

9 July 2001

Dear Sirs/Mesdames:

**Subject: ADB's Response to the "People's Challenge to the Asian Development Bank"**

I am writing in response to the "People's Challenge to the Asian Development Bank," a compilation of demands endorsed by your organization and given to me in Honolulu on May 9<sup>th</sup>. I appreciate your keen interest in ADB's activities and in the critical issues at stake in development in the Asia and Pacific region. In particular, I accept your call for genuine dialogue.

The "People's Challenge" raises many specific topics. I would like to address some of them here, and encourage you to contact the concerned ADB personnel to follow up on the others, particularly project-specific issues, while my staff will also continue their efforts to respond to your inquiries and concerns.

A variety of mechanisms are in place to ensure the quality of ADB assistance, to monitor environmental, social and economic impacts and costs of all ADB projects and programs, and to reflect in our assistance plans and project and program designs the valuable lessons learned from past experiences. These include a newly established Board Development Effectiveness Committee and various evaluation studies conducted by the Operations Evaluation Department. The Anti-corruption Unit in the Office of the General Auditor has been investigating ADB activities in response to request from stakeholders and civil society. We work with civil society, including NGOs, through country programming as well as project processing and implementation to reflect the concerns of stakeholders. In fact, more than half of projects and programs approved in 2000 were processed and /or implemented in cooperation with NGOs.

ADB provides developing member countries with technical assistance focusing on national external debt management, and provides recommendations and advice, as necessary, to Governments on external debt management based on macroeconomic studies at country, sub-regional and regional levels. As for ADB's own loans, we always take into account each developing member country's external debt positions and capacity to repay in preparing the country assistance program and loan processing. In addition, we have annual portfolio review exercises in each country to consolidate their borrowings from ADB and encourage sound debt management.

ADB, as its Charter stipulates, is a development bank for the Asia and Pacific region with a multilateral character based on regional and non-regional representations. Various mechanisms have been set to reflect the needs of its developing member countries in its policies and operations, especially the needs of the smaller or less developed countries in the region. We have adopted several policies, strategies and procedures to ensure good governance, transparency and accountability within the institution and its operations. ADB imposes the same high standards upon itself that it expects of its borrowers.

Since the Poverty Reduction Strategy was adopted in November 1999, ADB's overarching goal has been to reduce poverty in the region. Our Poverty Reduction Strategy seeks to involve stakeholders in poverty analysis and in the high-level poverty forums that will lead to the adoption of country operational strategies and partnership agreements. ADB will build on the work of other agencies and NGOs, and expand coordination with these partners.

We stress that our resettlement policy and our policy dialogue with governments strive to ensure that those who must be resettled receive adequate compensation, and are at least as well off as before. In the few cases where resettlement programs have not been as successful as hoped, we are working with governments and the affected people to rectify problems. In such cases, NGOs, through their extensive contacts with local communities, have been helpful in identifying issues of concern.

ADB's Private Sector Strategy is designed to contribute to the economic development of our Developing Member Countries and to ensure an equitable distribution of the benefits of private sector contributions to development. It is based on good corporate governance, environmental responsibility and socially responsible investment. Among the objectives of our assistance to private sector development is to create a favorable business climate in which all firms — local firms and entrepreneurs as well as foreign investors — can prosper and contribute to job creation.

We are pleased to have contributed to the work of the World Commission on Dams as a member of the commission's forum, a participant in the thematic review and a contributor to the commission's knowledge base. We are currently in discussions with our Developing Member Countries concerning the Commission's findings and recommendations on strategic priorities, best practices and institutional responses to see how we might work together in applying the actions advocated by the Commission. These efforts focus particularly on the need to gain public acceptance, assess options comprehensively, address the impacts of existing dams, recognize entitlements and share benefits, ensure compliance, and share rivers in a sustainable development context.

As you know, ADB has established an institution-wide NGO Network to strengthen relations with civil society on policy dialogue, programs and project operations. This Network comprises designated NGO liaisons ("anchors") in ADB Headquarters, resident missions and representative offices. The NGO Center, located in the Office of Environment and Social Development, coordinates the Network while serving as the focal point for ADB contact with nongovernment organizations.

To those who joined us in discussions at our Annual Meeting, I wish to thank you once again for your constructive input and dedication to improving the lives of the poor in Asia and the Pacific. To all of you, I look forward to a continuing dialogue between ADB staff and your organizations.

Yours sincerely,

Tadao Chino  
President

## Distribution list:

Mr. Wacharin Uprajong, Northern Farmers Alliance, Thailand  
 Kanchanaburi Conservation Group, Thailand  
 Bor Nog Conservation Group, Thailand  
 Ban Krud Natural and Conservation Group, Thailand  
 Klong Dan Local Community Projection Group, Thailand  
 Isaan Farmers Cooperative Federation, Thailand  
 Committee for the Solution of Farmer's Problems, Chiang Rai  
 Committee for the Solution of Farmer's Problems, Payao  
 Local Theatre Project, Thailand  
 Four Regional Alternative Agricultural Network, Thailand  
 Northern Farmer Network, Thailand  
 Kok-Ing-Nan River Network, Thailand  
 Mae Thood River Network, Lampang  
 Mae Mog River Network, Lampang  
 Mae Soi River Network, Lampang  
 Isaan Forest and Land Network, Thailand  
 Thai Network for People Living with HIV/AIDS, Thailand  
 Isaan River Network, Thailand  
 Chiang Mai Consumer Network, Thailand  
 Women Rights Network, Thailand  
 Chiang Rai-Payao Rural Women Network, Thailand  
 Labor Network, Thailand  
 Four Regional Slum Network, Thailand  
 Chiang Mai Community Network, Thailand  
 Media Center for People, Thailand  
 Eastern Farmer Network, Thailand  
 Southern Local Fisherman Federation, Thailand  
 Student Federation of Thailand  
 Committee for Natural and Environmental Conservation 16 Education Institute,  
 Thailand  
 Assembly of Isaan Farmer, Thailand  
 Assembly of Cassava Planter, Thailand  
 Assembly of Indigenous People, Thailand  
 Assembly of the Poor, Thailand  
 Assembly of Moon River Basin, Thailand  
 Group for Save Wand River, Thailand  
 Nam Ping River Community Forest Network, Thailand  
 Love Muang Nan Group, Thailand  
 Assembly of Northern Community Forest, Thailand  
 Ms. Ravadee Prasertcharoensuk, NGO-Coordinating Committee for  
 Development (NGO-COD), Thailand  
 Ms. Maria Teresa Pascual, Freedom from Debt Coalition, Philippines  
 Ms. Beverly Longid, Cordillera People's Alliance, Philippines  
 Focus on the Global South, Thailand  
 c/o Mr. Raghav Narsalay, Focus on the Global South – India Programme  
 Mr. Kunji Doi, Fukuoka NGO Forum on the ADB, Japan  
 Mr. James Arvanitakis, AID/WATCH, Australia  
 Mr. Muhammad Nauman, Creed Alliance, Pakistan  
 c/o Mr. James Arvanitakis, Global Justice Coalition, Australia  
 Mr. Takahiro Nanri, NGO Forum on the ADB (International Committee)  
 Non-Timber Forestry Project, Cambodia

Ms. Kelly Brooks, Oxfam America  
Mr. James Ensor, Oxfam Community Aid Abroad-Australia  
Ms. Aviva Imhof, International Rivers Network, USA  
Asia Pacific Movement on Debt and Development (Jubilee South AP)  
Mr. Withanage Don, Environmental Foundation Ltd., Sri Lanka  
Yuuki Miyake, ODA Reform Network, Japan  
Ms. Mihoko Uramoto, Mekong Watch, Japan  
Mr. Sam Ath Chhith, NGO Forum on Cambodia  
Mr. Sompath Somphone, PADETC, Lao PDR  
Ms. Ruchi Tripathi, ACTION AID, UK  
Mr. Suranjan Kodithuwakku, Green Movement of Sri Lanka  
Ms. Shelly Rao, Fiji Council of Churches, Fiji  
Mr. Mushtaq Ahmed, SUNGI Development Foundation, Pakistan  
Mr. Raghav Narsalay, Youth for Unity and Voluntary Action (YUVA), India