enterprises seek to redefine the development agenda in terms of the pursuit of transformation, rather than the search for growth. Development is defined as equity-led growth, while the path towards equitable growth is holistic, self-sustaining, participatory and people-centered.
- Participatory, bottom-up decision-making. In developing sustainable livelihoods, communities should formulate plans with broad participation. They should focus on consistency with basic needs, preservation of their resource base, use of environment-friendly technology, wide distribution of benefits and harmony with cultural and religious values.
- Productivity linked with people's well being. A community-based economy links productivity with the well being of households, and not of corporations. It values livelihoods for their true income, rather than as mere "labor" or an expense of production. It seeks to restore balance in the community environment as a life-support system rather than as a free resource of nature to be exploited.
- Emphasis on agriculture. Livelihood programs should be tied closely to agriculture, since this continues to be a major contributor to many local economies and the main source of livelihood for rural poor populations. However, a similar emphasis should be given to non-farming rural activities as a source of alternative livelihood.

7. COMMUNITY RESOURCE MANAGEMENT

7.1 *ADB is aware that environmental considerations, including natural resource management, are key elements in sustainable economic growth, that growth would be short-lived if it does not conserve the natural environment and resources. The natural environment is of crucial importance to the poor because so many of them depend for their survival on a fragile, and usually dwindling, resource base.*

For this reason, ADB support will increasingly address the critical issue of sustainable resource management. This will entail special emphasis on the rights (and responsibilities) of indigenous peoples and traditional users. In turn, this may require support for tenurial rights and traditions and for moving from government control to co-management by government and the people who depend on the resources. At the policy level, ADB will continue to support governments in developing, in a participatory manner, master plans for effective management of critical water, forest and marine resources.

7.2 While Asian NGOs are in basic agreement with the above strategy, this should be implemented in a manner that is consistent with Asian values, particularly the values of spirituality, community and a bonding to place or habitat, which are the central values that have unified Asian cultures over the centuries.

These values remain strong in many traditional societies. They are basic to the Asian belief that balance and harmony should govern relations among humans, with the individual interest subordinated to the community interest. These same values of balance and harmony governed relationships between humans and nature in traditional Asian societies. These are manifest in countless cultural norms, such as the injunction that, when a tree is harvested, two must be planted. Where nature has been scarred, it must be given time and opportunity to heal. Where large-scale technologies are invoked, as they were in massive Asian irrigation systems, they must work in harmony with natural forces.

A balanced and harmonious relationship between human communities and their natural environment is strongly associated with a reverence for the spiritual unity of life and a strong bonding to community and place. It is a symbiotic relationship in which the individual exists and functions as integral to the whole. The related sense of social and spiritual union is likely to be most fully developed within communities that share a strong link to the regenerative gifts of their natural habitat. Such communities almost universally develop cultural values that maintain a sense of continuity linking both past and future generations to physical place.

7.3 The experience of many Asian NGOs indicate that upland dwellers can take control of their own production through the mechanism of community-based natural resource management. Resource management initiatives, which correspond with the local ecological system, the cultural environment and indigenous knowledge, are most successful when the people themselves have a central role in their own development and respond to a felt need of the community.

As an alternative paradigm, Community-Based Natural Resource Management is based on the following key principles:

- Recognition of community stewardship of the land, fisheries, forest and other natural resources;
- Recognition of the people's role as guardians of an environmental stewardship ethic;
- Recognition that spirituality and culture provides a useful framework for the resurgence of this common tradition of environmental stewardship;
- Promotion of self-sufficiency;
- Recognition of security of land tenure as a basic precondition of sustainable land resource use; and
- Need for a highly developed sense of social equity.

8. AGRICULTURE AND RURAL DEVELOPMENT

8.1 *ADB is aware that most of the region's poor live in rural areas and their quality of life lags far behind those in urban areas. Despite increasing urbanization and a wide range of poverty reduction programs, the number of rural poor in most countries continues to grow. However, sustained economic growth in rural areas is likely to have a much higher impact on job creation than equivalent urban growth. This fact, along with the generally low levels of investment in rural development, provides a compelling reason for ADB to reverse its recent drift away from the rural sector. In particular, ADB will give greater emphasis to development of agro climatic areas that have been bypassed by green revolution technology. ADB will also give greater attention to the social, environmental and institutional factors necessary to enhance efficiency and productivity in all areas of agricultural production, and associated non-farm activities. Likewise, ADB will vigorously seek new ways to promote private sector activity in rural areas.*

8.2 While Asian NGOs are heartened by ADB's decision to reverse its recent drift away from the rural sector, we are concerned that the Bank's efforts should not be in support of the Green Revolution and its unsustainable technology package.

In the struggle to feed millions of people adequately, Asian governments have increasingly adopted the high-yield, high-input agriculture systems practiced in the West. Unfortunately, mounting evidence collected over the last few decades points to the fact that Third World confidence in high-yield, variety-based agriculture has been misplaced. After experiencing dramatic increases in yields, Asian farmers have realized that they needed ever-increasing doses of chemical fertilizers to maintain the same harvest levels since these very same chemicals reduce the soil's nutritive capacity. The introduction of highly toxic pesticides has also brought collateral damage - killing beneficial organisms, polluting vital drinking water supplies and impairing human health.

Asian farmers have been affected in other ways: (i) the Western model of high-yield agriculture has necessitated larger-scale farming, and (ii) the lure of fast-track economic gain has motivated entrepreneurs to replace household food crops with high-value cash crops for export. These factors, have driven away growing numbers of the rural poor population from their lands, and reduced the already-meager food on their tables. Consumers also have not been spared as chemicals have found their way up the food chain.

8.3 After years of heavy use of chemical fertilizers, the soil's fertility has declined, necessitating the progressive application of more fertilizer to obtain the same farm yields. The effects of pesticides have been even more sinister. Beneficial insects and organisms, which help control the proliferation of destructive pests, were needlessly exterminated while the offending insects soon became immune to the toxic chemicals. With "monocropped" fields providing an ideal breeding ground for pesticide-resistant insects, crops became even more vulnerable to infestation despite increasing applications of pesticides.

Intensive use of agrochemicals has also caused varying degrees of soil erosion. Some 8.1 million hectares of Philippine croplands are eroded; of this, only 5.8 million hectares are still considered to be suitable for cultivation. In Thailand, 39 million rai (over a quarter of total agricultural land) suffer from severe to very severe erosion. India's problem is just as serious: 6,000 tons of precious topsoil are lost every year to erosion, and with it, an estimated 5.37 million tons of chemical fertilizers. Meanwhile, the huge demand of the new seeds for water has resulted in water logging, increased soil salinity and, in extreme cases, desertification.

Part of the price that has been paid for the Green Revolution is the cost of extinction. Within the short period of time that it has been adopted in the Third World, the Green Revolution has decimated scores of indigenous crop varieties and rare plant breeds that have evolved over thousands of years, and which represent the life's work of many generations of Third World Farmers. For example, only 10 of the 5,000 indigenous rice varieties grown in Thailand before the introduction of HYVs can still be found in the country. The many wild and locally-developed varieties of durian, bananas, mangoes and other fruits have disappeared, as have hundreds of medicinal plants. The same is true in the Philippines and Sri Lanka where only a few remain of the almost 3,000 rice varieties that existed before the Green Revolution.

The implications of this genetic erosion on the future of agriculture in Asia and the rest of the world cannot be over-emphasized. When we talk about traditional varieties and rare breeds disappearing, we are really talking about extinction - the permanent loss of genes - sometimes, the very genes that plant breeders may need now, or a hundred years from now, to rescue a crop from disease or adapt the crop to new human needs. The loss of genetic diversity limits the evolution and development of agricultural crops. It narrows and eliminates options for the future.

8.4 Future technology development must not follow the Green Revolution model. Instead, the development of future agricultural technology, particularly for the crops of the poor and for less favored areas, must be consistent with the philosophy and principles of sustainable agriculture (SA).

When the Green Revolution engulfed Asia, it displaced existing indigenous systems of agriculture. Knowledge became centralized and homogenized. And this centralized power has since become a form of domination over farmers. This technological displacement led to cultural and spiritual displacement, with peasants and indigenous peoples alienated by the mechanization and "chemicalization" of agriculture.

Tribal communities are the cultural bearers of what has come to be increasingly known and respected in the academic and development communities as Indigenous Knowledge Systems (IKS). NGOs in Asia recognize that for agriculture to be sustainable and technology to be viable, they need to be more sensitive to the culture and knowledge of the people. Indigenous cultural communities and peasants do possess their own innovative capacities and farming systems that are highly attuned to ecological factors.

SA practitioners in Asia have incorporated IKS in their farming methods and are trying to promote various farmers' innovations in their own countries. Piloting, field demonstration, and the conduct of exposure visits are some approaches that have proven to be effective in spreading IKS and farmers' innovations. The Mag-uugmad Foundation in Cebu, Philippines suggests a *one-technology approach*, where technologies are introduced one at a time so as not to overload or confuse the villagers. "Teaching by showing" is also an effective means of promoting technologies. The Centre for Environment Technology Development Malaysia (CETDEM) started an organic farm that served as a model farm to promote sustainable agriculture. Following CETDEM's lead, similar farms were put up in other parts of Malaysia. Thai NGOs promote sustainable agriculture by organizing farm visit tours and documenting and publishing case studies.

Farmers' networks improve dissemination of information and training. In Sri Lanka, the Network of Organic Farmers disseminate information on organic farming, train farmers in organic farming techniques, and encourage farmers and consumers to support organic agriculture. The Alternative Agriculture Group (AAG), an NGO network in Thailand, has been a major forum for the sharing of experience and discussion among NGOs.

Some Asian NGOs employ Participatory Technology Development (PTD) strategies to identify appropriate farming technologies. The PTD approach, which engages the farmer in the evolution of new technologies from the very beginning, results in faster adaptation by farmers since the latter would have been involved in all the key decisions from the beginning, all parties speak the same language, and the examples used emanate from the same cultural and ecological context.

In the course of their involvement, farmers become aware of the problems inherent in the adoption of certain technologies. With the participation of the farmers, NGOs redesign

farming systems that are more appropriate to the socio-economic conditions of the villagers, including the best cropping patterns and practices existing in their area. Studies are also conducted to determine the comparative performance of preferred practices with proposed innovations. Farmer-conducted experiments have proved to be ideal because (a) these enhance the research capability of the farmers and (b) the final design incorporates the technological options preferred by the farmers.

A number of farmers' organizations and cooperatives have also set up Farmer Field Schools on Integrated Pest Management (IPM). Instead of the traditional short-term methods that have farmers listening to lectures, these IPM schools have trainers working alongside farmers in the fields. The trainers, some of whom are farmer-leaders themselves, spend the entire cropping season with the farmers. Through direct experience in the fields, farmers learn the technologies quickly and are able to improvise and share their own knowledge as they go along.

9. MICROFINANCE AND POVERTY REDUCTION

9.1 *ADB has long supported the development of the financial sector in borrowing countries. In the past, attention has been focused primarily on the role of major financial institutions and their capacity to support investment and growth. While the ADB will continue its interest in this area, ADB will greatly increase attention to microfinance because of its relevance to the poor and to poverty reduction. The major challenge confronting microfinance is the urgent need to build the capacity of service providers while maintaining the necessary financial standards and discipline. The lack of financial technology and a sustainable institutional mechanism to reach those in resource-poor areas and the poorest of the poor also presents a significant challenge. ADB will have to promote a wide range of institutions and adopt a multi-pronged approach to meet these challenges.*

9.2 While Asian NGOs are heartened by ADB's increased support to microfinance, expectations regarding the impact of microfinance, particularly among the poorest of the poor, need to be tempered. According to recent IFAD documents, there is growing evidence that the programs have failed to reach the poorest of the poor. This may be because the poorest of the poor: (a) do not have membership in credit NGOs; (b) do not have access to land and a homestead; and (c) are prevented from participation by illness and dropout. It is also possible that NGO stress on financial sustainability tends to exclude the poorest who increase financial costs.

This conclusion is supported by findings from the 200-Village Project, which indicate that highly food insecure households (i.e., the poorest of the poor) do not (or could not) avail of loans.

9.3 Recently, donors have become increasingly reluctant to support expenditures in organizing and social infrastructure building among the target clients of microfinance

schemes. As a result, microfinance NGOs are now being forced to subsidize these social preparation activities.

These social preparation activities are not only critical in terms of beneficiary participation; they are essential to the success of the microfinance program. For example, delegating the functions of credit delivery and collection can reduce the costs of the microfinance NGO and relieve the workload of field staff, thereby allowing them to increase their client reach. Further, letting clients evaluate and monitor other clients can also facilitate the gathering of information necessary to evaluate the credit worthiness of potential clients.

However, the goal of social preparation is not limited to the development of an extension structure among the target clients for the reduction of costs and risks. The ultimate goal is the formation of an autonomous grassroots microfinance institution (e.g., a savings and loan association or a cooperative), which goes beyond (both qualitatively and quantitatively) what is required in building a client-based credit delivery system.

Organizational development inputs become even critical and time frames for the establishment of the client organizations will necessarily be longer. These have significant resource implications for the implementing NGOs.

10. GENDER AND DEVELOPMENT

10.1 *ADB is aware that, in many societies, women suffer disproportionately from the burden of poverty and are systematically excluded from access to essential assets. Improving the status of women thus addresses a priority area of poverty and provides important socio-economic returns through reduced health and welfare costs and lower fertility and maternal and infant mortality rates. Giving women voice and promoting their full participation make an important contribution to the overall development of society. Investments that provide women with access to education, health care, employment, and financial services will constitute a substantial part of ADB's interventions for poverty reduction. Stand-alone projects or project components targeting women will be designed and implemented. Such interventions will be required as long as structural constraints and barriers restrict women's participation and access. This is especially true where cultural traditions dictate the segregation of sexes or in situations where women require special assistance to enable their full participation in economic and social activities. Improving the status of women is central to any strategy to reduce poverty in the region.*

10.2 Asian NGOs welcome the importance given by the Bank to improving the status of women. In addition to the above, women suffer from a shortage of time because of their triple roles: childbearing and -rearing, family and household management and production or income generating activities. A recent UN study reports the results of time-use studies that, in almost every country, women spend more hours than men in work – paid and unpaid. And as demands on women's time increase, they share their work with

their daughters and with other children; however, very rarely are household responsibilities transferred to men. (*Human Development Report 1997, United Nations Development Programme, New York, Oxford University Press 1997*)

This shortage of time represents a serious constraint to women's participation in anti-poverty and development programs. In the past, development programs that seek to enhance the participation of women have tended to increase women's existing burdens even further because of their resulting involvement in these programs.

Development programs that target women should therefore formulate strategies to reduce the added burdens to women that result from their involvement in these programs.

11. CIVIL SOCIETY PARTICIPATION IN ADB COUNTRY PLANNING

11.1 *Two major processes – poverty analysis and country operational strategy - translate ADB's Poverty Reduction Strategy into operational terms at the country level.*

Since poverty causes and characteristics differ from country to country, the starting point must be a comprehensive examination of the constraints and opportunities for poverty reduction in each country. This will require understanding the nature, intensity and spread of poverty; the distributional effects of macroeconomic policies; the focus and efficiency of public expenditures; and the effectiveness of government programs and institutions. Here, participatory assessments and consultations with civil society leaders will be used to provide a picture of the quality and accessibility of basic services, poverty reduction programs and the legal system. In view of the growing importance of civil society and the private sector, their full involvement in this analysis is essential.

A high-level forum to be organized and led by the government – the key stakeholder – will be held to discuss the findings of the poverty analysis. NGOs and community-based organizations, the private sector, ADB and other donors will also participate. The purpose of the forum will be to discuss the causes and effects of poverty, and the activities that will have the greatest impact on poverty. ADB's country operational strategy will then be formulated on the basis of the priorities emerging from the poverty analysis and the high-level forum. The strategy will provide the analysis and set out the areas of focus, including policy reforms and sectoral emphases.

A partnership agreement between the government and ADB will be finalized to endorse the analysis and focus of the country operational strategy. Based on the inputs of government, civil society and funding agencies, the agreement will formalize a sustainable partnership setting out a long-term vision and agreed targets for poverty reduction. The agreement will also incorporate mechanisms to review performance, highlighting key indicators and institutional milestones necessary to monitor progress.

11.2 It will be interesting to see how ADB will ensure the **meaningful** participation of civil society in these in-country planning processes. Most Asian governments have official policy pronouncements that recognize the role of NGOs and the voluntary sector.

But in many instances, actual government practices contradict with official declarations and commitments on popular participation and people empowerment. Legal restrictions are imposed on the official registration of societal groups and NGOs. Stringent controls are placed on funding, particularly those obtained from foreign donors. Restrictions on travel, both within and outside the country, close monitoring and, at times, prohibition of certain NGO activities - all serve to hamper the evolution of real people's participation (see Annex 1).

In many Asian countries, an inhospitable policy environment still effectively curtails NGO action. In countries where voluntary action is tolerated or even encouraged, NGOs often risk being co-opted by government and rendered ineffective.

NGOs dedicated to increasing productivity and income at the grassroots level are often frustrated by the lack of convergence, indeed by the outright inconsistency between micro and macro efforts. Any improvements in the conditions of living of the poor through community enterprises are often eroded by the effects of structural adjustment programs that governments carry out precisely in the name of development. In a very real sense, where micro-macro development linkages are concerned, the former serves as the poor's only safety net against the latter.

11.3 During project implementation, experience has also shown that meaningful beneficiary participation can only occur when it is fully understood and incorporated into the mind-set of government officials operating in the field.

Beneficiary participation is difficult to implement in situations where performance targets for government workers have been predetermined from above. A change in this situation requires modifications in the current procedures for the design of development projects and consequently, a shift in the requirements and procedures of donors who provide support these development projects.

11.4 It is also very difficult to implement poverty alleviation programs successfully within the same archaic bureaucracy of governments. For this reason, poverty reduction programs may require a totally new delivery system. As pointed out by Professor Yunus of the Grameen Bank,

“ ... A delivery mechanism which is entrusted to deliver all kinds of goods to all kinds of people will always cater to the richest and powerful among the clientele. Specialized delivery mechanisms for poverty-focused programs will require specialized people starting from the planning and designing level down the person-to-person contact level in the field. If one accepts the proposition that poverty focused programs are a new breed of program, one has to agree that they need a new breed of people to put them together and to manage them. It is another inexorable law of nature. If one has to deliver anything to the poor, the delivery mechanism has to be designed and operated exclusively for the poor. There are no two ways about it. “

12. CONCLUDING REMARKS

We acknowledge the renewed initiative shown by the Bank through its adoption of poverty reduction as its overarching objective.

In implementing this objective, one challenge for the Bank lies in the development of creative processes to involve civil society and the poor in country-level planning programming, especially in member-countries where governments appear reluctant to include NGOs in national development planning. This will have institutional implications for the Bank as, on the one hand, it pursues its commitment to sustained dialogue with NGOs while, on the other hand, maintaining the primacy of its relationship with DMC governments.

However, the major continuing challenge for ADB is how to incorporate – in a significant and meaningful way - the perspectives and values of the poor, its avowed primary clients, into the processes of policy formulation and project design, implementation, monitoring and evaluation.

Of particular importance is the integration of beneficiaries and other major stakeholders in the monitoring and evaluation mechanisms for projects, not only as sources of information but as active participants in the process, including being part of the decision-making on determining indicators on participation, both quantitative and qualitative, as well as key result areas and success indicators.

Finally, Asian NGOs are hopeful that, even as the rhetoric of reform has now entered the language of the Bank, the reality of reform will soon take root among its staff and decision-makers, as well as in actual practice in the field.

Annex 1
LAWS AND REGULATIONS ON NON-GOVERNMENTAL ORGANIZATIONS IN SELECTED ASIAN COUNTRIES

Country	Salient Features of Existing Laws and Regulations on NGOs
<i>Bangladesh</i>	<p>1961: The Voluntary Social Agencies Ordinance specifying that all voluntary agencies must register and be approved by the Registration Authority; this body also has the powers to: (a) approve the constitution of agencies and all amendments thereof; (b) inspect all books of accounts and other records of the agency; (c) suspend or dissolve the agency for failure to comply with ordinances.</p> <p>1978: Foreign Donations Regulation requires NGOs to report any foreign aid received and obtain prior approval of foreign-funded activity.</p> <p>1982: ordinance No. XXXI prohibits any citizen or NGO from receiving any foreign aid without prior permission; also, donors must obtain prior government approval for any foreign contributions to any citizen or NGO.</p> <p>1983: Nira-III of the Security Branch of the Ministry of Home Affairs sets the procedure governing foreign donations.</p>
<i>India</i>	<p>Five-Year Plan recognizes the role of voluntary organizations.</p> <p>1984: Foreign Contributions Regulation Act requires NGOs that receive foreign aid to register with the Ministry of Home affairs.</p>
<i>Indonesia</i>	<p>Law No. 2-1982 recognizes the roles of NGOs in addressing environmental and development problems.</p> <p>Law No. 8-1985 on Social Organization stipulates: (a) State ideology of <i>Pancasila</i> be the guiding principle of all social organizations; (b) Obligatory registration of social organizations; (c) Social organizations must report and receive approval of foreign aid; (d) An umbrella organization be set up to coordinate the activities of social organizations; (e) Social organizations operating at village level coordinate the activities with the LKMD; and (f) Government can suspend and dissolve social organizations.</p>
<i>Malaysia</i>	<p>Societies Act of 1966 specifies that all social organizations must register and be approved by the Registrar of Societies</p> <p>1983: Amendment to the Societies Act stipulates: (a) social organizations must report all foreign financial and organizational assistance to the Registrar; (b) registrar is authorized to: forbid foreign contract; conduct searches of social organizations without a warrant; remove members from social organization's Board of Directors; dissolve social organizations.</p>
<i>Nepal</i>	<p>1992-97: Eighth 5-Year Plan recognizes the NGO role; to help increase NGO effectiveness, the Plan stipulates that the government will: (a) define specific areas and sectors where NGOs have a comparative advantage; (b) simplify rules and regulations for NGO registration and organization; (c) modify tax laws.</p> <p>1993: Amended Social Welfare Act changes the (former) Social Services National Coordination Council (SSNCC) into the Social Welfare Council and stipulates that NGO membership in SWC is now discretionary.</p>
<i>Pakistan</i>	<p>1961: Similar to the Voluntary Social Agencies Ordinance of Bangladesh.</p> <p>1962: Rules issued on the Voluntary Social Agencies Ordinance stipulate specific requirements and procedures covering agency registration, maintenance of accounts and registers, change of address, etc.</p> <p>1987: Memo NO. 150 of the Economic Affairs Division creates a Standing committee to review all proposals for funding of NGOs from foreign assistance funds.</p>

<i>Philippines</i>	<p>1987: Section 23, Article II of the Philippine Constitution states that “the State shall encourage NGOs, community-based or sectoral organizations” while Article XIII on the “Roles and Rights of People’s Organizations (POs)” stipulates that: (a) the State shall respect the role of independent POs; (b) the right of the people and their organizations to effective and reasonable participation at all levels shall not be abridged; (c) the State shall, by law, facilitate the establishment of adequate consultation mechanisms.</p> <p>1989: NEDA Board Resolution No. 2 provides guidelines for GO/NGO Collaboration, including: accreditation for program participation; availment of tax exemption, funding support and incentives to NGOs, and provision of mechanisms for GO/NGO collaboration.</p> <p>1991: Article III, Chapter IV of the Local Government Code spells out the following policies for NGOs and POs: (a) local government units shall promote the establishment and operations of POs and NGOs to become active partners in the pursuit of local autonomy; (b) local government units may enter into joint ventures and other cooperative arrangements with POs and NGOs to engage in the delivery of certain basic services and enhance the economic and social well-being of the people.</p>
<i>Sri Lanka</i>	<p>Voluntary registration for groups seeking legal status through CAP 105, Trust Act with Public Trustee, Company Act NO. 17/1982, Voluntary Social Service Organizations Act of 1981.</p>
<i>Thailand</i>	<p>While the law recognizes NGOs as non-profit organizations, these are classified further as foundations or associations. Applicant-organizations must stipulate that they will not be involved in politics. Foundations, even when registered, do not automatically receive tax-exempt status.</p>