ADB

REFLECTIONS

&

BEYOND

Asian Development Bank
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Preface

A book is like a garden carried in the pocket.
An Asian Proverb

Dear Reader,

In this slim volume you will find a campfire.

Imagine a dark evening on a distant island, in a remote village, or on a barren war-torn landscape. You are quite new to ADB and you are on one of your first missions. You have had a busy day—a hard scramble from the airport across rough terrain with interpreters, papers, recorders, lists, and protocols. Your body is exhausted by the heat or stiffened by the biting cold as you dig to understand the success or failure of an ADB program.

Now, you are sitting around a fire with a handful of ADB staff past and present. You have eaten together, and in the interlude between eating and sleeping, or perhaps between eating and late night number crunching, you take a moment to unwind and the stories begin. As you listen to people who have traveled before, you are moved by their unshakable belief in the Bank and what it stands for.

Here are some such stories. Please sit with these companions. Let their reflections transport you from yesterday to beyond.

Haruhiko Kuroda
President
In line with the modesty that is a hallmark of ADB, we have chosen to identify the contributors whose memories comprise *ADB: Reflections and Beyond* by their initials. All interviewees were at pains to point out that they were part of a team. We thank all for their time and reflections.

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Prologue

We begin with two stories about storytelling: one from Management at ADB, and the other, half of a traditional tale from India.
Thinking back to when we were working in Myanmar, in 1987/1988, at that time I was a project economist working on agricultural projects. I happened to have breakfast with a gentleman who was much more senior to me and subsequently became my guru at the Bank.

While I was very focused on my specific project in Myanmar and concerned about the details of the project that were working, or not working, he told about the situation in Myanmar as he saw it; what it really meant to work with the people of Myanmar—who were so long deprived; they did not have books, medicines, or access to some basic facilities.

For me, the story he told about his work in Myanmar made things come alive and showed where my project fitted into a much larger and more complex picture than I had foreseen or understood.

Two things happened out of that. I had a clearer perspective of my project but, more importantly, I realized that development is a multidimensional set of issues rather than one project at a time. At that time, young, naïve, and foolish as I was, I thought if you did each project well they would add up to something meaningful.

I think the point of his story was that in spite of each project doing well, the entire program may fail if certain other things did not happen—which might not have anything to do with ADB. It was an extremely useful lesson for me—to be able to look at development in a much more holistic way, as interactions of various things such as people, institutions, governments, history, culture, and politics. Until then, I had thought of this as something beyond our mandate, and I think I could have read everything I wanted but not got that message as clearly as I did from that breakfast in Myanmar.

RMN
any years ago, on the day of rathasaptami, the seventh day of the month of Magha, when they take the temple chariot in procession through the streets, an old lady took a ritual bath from head to toe and performed a puja.

She had to tell someone the story of the sun god on that Sunday in the month of Magha: it was part of her observance of the day’s ritual. She sanctified rice with turmeric and, taking a handful, she set out to find someone to whom she could give the rice and tell the story. But everyone she met was in too much of a hurry.

Her sons were hurrying to the court of the local king. It was already getting late and they didn’t want the king to scold them. They waved her away, shooing her like a bothersome fly. When her sons refused to listen to her story, she went in search of her grandsons. Children always enjoyed stories, she thought. But they didn’t want to listen to the old woman’s story and ran away from her, laughing as she stumbled after them. Next she went to her daughter-in-law, but she said she was too busy; she had to attend to her baby.

So the old woman then went out of the house to the women who were washing clothes on the riverbank and asked them to lend their ears to her story. But when she arrived they were finishing their morning’s work and in their hurry to get home, they rushed past her, shouting over their shoulders how much they had to do before the end of the day, reminding her that as a grandmother her life was easy with her working days behind her.

Wherever she went, whomsoever she approached, she couldn’t find a single listener. Brahmans, woodcutters, basket weavers, washermen, potters—none of them was willing to set aside a few minutes to listen to her story.

As the story continues, each of those who refused to listen to the old woman’s story lost something that day. For some, it was the opportunity to learn, for others it was worse than that. She did eventually find a
pregnant woman whose unborn child was the only one who heard the story that day, and the information contained in the story later resulted in the child’s good fortune.

These two stories each say something about the importance of sharing a story. In the first, the power of an organizational story shared is demonstrated by the fact that its teller not only gained a clearer perspective of his project but also realized that development encompasses a multidimensional set of issues beyond the confines of the single project on which he was working, or indeed any single project. He learned, in a real way, that nothing exists in isolation. In the second story, where a woman must share a story as part of her religious observance and struggles to find an audience, we are reminded how difficult it can be to make time in our busy days to pause, reflect, and share our experiences. However, we fail to do so at our peril because we may be walking away from the very thing that may give us the solution to a problem, or lighten our load in some other way.

“Very deep is the well of the past, should we not call it bottomless?”

Thomas Mann

The well of the past is indeed bottomless, and with that understanding we are clear that this collection of memories does not constitute a history of ADB. It forms a part of ADB’s “folklore,” a term coined by W. J. Thomas in 1846, which literally means, the “learning of the people.” These extracts from the memories of 25 past and present members of Management and staff of ADB, the experiences from which these reminiscences and recollections come, throw light on shadowed places. In other words, they embody the inherited wisdom—social, personal, and moral—of the people whose world we see through the filters of their stories.

Each memory, each story, builds on the one before, revealing themes of arriving in ADB and of early experiences; of being on mission or in the office; of complex situations and tricky judgment calls; looking at
similar experiences in point and counterpoint, sometimes expressing contradictory attitudes, so memory becomes relevant to memory, interpenetrating and interpreting, and together revealing the world of ADB. Some of them are mournful; others celebratory or critical. Sometimes they are long recollections; at other times they are short. The only garnish being the folktales, proverbs, songs, and poetry from some of ADB’s members, which weave through sections of the book. In some instances, the memories themselves were turned into poems to create space around the words so they might be heard in a different way, and highlight meaning that might otherwise be lost.

There are obvious gaps in this rendering of the institutional memory of ADB, and this collection is only the beginning, the planting of the seed of an idea of a living archive: a store to which more can be added.

The book ends with extracts from Towards A New Asia by President Takeshi Watanabe, the Bank’s first president, which outlines the thinking behind the founding of ADB. First published in 1973 in Japanese under the title, Diary of the ADB President, it was republished in English in 1977. We found one copy of this work in ADB’s library.

It has been said that the “sound of story” is the dominant sound of our lives, encompassing the relatively small accounts of our day-to-day lives, to the long, sweeping narrative tales of the world’s great literary giants. So as you read these stories, allow them to throw light on your memories: the shared joys of a successful project, the challenges overcome, the things you wish you had known before, the pitfalls of which you would warn others.

ADB is both a repository of stories waiting to be told and an audience ready to listen.

To open the doors of the storehouse, the following story illustrates one of President Takeshi Watanabe’s philosophies, “Learn before you teach.”
How Many Camels Do You Have in Your Village?

I was leading an ADB team in Pakistan. It was my first visit there. We visited a rural town on the other side of a large desert. When we were traveling through the desert, it was very hot, over 50°C. In the Philippines, the hottest may be 38°C–39°C. It was the first time I realized why you have to close the window of the car; if you open it the heat comes in and you get dehydrated. But at the time, I did not believe it. Those were early days. The jeep that we used had no air-conditioning—of course, it would not.

Three of us traveled for a journey of about 8 hours. I was so innocent that we did not start traveling early in the morning from 04:00. So by 10:00, we were still traveling through the desert. We were all thirsty.

Then, my colleague said, “Mr. Morita, I know we have a problem. We do not have enough water. If you do not mind, I will stop the car. I can see an old shepherd or farmer taking care of 30 or 40 camels—some baby camels. If you would like to, we could ask for camel milk from the farmer.” I looked at my friends. They said, “Mr. Morita, if you think it is acceptable, let us do that.”

We stopped the car and my colleague negotiated with the farmer. He was so happy as, perhaps for the first time, he had seen a foreigner begging for milk. He was proud, we could see. He squeezed the milk from the camel and it came and I tried it first. I will not go into how it tasted, but I told my friends it was fine, and we took it. It tasted a lot stronger than goat milk, but for us it was life-saving.
When we had satisfied our thirst, I represented the group and extended my thanks to the farmer through the interpreter. How he replied was interesting. Back through the interpreter, he asked me how many camels I had in my village. My friends and I were laughing, but I was conscious that this was Asia and I had to be diplomatic. I replied, “I would like to have camels in my house in Japan. But in Japan the climate is so cold and during the winter we have snow so it is not nice for camels as they dislike the cold weather. Instead, we have to use cars, but camels are much nicer.”

He was happy when he found out that I had no camels. There, they measure the degree of their wealth by the number of camels. In some countries, it is by the number of cattle. He was so happy that he had 40, but I had none.

After we said goodbye, my friends in the jeep were laughing. But I said, “Wait a minute! We have to think a little. A man in this area considers that, throughout the world, wherever you go, people must have camels. That is his perception. That is his standard. That is common sense. When we talk to the people, we cannot roam their area with a different culture and environment. We have to learn from them.” That was the first point I noticed.

Then, I thought that I too was wrong. I said to my friends, “Maybe I also made a similar mistake like that old man because I said that in Japan the weather is cold, that we have the winter and snow. I was assuming already that the man, in the middle of the desert, knows what winter is. I assumed he knew what cold is. I assumed he knew what snow is. He was laughing at me and looking at it from his side, but I am also equally guilty.”

The conclusion was: I realized that working in the international community, in different areas, in different environments, we quite often do not realize the importance of subtlety in background and culture. Then, when a dialogue is started, there is often a mismatch
of discussion. If I were innocent, I would report to my boss that I mentioned what I needed to mention irrespective of whether I was understood or not. This was eye-opening to me in understanding what working in Asia means.

I tell this story as a sincere gesture of appreciation to that old man because, in a way, I owe thanks to him. If I had not met him, and he had not asked this very interesting question, I would perhaps have been unable to open my eyes to the subtlety of the differences in cultures.

NM
Arrivals

Beginning is easy, continuing is hard.
An Asian Proverb

There is excitement when we walk into the unknown: anticipation with a hint of fear. We carry our hopes and dreams with us into the future as our invisible luggage. We wonder what we will find when we arrive at our destination. Will we be up to the task ahead? Will we make a difference? Is this just a stepping-stone to somewhere else? Or would we build our careers here?

Then we step off the plane. Here we are and our senses are assaulted by the differences and similarities to where we have come from, and all the other places we’ve ever been. We take a deep breath and walk into our future.

The following memories cover arriving at ADB, first impressions, culture shock, pride, surprise, and joy.

CAME FOR 3 YEARS, STAYED FOR 23
We were not here for the money: we were here because there was a job to do and we enjoyed doing it. As I said before, I came here for 3 years and stayed for 23.

NA joined 1979 (retired)

I THOUGHT I’D ARRIVED IN HEAVEN
The way the Bank behaved then was far more personal than it is now. It had the luxury and room to be personal. I will tell one anecdote that proves my point.

After the plane touched down and came to a stop, I stepped outside the door. At that time you arrived on the apron of the airport. There was not the fancy new airport there is now. You walked down the steps and across the apron to the receiving area. As I got to the top of the steps, there were two people standing at the
bottom holding a placard with my name on it saying, “Welcome to Manila.” Actually, I think it said, “Welcome to OGC,” which is the Office of the General Counsel. I was stunned that, of all these passengers, I had a greeting party at the bottom of the steps. They met me there and said, “Welcome.”

The first words said to me by the person who met me in the airport were, “You are about to come face-to-face with the rest of humanity.”

As is typical in the Philippines, people cluster around airports, bus stations, and anything to do with travel. People come to meet and welcome extended family and friends. I walked through this terminal and there in front of me were more Asian people than I had ever seen in my life, crowded around the exit.

I did not touch my bags; somebody from the office had grabbed them for me; I was put in a car and within 20 minutes of touching down was sitting in the lobby of the Regent Hotel, drinking a bottle of cold beer with three brand new friends plus two secretaries from the office who had also come to meet me. I thought I had arrived in heaven.

YOU HAVE A FILIPINO NAME, BUT YOU DO NOT LOOK FILIPINO

It was an institution that made you feel comfortable. I still have one recollection. A few days after I joined ADB, a maintenance person was putting a nameplate in front of my office and he looked at me and said, “You know, I wanted to ask you something.” I said, “Yes, sure, go ahead.” He said, “You have a Filipino name, but you do not look Filipino.”

I was tens of thousands of miles away from home, but a common cultural heritage made me feel comfortable. Whether it is the names or some of the customs here, there has always been something to
which I can relate. In some ways the Philippines was a nice stepping-stone for me to come to Asia.

BC Joined 1993

I WAS NOT GOING TO BE A WHITE KNIGHT
I arrived all keyed up, eager to make a difference to Asia, but the person who had hired me had been transferred and my new boss was on a mission. I reported for duty, saying, “Aye, aye, sir, here I am,” and I felt that they were thinking, “Now where do we put you?” For a day or two, I thought, “Where am I?” I was supposed to do this big thing and nobody seemed to particularly care that I was supposed to be here. That in itself was good because it made me realize that I was part of something much bigger. I had a role to play and I had to play that role very well, but I was not going to come in and save the world in a day.

I was not going to be a white knight on a horse coming to save the world. I was going to be part of a team and I had to make sure that I understood the team, the focus of the team, and the focus of the institution, and be clear about what my niche was. In those days, my niche was doing the nuts and bolts of the economic analysis of projects. Of course, I had to know what the big picture was. I made that connection as I went along, and that was tremendously useful.

RMN Joined 1986

WIDE-EYED GRADUATES
I have been with ADB for quite a long time. When people ask me how long, I say I grew up here. This was my first job. When I joined ADB in the 1980s, I did not know what the institution was about. I received a call from one of the senior staff inviting me to apply for a position as a research assistant, working on an energy survey project. When I started to tell my friends I had received a call from ADB, they said, “That is a great place to work. It is a prestigious place, an international institution.” I was a fresh graduate and found out as much about ADB as I could.
We were interviewed by Dr. Vishwanath Desai from the Infrastructure Department. He led the regional energy survey initiative. What I recall was the stark contrast between this guy, who was so experienced and senior in the Bank, talking to these wide-eyed, fresh graduates, asking us about our experience, what we had worked on, and what our theses were about. Of course, we tried to impress him but, when I look back, I think, “Oh, my gosh!” But he was very nice.

What surprised me was that he asked, “What is your rate?” My colleagues were all thinking in terms of local standards, so they quoted the specific rates they had in mind, but mine was much higher than the rates they quoted. We were amazed when Dr. Desai said, “Okay, fine, we’ll go with Josie’s rate.” That was it. Then I thought, “Wow, ADB is different. This is a special place.” Anyway, that was the start of my long-term career and engagement with this good institution. Can you imagine a fresh graduate working with a team of powerful experts, all senior and from different parts of the world—Europe, the US, and Asia? It was a memorable experience.

JB Joined 1980

IT WAS A BIT OF A CULTURE SHOCK

I joined ADB as a Young Professional. I remember that I wore a suit, and in those days many people in ADB, at least the professional staff, wore suits, which I thought was incongruous because the Philippines is a tropical country. There I was, all suited up. I remember feeling lost for the first 3 months; after many years of living in Japan, I had forgotten my English. So it was a bit of a culture shock when I arrived. I was struck by the great formality in meetings at ADB: a heavy sense of bureaucracy, seniority, with people speaking only when they were asked to speak, and keeping quiet otherwise.

OS Joined 1992
A DIFFERENT REALITY

On joining the Bank, my first impression was that this was a different reality to what I was expecting. I came to the Bank because I had been on my own practicing in Nepal for 3 years and I missed the “large practice” feel of a big accounting firm as well as the professionalism, camaraderie, and intellectual stimulation that you get from working with peers.

ADB in 1992 and at the beginning of 1993 was a top-down, rigidly structured institution with little of the sharing that I had expected and was looking for. I realized on my first day that this was a different situation altogether, a different reality to the one I had come to expect. For the first time in my professional career, I sensed that there was a gender issue.

I do not have that same sense of the Bank now. But a friend and I joined at the same time and it was noted around the Bank that we were two women who were hired on the same day and who were on the fifth floor. The fact that this was a subject for conversation gave me pause.

WHAT DIVISION DOES YOUR FATHER WORK IN?

I was very new. ADB had just introduced the Young Professionals Program and the average staff age at that time was much higher. For them to see a Young Professional was a novelty; we were in our late 20s and many Bank staff would comment that we were the same age as their eldest children. In one case, a youthful Thai Young Professional, who is now with the World Bank, was in an elevator and a senior staff asked, “Which division does your father work in?” We were a novelty. We had to educate the rest of the Bank that, although we were young, we still had things to contribute; we were eager to learn and grow in the organization.
IT WAS MORE THAN JUST A JOB
I decided to apply for a job in ADB. With a lot of difficulty, I managed to get a job at the age of 28, or maybe 29, in 1978, because in those years ADB had no Young Professionals Program or anything like that; they normally wouldn’t hire anyone below the age of 30. That is how it started, by chance.

Like many people who joined ADB, especially the first couple of years, I looked on it as a job and, in my case, the early part of my career. There was no thought that I would stay here forever. However, at some point in the mid-1980s, it became more than just a job; it became a serious career. I was promoted to head of ADB’s Education Division and I also married somebody from the Philippines at that time, so that was probably the point of no return: the marriage and the rather big promotion. I was the youngest person ever promoted to manager at that time in ADB.

EVERYWHERE IN THE WORLD IS DANGEROUS, SO I MIGHT AS WELL COME HERE FOR A WHILE AND HAVE A LOOK AROUND
There is a strange story about how I came to ADB. A friend of mine was also interested in living in Asia. He saw a job advertisement and applied, then just happened to mention, “This place seems to have a lot of jobs. Maybe if you are going back to Australia, you could consider going to the Philippines for a while.” I applied for the job and I got it. Of course, he did not get it, which is always the way.

I came here for interviews. Even though they were offering me the job, I thought at that stage that I was not going to take it. There were a couple of reasons for that. One was that the hotel I was in burned down the night after the morning I left for interviews. It is now called the Traders Hotel. A lot of people were killed in that fire. The Bank lost a lot of consultants. I had second thoughts about coming to live here after I heard that. But I decided that
everywhere in the world is dangerous, so I might as well come here for a while and have a look around.

I do not think that my idea was to make a career here. I was interested in the economic and political fronts, and so I edged around those. I came on a normal 3-year contract, but one of the reasons I am still here today is that ADB has given me a big opportunity to move to different areas of the Bank. At that time, younger people could grow with the organization, experience different things, and constantly bring renewal. That is critical in an expatriate situation. You need people prepared to listen and change, and the best way of proving that is by changing.

BD Joined 1985

YOU GO AND SELL IT TO THE BANK!

In the first 3 years or so, my own understanding was so limited that I did not see this donors’ game at my desk.

As a matter of fact, I remember arguing with Gerry once that, “I do not even care about the rest of the Bank. My job finishes the moment I leave my note at your desk. You as a manager are to convince the rest of the Bank.”

He asked me, “Where did you get that thought?”

I said, “That is how I see my role. As a professional in your division, I do the work and leave it to you as a manager, and you go and sell it to the Bank.” I had a narrow view of it.

Only later on, as the years passed by, did I start linking it with the donors, with the foreign aid, with the funding modality, with the role of sectors. If you look at a development bank, it is a funny mixture of layers and layers because at the end of the day what matters is that you transfer finance to a country; but it also matters under what cover and label you transfer that money. All your
conditionalities and these strategic arrangements are subject to the label of the sector under which you give the money. It is a curious thing. Again it matters which modality: project lending, program lending, budgetary support, etc. All of these things are kind of fused or share the same basic principle of transferring funds, but you also want to give it a spin, the spin of the sector—the spin of the policy, the spin of institutional change—in the direction of development. So it is quite a sophisticated task, as a matter of fact, but it was not clear to me then.

Now I look at it as a complex and nuanced system: you are going to put your penny in, but more important than the penny is how you spend it, and the “how” is what the Bank is all about.

BPr Joined 1990 (retired)

DARWIN WOULD BE VERY HAPPY WITH THIS BANK
The Bank has evolved slowly. When I arrived I thought of it as quite a conservative institution. I was struck by its technical and professional competence, initially by its conservatism. And then what I saw as I stayed here over time is that this bank changes, it certainly does not change by revolution, it changes by slow evolution. Darwin would be happy with this bank. One, because it supports his evolutionary theory; and two, it is very slow, just as Darwin said in his theory.

JP Joined 1994 (retired)

ONLY 10 MINUTES!
My first impression was actually the people at the airport. I was amazed to see so many people. It was a huge mob: thousands waiting for people. A country with so many people was the first impression. The second impression, I got to the hotel and 10 minutes later I got a phone call from a real estate broker. He must have got hold of the information about my arrival time from personnel or a secretary. Only 10 minutes! The closeness of this
network, how fast information flies. That was a well-developed informal system, something that really impressed me.

AK Joined 1988

A GREAT PRIVILEGE AND AN HONOR
On my first day, I had mixed feelings. On the one hand, I had advantages: I am a Filipino living in the Philippines and I had worked here for some years as a consultant, so I knew a lot of people. On the other hand, there was a lot of uncertainty. So on my first day as a full-time member of staff, I was filled with anxiety. My Director was on leave and the biggest question I had was, “How do I start the job? What will I do?” But I think the Bank has set up a good system to welcome staff and when there is a gap, as far as someone is on leave, there’s already an assigned person who will be your guide for the next 3 months. That was well handled.

When I applied and was given the job, I felt that it was a great privilege and an honor. But, at the same time, I also felt the weight of a lot of high expectations. However, it really helped a lot, seeing familiar faces, having some friends. Everyone was warm and accommodating, guiding me every step of the way, and that gave me a good sense of belonging.

JVM Joined 2009
FEELING AND EXACTITUDE
 When one arrived here
 One started at the bottom of the heap.
   However,
 As one settled in, one realized that
 There was a purpose to taking time
   To prepare…

There was method in the alleged madness in ADB
   I became quite used to it
     Perhaps in some ways
     I contributed to it
       By insisting
       That rigor and the ability to pay attention to detail
     Was something that was ingrained in all the project staff
       Including myself

We had to prepare our projects with two key ingredients
   Feeling
     And
   Exactitude.

   AT Joined 1991
Fellow Travelers I

One kind word can warm 3 winter months.
An Asian Proverb

It is said in many cultures that to know a person’s life you have to walk some distance in their shoes. The following are memories of fellow travelers who inspired their colleagues to reach beyond boundaries as they strived to make a difference. And pearls of wisdom from some who learned to successfully navigate the organization.

AT, ON FELLOW TRAVELER, ASAD ALI SHAH
When I joined the Bank, I had a colleague from Pakistan. I am from India. He was much senior to me. He was an urban development specialist called Asad Ali Shah. He became my mentor. He walked into my room 1 day and said, “I believe you are the local accountant. I need some accounting done on my project.” I asked him what the project was. He said it was a project in tourism development. I asked where the project was based and he replied that it was in Nepal. I said I would join him. I worked with Asad through a number of projects, including tourism in Nepal, urban development in Nepal, and flood protection in Bangladesh. A large part of my mental makeup was influenced by what I learned from him.

I learned some great lessons from him. One was the importance of continuous effort to build and update your knowledge base, without which you would not be able to do justice to your work as an individual, without which you would not be able to lead a team of professionals. You have to earn their intellectual respect.

There was another amazing trait that Asad had. He and I saw a lot of frustrations in our work together. I was always surprised at how he was always able to combine patience with good humor
in responding to frustration. He had techniques for dealing with problems of governments not complying with governance, or governments delaying setting up a project management unit, or governments taking a year of Sundays to procure a particular contract. How he dealt with it was impressive. He was so mature not just with his thinking but also with his ways of dealing with diverse groups of development officials on the other side of the fence. I was completely blown away. I have seen many people in this business, but this man knew just how to do it right.

Asad rose to become a Director General, and then went on to become a member of the Planning Commission in Pakistan. He obviously was well respected, but certainly for me he remains a beacon in terms of mentoring. I keep telling many of my colleagues today in the Bank that their best bets in terms of learning are not just with their sector director or country director or head of department, but that they should find themselves a guru in their workplaces. This is where they will get their grounding for their first years in the institution.

PEARLS OF WISDOM FROM JB
I always tell colleagues who have just joined the Bank, especially those who have worked for supervisors, to try to be proactive. Do not wait for your supervisor to ask you to do what he or she wants. Not only that, but when you receive instructions, do not just do what your boss tells you to: do something more. Add value, because what you are going to do is already expected of you but, if you want to delight your supervisor, provide something of greater value.

KM, ON FELLOW TRAVELER, EIICHI WATANABE
I really admired Eiichi Watanabe, who was Director General of the Programs Department (East) when I first worked there. I admired him most because, although he was quite formal and everybody would address him as Mr. Watanabe, even his Deputy Director, he was very learned and strategic. He listened and no matter what meeting you
were in, when he decided to speak, it was like those E. F. Hutton commercials: everybody listened. Usually what he said was extremely to the point. He also had the ability to look at a complex problem, or a lot of information at once, and immediately pick where the focus should be. I also appreciated that he was the Director General who decided to give a chartered accountant a chance to be a Programs Officer on the People's Republic of China desk, which was a complex new position. Culturally and institutionally, in terms of where I was in the pecking order, there was no mandate for him to do so.

PEARLS OF WISDOM FROM NA

ADB is an organization which looks after half the world. It is a privilege and an honor to be able to serve half the world’s population. One has to have a vocational mission. It is like being a researcher. When you are a researcher, it is a 24-hour-a-day job. I used to work 12 hours a day, every day, until I left. If you check with people, they will tell you, “You know that guy you gave a report to in the morning? Before the day is out, or at worst the first thing next morning, you will have it back.” That was the sense of dedication, and I hope that people who come in now will inculcate those qualities, especially the managers who should coach and mentor their teams and not travel too much.

PEARLS OF WISDOM FROM BC

We have always felt that on the operations side of ADB, and maybe it applies everywhere, there is a lot of learning on the job. One of the nice things about ADB is that, coming in as a Young Professional, they gave you opportunities and responsibilities that you would never get in most other institutions. It was clear that, if you were able to deliver, you would continue to have that exposure to interesting and challenging assignments.

To be able to have that opportunity at a young age was tremendous in terms of being able to feel that you could contribute to the institution. You could go to a country and work closely with
their governments, recognizing where some of the development constraints were. You could also work closely with colleagues who may have been involved in similar work in other countries and try to address the issues in a way that was effective by making use of existing knowledge and best practices. That experience has always stayed with me.

I have done some mentoring in the past and I have always told colleagues that those opportunities are there and you have to make the most of them by learning on the go. In the end, if you put your mind to it, you can succeed. And there is no better feeling than going back to the country at the end of the program and reminiscing about the difficulties you faced at that particular time and how you eventually overcame them. That is something I keep close at heart.
As our desire is, so is our will.
As our will is, so are our acts.
   As we act, so we become.
Brihadaranyaka Upanishad 4:5
ONE EXCEPTION

I think,
What made ADB different,
Not only then,
But throughout its history,
Is not so much what it did,
With
One
Exception,
But how it worked.

GVDL

The day-to-day life of the Bank focuses on projects that help developing member countries, raising their confidence in their ability to eventually be totally self-sufficient, providing emergency support, and responding when called upon. Being what the first President and founding father Takeshi Watanabe called a “home doctor” no longer sits comfortably for all in modern ADB. But the following stories show a bank that sits firmly in Asia and the Pacific, demonstrating the subtly different focus of ADB from that of other development banks operating in the region.

These are stories that show how ADB navigates the challenges of working with shifting situations in developing member countries, building on the work of others, and creating new financial and other instruments for the future. Although the work is sometimes frustrating and the learning curves steep, pride and humor are essential oils that lubricate the wheels of this organization.

THE VOTING SYSTEM, A PECULIARITY OF THE BANK

There is a peculiarity at ADB that does not exist, to my knowledge, in any other international development bank. Of the 12 Board
members at ADB, 9 represent more than one member country. Elsewhere, a Board member representing more than one country will usually have to vote the position which the majority of his or her constituencies instruct. He or she cannot split the total vote. In other words, if he or she has a total of X number of votes from five countries, he or she has to vote the total in one way as a block. ADB is one of the few or maybe the only one where you can split the block of votes you represent. For example, I represented Canada, the Netherlands, and the four Nordic countries. If Canada instructed me, “Julian, we support this, vote for it,” and if the Netherlands said, “Julian, we want you to oppose this,” and the Nordics said, “Julian, we want you to abstain on this,” then at the Board meeting I had to do just that and split my total votes three ways. This was not theoretical. On a few occasions, it happened to me and to other Board members. This was always amusing for staff members and other Board members and they would wonder, “How is he going to explain and what spin is he going to put on this?” It also gave a real voice for smaller member countries with few votes to express their views in voting, an interesting aspect of ADB governance.

It was important as a Board member to know staff members and not just senior staff. If you did not, you would not always get all the information you needed and their frank views. Before any Board meeting, we would usually have a meeting with the staff about the paper to be discussed. These meetings were mutually beneficial. Staff would ask if we had any questions and we would say, “Yes, we have questions such as what is behind this idea.” Of course, what the staff wanted to find out was what our position would be, specifically, were we going to support, abstain, or vote against the proposal in the paper. If you knew the Board staff well, these two-way pre-Board discussions were often engaging, sometimes more so than discussions at the Board meeting itself.

Planning interventions at a Board meeting was a challenge in two ways: in deciding what to say in a limited time and deciding when
to say it. In my time, Board meetings usually lasted just 2 hours with 2 substantive agenda items. So you had about an hour for each and, with 12 Board members speaking, about 5 minutes to speak at most for each item. You did not want to use that short time to talk about factual things you could get answers for at the pre-Board meetings, or to make points that were in retrospect irrelevant, or to ask questions that had simple answers that made you wonder afterwards, “Why did I ask that simple question?” Deciding when to speak was an even more interesting challenge as time limits usually meant that you could only make one intervention. After attending my first year of Board meetings, I concluded that, if a Board member had little interest or little to say about an agenda item, they tried to speak during the middle of a discussion. If they felt strongly on the issue, they tried to speak at the beginning—to set the tone—or toward the end, to counter arguments of other Board members holding different views. Certainly, this was how I tried to position my interventions.

Board members in my time on the Board often felt constrained by the agenda set by the Bank’s Management which was almost always related to specific proposals for the Board to approve or to endorse. If a Board member wanted to discuss an issue not being proposed by the Bank’s Management, the only effective way to do this was to bring it up under “Other business.” I had the impression that these interventions were not always welcomed by the Bank’s Management, particularly when raised without advance notice.

Overall I found Board discussions to be like attending a business administration program with weekly seminars using the case study approach: the Bank staff would present a proposal (much like a case study with recommendations) and then Directors (much like mature students) would comment on the case study from their various professional, national, and cultural perspectives. The combined knowledge and experience that Bank staff and Board members contributed were truly remarkable. The Board meetings
were really a top-grade business school education for Directors as well as serving as a governance function for the Bank. I wish I had had the educational advantage of being a Board member in the middle of my career rather than at the end.

JP

**KNOW WHERE THEY’RE COMING FROM**

I somewhat randomly ended up as project economist in the health sector working on health projects. At that time, there was a head of department who felt that the Bank should do more in the social sectors and he found in me a young economist who could start this work. For quite some time, I was the only person working in the sector, which gave me fantastic opportunities. Rather than starting in a situation with well-established individuals and positions and staff complement, I was all by myself. I could basically go to any country in which I wanted to develop ADB’s role in a completely new sector. It was fascinating and it helped me in the early years to advance relatively quickly.

There are lots of anecdotes from that period in the health sector. One is a project in Bangladesh that I was responsible for. It was a public health program and one of the components of the program was the rehabilitation of a DDT factory in Chittagong. This was hugely controversial and when it was put on the Board agenda, there was immediately a negative reaction, particularly from the European shareholders who requested a postponement of the Board discussion until the last scheduled meeting the day before Christmas.

It was the first loan that I had ever been responsible for, when I was all of 30 years old, I had made sure that I was an expert on DDT, particularly its environmental hazards and its role in public health. It was a very long Board meeting with strong statements from the members. At that time I was so knowledgeable about the subject, about the different types of mosquitoes and their behavior, and what DDT could and could not do and how it would impact
the environment and so on. It was a big challenge and the Board approved it in the end. It was quite an enervating experience.

You learn a lot from these sorts of experiences, not only that it is extremely important to be knowledgeable about whatever project you propose but also how important it is to understand Board members, where they are coming from, and how they define their positions.

**THE BANK DID NOT REALIZE HOW MUCH HOMEWORK STAFF HAD TO DO TO RETOOL ITSELF**

The first loan that I took to the Board was not in education but in health. It was one of the assignments Gerry had asked me to do. He said, “Brahm, we need somebody in health. Would you be willing to take on the work?” I said, “Look, you know I have never done anything on health.” Then he said, “Are you prepared to take the plunge and do it?” So I said, “Sure, I will deliver for you,” and I did that. But I used to argue with the Human Resources Division at that time. The Bank did not realize how much homework staff had to do to retool itself.

We had to read up and get new books, get acquainted with new jargon and new technology. Much later I was given a sanitation job to do, and I had to start with the size of the pipes. I used to joke with my consultants that they could ask me to look at the pipe, and see what size it was, and what it was made of, and I would be able to tell them.

That is the norm in the project life of the Bank; even today, you get moved from area to area and you deliver whatever is asked. You are a loan maker and the technical work of the loan maker is usually left with the consulting team.

Now that I am doing evaluation work for the Bank, I am picking up on that theme quite often and trying to show that the Bank needs to
take more direct and knowing cognizance of the discipline and of the specialism. It is not fair to new staff with degrees from Harvard or Princeton to come here and to be transformed into an all-purpose officer of the Bank.

**IT WAS A DIFFICULT TIME FOR ME AS I'M NOT A POWER SPECIALIST**

I moved to the Power Division, first, as a team member learning from the senior people in the team, and then after a few years as a team leader. I was working mainly for Indonesia. When I became a team leader, it was a difficult time for me. I was in the Power Division, but I am not really a power sector specialist. I learned everything through on-the-job training and by reading books and papers, but my counterparts in Indonesia were experts who had spent 20 or 30 years in that sector. I had to rely on what I had read or learned and maybe it was right, but it was not based on my own experience.

I felt uncomfortable when I met people in Indonesia for the first time, but I just had to get on with it. The good thing was, although I may not have been very experienced, my team members—engineers, economists, and financial analysts—had been working in the power sector for many years. Some of them had been consultants and some had worked in power utilities in their own countries. I decided I had to rely on them and use my role to help them work as a team and convey key messages to my government counterparts. I decided not to worry too much about my lack of experience as long as I was managing my team effectively, but I went through a difficult time until I had defined my role.

An amusing story came from a second encounter with one of the contributors and shows that returns bear great fruits. What follows is a fictionalized version of the tale he told about Ivan Ruzicka’s fictitious back-to-office report, together with an extract from the document.
A young man once went on one of the first missions to Mongolia. He returned to ADB very excited. There was much to tell. He wanted to run around the building telling everyone he saw about his trip, but instead he had to write a back-to-office-report—a standard requirement of any ADB mission.

How can I write a back-to-office report that even begins to tell the story of this mission? Who will read bureaucratic rendering that could not do justice to the magnificence of the Mongolian mission… The Magnificence of the Mongolian Mission… Hmmm, he thought, let me see.

He started to hum to himself, chewing on the end of his pen while he considered his position. His secretary popped her head around the door, asking, “Is everything all right?” She withdrew on seeing his almost maniacal grin.

He began to type. First, he typed, then he printed, then he crossed out, rewrote, and retyped. One hour, two macchiatos (for he was European), and a marmalade muffin later, he was done. What follows is a short extract:

Subject: Mongolia in Motion
3. After being manipulated by militants’ maxims, such as “Machiner maintenance must be moored in a materialistic method!” “Merit is a myth and money a mirage,” or the meaningless many-M maxim, “Mobilize the means of modernization manifold!”… (a masterpiece of misinformation, that), the Mongolians got miffed and moved en masse to the market mechanism. Money does matter even to mock materialists. For the moment, Mickey Mouse has made a monkey of Marx (even if the market mania masks a modest measure of mercantilism) and only the most myopic mourn it. The management of the Mongolian monolith is no more marred by Muscovite mentality molded by meetings in Minsk or Magnitogorsk, or by the “majestic muddling along” (made memorable in the
macabre Mongolian movie, “Malice Magnified”). The mandatory memorization of Molotov’s “Miasma of Moderation” and the mistakes of the Mensheviks are mere mementos of misbegotten madness. Marvelous!

Inspired by a memory from BP

MONGOLIA II
I was fortunate to be involved in Mongolia operations from the early days. After the fall of the Soviet Union, Mongolia’s national budget fell so much. A large part of the revenue had been coming from asset transfers from the former Soviet Union and that just disappeared. There was a huge debate about what to do. On one hand, the country was going bankrupt; on the other, we had serious concerns about subscribing to the standard policy prescription of the International Monetary Fund: cut down this and that.

At the time, I was in the education sector and the infrastructure was built so huge: big schools. So a large part of the budget went on heating bills. But if you cut down on the heating bills in these large buildings, the room temperature would drop to –20°C. You can never have a class in those schools. Was it realistic to tell the government to reduce education spending? So during the crisis, we were in discussion with the International Monetary Fund to increase health and social sector spending.

But those were not easy days. Going on mission to Mongolia for 3 weeks was like going missing in action for 3 weeks. This was before the days of mobile phones and ADB didn’t have a resident mission there. The only way to communicate was to go to the office of the United Nations Development Programme and borrow the fax machine to send a message. We were put up in government guest houses and there was no way to call out, no way to get phone calls in. The TV programs were in Mongolian and Russian. To get the news, we had to use a shortwave radio and listen to the BBC World Service.
I went back in February 2001 in the middle of a zud, a cold wave when the temperature dropped so low many animals died, and because it was so cold, people were afraid of having a drought in summer. I was the Programs Manager of Division 1, and I went to talk to the government about how to respond to the zud.

We made a field trip to a small town, 4 hours out of Ulaanbaatar. We stopped on a little hill for a pit stop and I saw a herdsman on a mobile phone out in the middle of nowhere. On that little hill was an antenna on the branch of a tree. In less than 10 years, the country has changed so much that people can use mobile phones in the middle of nowhere.

AK

14 SINGAPORES

It is amazing how differently two banks can operate, considering we lend almost the same amounts, or comparable amounts at least. It was exciting to compete with the World Bank.

Having been trained by Shigeko as a project officer, I had also become one level more senior and had moved out. I moved back to Mr. van der Linden who had returned as Chief of the Office of Pacific Operations. We started dreaming about 14 Singapores in the Pacific Ocean. You know, we thought if Singapore could do what they had done as a city state, why not have 14 or 15 more Singapores in the Pacific Ocean?

We worked together as a team for 3 years. That was what I call my growth in the Bank because then I was doing for those island countries whatever needed to be done for whichever sector. I think my best work as a project officer culminated in Papua New Guinea’s health program loan. That was the first time policy-based health lending of $65 million was done for a small country and it took me two and a half years to devise that.
The Bank had done health sector loans before that, but they were for the primary health centers or for providing equipment. Nobody was fixing the environment in which health delivery was actually taking place. So we took on the policy issue and used it as the main plank on which we built the entire loan.

We were in competition with the World Bank. At the top level is coordination between the World Bank and a regional bank, but when you come to the field and the sector levels, then you are a competitor and these two banks operate quite differently. The World Bank goes with a larger mission, a visible presence in the country, thumps the table, has a book to read out from with their do’s and do not’s. ADB goes alone, self-effacingly, quietly, meeting one or two people with one or two consultants, and has no agenda to push other than to help the country. We are long-term partners.

In both the general Pacific Islands as well as in Papua New Guinea in particular, you would work closely with the presidents or the prime ministers because these are small countries, small societies. Sometimes, as a loan officer, the whole cabinet would come to see you off at the airport. You know, they would have a cocktail with you in the lounge and board you from there. You were right on the top of the country when you were working there, and because of that you had tremendous power; yet you were also much constrained by what they could or could not deliver. You would be aware of the totality of the system both in strength and the ability to do what it wanted as well as the constraints and the rigid system the government operates.

To some extent it was very much like going back to the mid-1980s in India for me, where you would be working with the Prime Minister and his Secretary of Education as a consultant saying, “That is how the policy should be made.” My background and that experience came in handy when working with these countries, but there were lots of episodes with presidents, prime ministers, and, after meeting, talking, altering, delivering, or having delivered, the
government would change and then you had to meet a new set of people the next month.

At one point in the middle of creating this health program loan, I was in the field... and I got a message from Washington by telex saying, “Wind up and go home. We will explain it to your manager.” Imagine, a World Bank manager sending you a telex saying, “Okay, please, that is enough of what you are trying to do. You go back and we will explain to your manager what is happening.” So there are many episodes like that which build the story.

We always took pride in the fact that we were part of the region, so we, together with the member countries, are going to be together in the long haul. First, this means we must be honest and not tell them lies. Second, we do not need to lecture them and preach to them. We need to work together. The emphasis is on taking them along the path rather than telling them or talking down to them.

There were many occasions when, as a bank employee, you wanted the government not to do something, or to do it in a particular manner and it was not welcome straightaway. So one had to orchestrate a situation where you could either break the bad news or ask their assent and take them on board, or prepare them by sounding out others first. We have had many important episodes of that type.

President Sato, who was the President of the Bank at that time, was a very good development economist himself; and after we put the loan together, he questioned us quite closely on its legitimacy, viability, arrangements, and donor coordination. We were able to answer those questions quite well and I still think that was the best thing I did.
Time flows like the flow of water in a river.

An Asian Proverb

DIALOGUE, DIALOGUE, DIALOGUE!

This is a country that has so many neighbors, none of which are small. If you asked anybody in Bangladesh the name of any river, they will say there is no name, because there are so many rivers and that size of river they call a stream. In the rainy season, water comes and snow melts. The rainy season is May, which is also the cyclone season. It comes from the mountains and from the sea. They are in the middle of water.

The country was just born in 1970 after the independence war with Pakistan. Whatever the covenants, they own the river. They own the river. At the same time, ADB has put in the covenants for the loan. How do we deal with this situation? If they cannot satisfy the covenants, we cannot go for the next loan. The question is, therefore, for countries like Bangladesh, it is not easy to have covenants. They will agree because they need the money, but we should not really take advantage of that. We have to put in something that they can do. Even what we thought they could do, they could not. However, if we had to speak only for the donor side of the loan, we could not deal with a country like Bangladesh.

I won’t go into the specifics of the project. However, Bangladesh did a good job. Despite all these geographical and political disadvantages I mentioned—very poor, not able to produce anything, and having no products—how do you become a home doctor? It is a hard responsibility. The point, therefore, is dialogue, dialogue, dialogue—trying to encourage them to keep hope for the future. That means you can really help the country with a lot of money, but also with encouragement, and pick up some thin brick projects, which they are desperate for and really like.
This makes sure the country will not give up on its future. Again, if this is said, it is misunderstood politically. The message is, therefore, selection of the project has to be careful to ensure the country will have the confidence about what they are doing, and not necessarily because we say, “Do not do this, do not do that, you have to do this according to our policy.” That is important but, more importantly, listen to what project will fill their confidence as a country.

Bangladesh, whose different expenditures used to be financed by the donor side, has changed; now their expenditure is completely refinanced out of their own income. Not only that, surplus is financing their development expenditures. That happened only 10 years ago and their project implementation capabilities were fine. They were fine; I do not know today. The country suffers from political instability, which you know. Nevertheless, a country like Bangladesh, which is newly born and was nearly able to manage its difficulties, may just go off the track.

According to what I believe, the role of development banks is that we can do what politicians cannot. Politicians can come together and convince each other, and sign peace accords. However, economic development, support of the poor, and the removal of economic disparities are solutions to ensure the continued assurance of the result of the peace accords. This is not a political statement; this is the role of regional cooperation in financial organizations like ours.

This is what I wanted to say on Bangladesh. By encouraging them after independence from Pakistan, they had freedom. But the international community has to be assured of the reasons, and the ways in which they gained freedom. That is economics.

NM
A more recent intervention in Bangladesh that is finding favor in other developing member countries...

AN ATTRACTIONAL PROPOSITION TO REACH THE LANDLESS POOR

If you were targeting the poor—leave alone the poorest of the poor—there was a recognition that the formal banking sector did not work in rural areas. You had to have collateral, and people in those rural areas did not have collateral; and finally, it took a lot of paperwork to process a loan. For all three reasons, you were leaving behind a large mass of people in Asia.

Dr. Yunus, as a professor at Chittagong University, used to observe all this poverty around him in Bangladesh. He found that not a big amount of money was required to lift these people out of poverty. So he organized a group of people, who required approximately $30, and he gave them the money from his own pocket. He found that people were responsive; that peer pressure to perform and repay was the answer to having formal collateral. That story today has reached not only the developing world. Even Europe and Eastern Europe are talking about microcredit and how to help people who would not otherwise be looked at by the formal banking sector.

Bangladesh, as one of the poorest countries in the region, has always been a focus of development institutions. This experiment blossomed into something that was quite practical and targeted women—which was key—and was a great opportunity for ADB to also get involved in taking this message out to countries and say, “Look, besides rural credit, which ADB has been supporting right from the beginning through agricultural banks, microfinance brings something different because it targets a group of people who are not covered by the formal banking sector.”

To this day, it is an attractive proposition to reach the landless poor because the poorest of the poor have no assets and no education,
and targeting them is a critical issue. One has got to bring up their skills, give them a little credit, and give them two or three injections of capital so that they can graduate and move out.

The way ADB operates is to consult people. Missions used to go out to Bangladesh regularly, and once there was this success story we could go there and find out a little more. That is how ADB learns about what is happening. That was then. Today, of course, you have the internet.

OUT OF NOTHING CAME SOMETHING

Ultimately, all projects stick in my mind. But one that stands out is that on cyclone-resistant school buildings. There are a number of reasons for that. I had been doing some work in Bangladesh. I had just come back from a mission in the Lao PDR and arrived back on a Monday. I was told I was leaving on Friday to do this project. In those days, we did not have a special project method of emergency loans but used normal procedures, although shortened versions. I was sent to Bangladesh with one lawyer and when we arrived the floods were still there. We were told we had $25 million to spend and asked to find a project worth that much.

We went to the hotel. There were only two hotels in Bangladesh in those days. I remember coming down the next morning to breakfast. There was a guy sitting at a table and a few people were there, so I sat with him. To make conversation, I asked him what he was doing there, and he said he was there for the United Nations Educational, Scientific, and Cultural Organization. Then I asked, “Where do you come from?” and he said, “James Cook,” which is the university I went to. He said he had been sent there to look at the floods and how his organization could help. He said he had designed a cyclone-resistant school building but could not find anybody to fund it. I said, “Okay, we’ll fund it then.” That was how it all happened. Within 2 weeks, we had a project. We
came back here. Within 6 weeks, the loan had been approved by the Board. This was a $25 million project.

The World Bank came and funded some of it because their original project did not work. They had two problems. One was that they had mounds, but the mounds were washed away, whereas the cyclone-resistant school buildings were on stilts. Most people do not die from floods and rain; they die from stagnant water and health problems. The other reason the World Bank project failed was that nobody maintained it. Our idea was for the schools to be maintained and built on stilts, so that people could sit there when floods happened. People were saved from the floods that happened a few years ago because they used these cyclone-resistant school buildings.

They are still here today. In fact, last year the Board visited some of these buildings, which have now been standing 10 years. Out of nothing came something that is still running today. That is why it sticks in my mind.

BD
Fellow Travelers II

Associating with sages will bring you contentment and a life devoid of suffering.

An Asian Proverb

BP RECALLS ED ROBERTS

The first would be one of the Bank’s early treasurers, Ed Roberts. He was a treasurer here in the mid-1980s, maybe 1982 or 1983. He did not stay for that long. He was recruited from Wall Street. I spoke before about the need to appoint people based on merit. In my view, his was an extremely meritorious appointment. He was a treasurer’s treasurer. There were two attributes I admired most about him: one was his absolute and complete grasp of his subject. Nobody in the Bank knew financial stuff better than him. The second probably stemmed from the first. He enjoyed a great, calm assurance about what he did. One of the big elements about one’s performance in the Bank is the ability to present to the Board—to present and defend a project to the Board.

When I first arrived here, that forum was a bit like the Coliseum, more like the Spanish Inquisition. There is a seat, still called the “hot seat,” where the person defending the particular issue on the agenda would sit, surrounded by Board members and many staff, the President, and Management. It is a pretty tense experience to sit there with all of these people. The way it works is the Board would take an agenda item and all 12 members would comment. At the end, the President would turn to the person in the seat and say, “Please respond.” In doing that work, you have to think about what questions are being asked to formulate an answer, while almost simultaneously listening to the next question, because they do not pause to give you time. That can be quite a challenging experience.

In all my time at the Bank, Ed Roberts was the most capable and gifted performer in that arena. That stemmed from his absolute knowledge of what he did. He was not rude and he was not
disrespectful, but he had this way of correcting the Board members’ views of financial matters, which I found totally compelling. I always thought he never worried about going to the Board because he always knew that he knew far more than they did. I thought that a great thing. Whether or not he was a great treasurer for the Bank, I am not sure, but from a young person’s perspective, he was very impressive.

PEARLS OF WISDOM FROM HJY
It comes down to the technical skills that we need, as well as behaviors and values. We are not a big group of people; we have 850–900 professionals. If we look hard enough, we will find exactly the type of people we want. They have to be committed to development in Asia and the Pacific. They have to love to live in a developing world environment. If a person curses the traffic jam or tells me about the smog, do not come to Manila, stay in Washington and curse the traffic there. That kind of person is going to curse wherever they are. Personality-wise and engagement-wise, we do not really want people like that. People will not come here for the money; we reward reasonably well but if you are after that last dollar, do not waste your time, do not come here, we will not make you financially rich. When you come here, you are an international civil servant; you have very high integrity standards.

NA REMEMBERS ASHOK BAMBAWALE
When I joined the Bank, there were only two vice presidents: a Vice-President for operations, Ashok Bambawale, and a Vice-President for finance and administration, Stanley Katz. Ashok Bambawale was responsible for operations, one person for the entire Asia and Pacific region. He was such a giant because he would read all your reports—today, you do not write reports to Vice-Presidents; it stops at the Director General—but at that time, all reports went to the Vice-President.

Ashok would remember all of the details when he came to a loan review meeting and for one and a half hours, he would grill you
in such a professional manner that you had better know your facts. In that room in the old building, there was a special chair with a high back, which used to be called the “hot chair.” As mission leader, you took the hot chair, and everyone else sat around, with the President and the Vice-President in front. Ashok Bambawale would hold forth for one and a half hours.

He knew all of his mission leaders, and the wonderful thing about him was if he needed something, he would just call you and ask if you could come and see him. You would go up to his office, and he would ask why you were making a recommendation. Within 5 minutes he would hear you out and say yes or no. He operated at that kind of level, so he was an outstanding person in this organization, a real gentleman and a wonderful person.

PEARLS OF WISDOM FROM NM

This is my own philosophy, and I do not force it on anybody, but I always feel, and I used to tell my staff, particularly when they were new to a mission: “Do not misunderstand that the countries, capitals, ministers, and directors you serve are kind to you because you are great. No. They know you are a small, young boy. They treat you nicely for two reasons: they are from Asia and you are from Manila, and they expect that you understand them well so they like to be nice and, most crucially, they know that you have money in your pocket. They are looking at your money; do not misunderstand that they pay you respect because you have been to a famous university. There are hundreds of PhDs in the world. Why do you feel that you are a big economist?” We have to understand it; that is basically what you call Asian modesty, and one aspect that I thought was important.

In addition, I would tell them: “Perhaps you have to be able to stick your neck out, even if your political life in the Bank becomes very difficult. You have to say and stand up for whatever you need to say.” It is easy to survive in the Bank if you always talk, listen, and do whatever the donors want. That is the safest way. However,
you have to always be ready to stick your neck out for Asia: this organization is meant to. You have to be able to understand the donor side too. You have to mediate, but with courage and spirit. That is important.

PEARLS OF WISDOM FROM RMN
I hope that my younger colleagues and those that will follow will think of these things. The analysis is just the first step, not the last step. You have to do the analytics but somewhere along the line you have to get to know the politics and what is or is not possible. And, sometimes, you have to be willing to walk away. Now we do not do that enough. We should be more willing to say, “Sorry, it is your country. I cannot be more concerned about your country than you are. You are obviously not concerned, so too bad, I am leaving.” We have not done that, not enough.
More than Dams and Bridges

You can often find in rivers what you cannot find in oceans.

Indian Proverb

For many years, ADB was known for its infrastructure projects, particularly in water and roads. As one of the contributors remembers, there were those outside the organization who mocked, saying that ADB stood for Asian Dams and Bridges. The following memories look at the changing focus of the Bank over the course of its history, and display the ingenuity, imagination, and determination of staff as they worked in those and numerous other sectors, as they found solutions, created options, and marshaled the considerable expertise within the Bank to make a project work.

Teamwork was, and still is, incredibly important not only for getting the job done but also for the sense of camaraderie that makes it possible to work long hours in sometimes difficult environments. The first story is adapted from the memories of one of the contributors.

A LITTLE PLASTIC BULL
One of the things that he collected over the years were small, golden bulls. The golden bulls were a reminder of another time, and another place: a reminder of a Spanish wine called Sangre de Toro, of restaurants in Cambodia, of hard work, and relaxing with friends. He had a herd of 16 collected over the course of 5 years, standing on his windowsill.

Reaching forward, he picked up the latest addition, recently given to him by a friend from days gone by. He turned it over in his hand, smiling as he remembered the Tonle Sap Initiative and the community of practice that grew out of it: the interest from organizations worldwide, the working relationships with government officials, colleagues from the Bank, nongovernment organizations, consultants, fisher-farmers, and research institutes.
Stroking the bull he remembered the nights he enjoyed sipping the contents of the 50th Anniversary bottles of Sangre de Toro, the golden bull dangling around their necks, as he and his colleagues debated the complexities, argued with one another in the friendly manner of those who care about the best ways to make a difference.

As he placed the bull, this symbol of camaraderie, back in the herd, he remembered the great pleasure with which he and his colleagues addressed extremely difficult matters without pain, and with a great deal of fun and laughter.

Inspired by a story from OS

ASIAN DAMS AND BRIDGES

What I recall from the early 1990s—and certainly 1991 when I joined the Bank—was a feeling of it being very strong in the infrastructure sector. When I say being “strong,” infrastructure sectors dominated our lending program. However, at the same time, the Bank realized and believed in its role as a broad-based development institution. It was not just about building dams and bridges. At one time, ADB stood for “Asian Dams and Bridges.” We stated that it was not only dams and bridges; we also consider education, health, water supplies, and sanitation.

SIGNIFICANT CHANGES IN THE BANK’S HISTORY

A lot of it is with hindsight because I was not that personally aware of the larger picture, as I mentioned. ADB was very much a project bank with a donor mentality, maybe those two concepts of a project bank, moving from one project to another, and a donor bank. We assisted poor countries. ADB had no country strategies and we had no sector strategies, so why we did a particular project was determined on a case-by-case basis. The first country strategy, I think, was only done in the mid-1980s after 20 years of ADB’s existence.
The 1980s was a period of significant change for ADB. In the 1980s it moved, you might say, from being a project bank to being a sector bank. We started to look at projects in the context of what we wanted to accomplish in a sector in a country, and that meant that we would look not only at the design of a project but also at government policies in the sector and maybe make efforts to influence those policies. We had never really attempted that before. In addition, we introduced a new lending instrument called the “program loan” where we would hand over big chunks of money in exchange for policy reforms in a sector. That was really the big transition in the 1980s, from a project bank to a sector bank.

In the 1990s, there was another significant change. We had changed from projects to sectors, and then further to countries, so we introduced the country focus. Country strategies became key documents and we started to open resident missions. The recognition was that the unit of business is not the project or the sector but the country and the rationale for ADB thus should be determined country by country.

The other significant change in parallel in the 1990s was that we started to work seriously at a regional level, starting in the early 1990s with the Mekong region and then later on in other regions, like Central Asia and so on. We actively promoted regional cooperation; we started to finance cross-border projects like road links or railway links. That was a big change in the 1990s, a country focus and regional focus.

The third big change in the 1990s was that our agenda broadened significantly and we started to talk about gender, environmental, and governance issues. We reached a point in the late 1990s where we had something like 30 sector or thematic policies, which is rather a lot for a relatively small institution with a small group of professional staff with, in fact, the absolute inability to have adequate expertise in all these 30 sector or thematic areas.
WE COULD NOT AFFORD NOT TO HAVE OPTIONS

We—ADB, other partners, and Nepal—had been working on a large hydropower project in the eastern part of the country and it was running into all sorts of difficulties—the tariff structure, environmental and social issues, and a long access road. The site was wonderful, but it was 100 kilometers from the nearest road or rail, so how do you take materials there? Building an access road would be costly and environmentally damaging. However, the country was desperately short of power and it was an excellent site and we were all trying our best to make it happen with limited success.

This was in the early 1990s and I was living in Nepal at that time. My senior mentor was the head of the department and I was his foot soldier in Nepal. He called me 1 day and he said, “So how are things going?”

I reported on the project, which, as I saw, was facing many difficulties, and I was trying to impress him with how much I was trying to resolve the various issues. He said to me, “So what options have you thought of?” I thought he was talking about the options on that project itself so I answered, “We are thinking of taking the road this way or that way.”

“That is good,” he responded, “I am sure you have all the best technical minds working on this, but have you thought of Project B?” This was another project about 600 kilometers away, totally different, and a much smaller project that was not a high priority.

I thought he had confused the names of the projects so I said, “We are talking about Project A,” and he said, “No, I mean Project B—think about it.”

We talked about other things and I thought, “He is a wise man.” So I went to speak to the government. Project B was developing
too slowly and nothing much was happening. I talked to the Secretary of Finance and I said, “Look, I do not know if Project A is going to happen because there are so many problems, but we will need to think about what happens if Project A does not happen. We are putting all our eggs in that basket and we had better have something else.” He said, “What can we do? We are a poor country and we cannot develop two projects at the same time.”

My mentor was right: we could not afford not to have options. If Project A did not happen, then the country was going to be in deep trouble. So I took a field trip to Project B with some people. Nobody was paying attention to this project; it was a beautiful site, scattered population, but a good site for a hydropower plant.

We ultimately started the necessary groundwork on Project B. Preparatory work on Project A continued as well but as it happened, the lead donor decided not to proceed with it.

But now Nepal had an option: Project B. I am proud that we made this possible. Project B is now in operation.

OWNERSHIP IS KEY—OUR ROLE IS PARTICIPATORY
After coming to ADB, I worked in the education sector for the first 8 years. I worked on two projects in the Philippines initially. The first one was a nonformal education project, which was a big challenge. That project aimed to provide literacy programs and an alternative educational program for those people who had dropped out of school. The literacy program was for adults in the provinces and the alternative education program covered both urban and rural areas. The approach was innovative. It wanted to transfer the responsibility for program delivery from government to nongovernment organizations and local governments, which was a big change in the sphere of public education. It also
aimed to build a partnership between local governments and nongovernment organizations.

It was a huge challenge for me because I inherited the project from someone who was very experienced. I was only 31 at that time and the person who had handled it before was in his early 50s, very well respected in the sphere of education in Asia and the Pacific, in ADB, and across international organizations; and then here comes this little girl to inherit it.

It was also a challenge because it was an innovative project; there was a lot of resistance on the part of the executing agency and there were a lot of changes in the leadership of the project. At the same time, the government did not want to let go of control. The program had to be transferred to other entities and the government wanted to play a new role as policy maker.

It was designed as a 5-year project. At the end of the second year, we were supposed to be planning for the midterm review of the project, but it had so many red flags on implementation issues—plus the disbursement was only 3%—that it was identified as a problem project. It was really good that the project director who took over the project around at that time was a very committed lady; she was just determined to turn it around, to make it work, and to achieve everything it was supposed to. She was marvelous. I think she was in her early 60s. It was her determination that started to shift a lot of things.

I saw my role as helping the Filipino side to see this as their project. Initially they referred to it as the ADB project, which made me feel uncomfortable. It was a Filipino project. I suggested that they change the name to the Filipino Informal Education Project. They thought about that for a while and then agreed. I told them that our role was to facilitate and support their efforts; they really needed to take the lead.
Once we had defined that relationship and they had assumed full ownership, we went full steam into addressing a lot of issues. The project then rapidly picked up speed. It had to be extended for 2 or 3 years because we had had a slow start. But in the end the Government of the Philippines decided to use the mechanism of funding nongovernment organizations to deliver the programs out of its own budget.

The alternative program—that they had to encourage dropouts to go back to school and acquire an equivalent secondary school leaving certificate—went through a period of trial and error. But after 8 years they established their own program and they even succeeded in changing the legislation to acknowledge those graduates as full-fledged graduates of secondary education, so they would have the qualifications necessary to sit for college entrance and to apply for civil service positions. That was a big achievement for the Philippines.

The success of that program was recognized by United Nations Educational, Scientific, and Cultural Organization later on. I think the Philippines was awarded some special recognition for having pioneered a very innovative informal program. And so, the story has a happy ending.

I am glad I had the experience of being associated with it from the beginning right through to the end. It taught me that there are a lot of difficulties and challenges at the start, particularly lack of ownership, and that it is a process that takes years to complete. You do not know what the results will be until the very end. Struggles and poor performance at the start do not predict the outcome, and it is leadership and ownership on the part of the country that make the difference. We can only play a participatory role.
I MAY THINK I HAVE ALL THE SOLUTIONS, BUT THERE’S AN ENGINEER OUT THERE WHO SAYS NO

For a mission or team to be successful, you need to be confident and share information and exchange views. It is the difference between a successful mission and a less successful one. You have to be able to draw on the experience of each individual on that team. We work in a multidisciplinary institution and as an economist, I may think I have all the solutions to the problems. But there may be an engineer or lawyer out there who says it is not so. It is one of the intriguing facets of ADB. The Bank is a small institution; we end up knowing each other, but you know right away who you need to talk to about A or who to talk to on B; who is the person that will be more forthcoming and who will not. There are those informal networks, which can be characterized by many different things. You end up being part of various networks and you use them effectively to gain the information you need to be an effective mission leader.

BC

A REAL EYE-OPENER

This was the first meeting of the Water Community of Practice that I attended, almost three years ago, and it was really an eye-opener. People at that time really started to open up their wealth of experience across departments, and that was interesting to see. They admitted that they did not do it before. This was really a surprise for me, and at the same time a very encouraging experience.

USP

YOU HAVE HALF THE BANK WITH YOU, THERE IS NO WAY I CAN OVERRULE YOU

From a technical point of view, the project was quite simple, beautiful from a hydropower production point of view: a narrow gorge with a small dam and efficient power generation. It was also downstream of a large hydropower facility and would increase the benefits to be derived from the prior investment in the larger dam. But it was not without complexity. First was the location: it was in
the central highlands of Viet Nam, an area predominantly populated by indigenous people. Additionally, the dam site was between 30 and 40 kilometers upstream of the border with Cambodia. The initial environment analysis that was conducted, paid for by the government and conducted by an international consultancy firm, only looked at impacts in Viet Nam.

When we examined the project, we decided we would need to take a river basin approach, deepening the economic, environment, and social impact assessments. Our project preparatory work identified the need for an indigenous people’s plan and enhanced environment impact assessment. Work was also required on the commercial aspects of the project, in line with ongoing policy dialogue with the Government of Viet Nam to identify the most appropriate corporate structure for the power plant, the most appropriate ownership structure, and how to obtain the most efficient financial structure (i.e., with the lowest weighted cost of capital).

Our message to the government with respect to safeguards was: “Let us make it a showcase, in full compliance with international best practice, to serve as a reference point that could help arrange financing for future hydropower development investments.”

The ability to manage this process depended a lot upon the ADB team put together to process the loan. We knew that this was a risky project from the start: it was a hydroelectric project, with potential social and environment safeguard issues. But, if successful, it would have gone a long way to support ADB’s ongoing policy dialogue with the government.

Given the risk, it was necessary to have a good multidisciplinary team. I had the lead resettlement specialist as my resettlement specialist on the team; one of our best project economists who is now the Country Director of Indonesia was my project economist; and Bob Dobias, who is now our climate change coordinator, was
on the team to cover the environment implications. I could manage the financial and corporate aspects fairly well, but had included a cofinancing specialist because I wanted somebody who could look at the commercial financing elements of the project, and a solid lawyer. The team was handpicked at the beginning of the process.

We went on the fact-finding mission as a team, developed detailed terms of reference, and selected the consultants as a team activity. As the work began in the field with the consulting firm, we regularly visited Viet Nam, held public consultations with members of the indigenous population, including a public meeting attended by 500 people, some of whom had walked for ten days.

During the project preparatory technical assistance, the upstream facility tested its floodgates, and a river that had been dry for 3 years was suddenly inundated. We discovered that the impact reached miles into Cambodia and loss of life and property in Cambodia were reported. It was obvious that the impacts originally identified during the environmental impact assessment, which stopped at the border, were grossly understated. It also became apparent that our proposed project would essentially “push” these impacts further along the river and therefore deeper into Cambodia.

The location of the project—so close to the border—and the fact that potentially adverse environmental impacts would be pushed over the border caused a halt to the project. It was not possible to proceed without having a better understanding of what these impacts were and how they could be mitigated, particularly across an international border. When we realized that we could not proceed directly with the project, we were called back to ADB before the meeting with the government and my Director said to me, “You have half the Bank with you, there is no way I can overrule you.”

Before we returned to Manila, we had a meeting with the government, where we presented the environmental and social
issues. We confirmed to them that while the project was brilliant from a technical perspective and that there was a great deal of groundbreaking work we could do with respect to the corporate, ownership, and financial structure, a number of significant safeguard issues had emerged.

The government thought there was a great deal for both parties to think about. It was agreed that it would be premature to sign the memorandum of understanding. We advised that we would return to ADB and develop a solution that we would bring back to them. The first stage was to assure them we were not walking away, but to inform them we could not do this as originally intended.

We went back to the government, a couple of months later, with a recommendation to do a follow-on $1.8 million environmental and social impact assessment. As the river was already dammed, we also advised that we would have to find a proxy river in the same system and complete a comprehensive impact assessment. At the same time, we proposed redesigning the project to be a re-regulating facility, to mitigate the impacts of the upstream dam. This would mean focusing on re-regulating the water flow from the upstream dam versus focusing on power production.

This was the single largest project to be financed by ADB in Viet Nam and it was the first priority of the Ministry of Planning and Investment that year. We had to manage that relationship with the government through the process of exiting.

Throughout, every time I was in Viet Nam I met with staff from the Prime Minister’s office and I met with people from the Ministry of Planning and Investment, so they were always aware of the issues. As issues arose, they were discussed. So, the decision to halt the project was made jointly.
On the other side of the border, the reverse hydrology of the Tonle Sap called for a leap of imagination.

FAILING FORWARD

Cambodia in my case was a pure accident. In 2001, I was working in ADB’s European Representative Office in Frankfurt. A former Director of mine asked me to come back and help address a difficult situation that was rearing its head by the day—the Tonle Sap. I had never looked at a map of Cambodia; I had never heard of the name of the great lake, which is literally what Tonle Sap means, and so as I googled the words and saw what appeared. I was taken aback: I had no idea that such a big lake existed; it is the largest freshwater lake in Southeast Asia, and a biosphere reserve of the United Nations Educational, Scientific, and Cultural Organization.

I had no notion that I would ever go to Cambodia. I carried on for 5 full years. But, between 2001 and the beginnings of ADB’s operations we had had a decade of good work. You need to go back into history, and, of course, we do not want to refer to what occurred under the Khmer Rouge. After the Paris Accords and Cambodia joining ADB, basically from 1992/1993, ADB operations began full scale. ADB was not the only partner of the Government of Cambodia; there was great appetite and interest not just among multilateral development banks and bilateral agencies but also from nongovernment organizations, research institutes, and others, to help Cambodia. That provided a very unusual context for ADB in a country that was about to try to reconstruct itself, having undergone a terrible genocide—a sudden influx of agencies all meaning the best for the country but, of course, putting pressure on rather depleted capacities.

In the early stages, because of the havoc caused by the Khmer Rouge, everything was destroyed—not just the people as a living entity but the infrastructure was also completely demolished. And so,
much of the first efforts of agencies such as ADB were very much into building infrastructure. I understand that in the early years of ADB involvement, there was a strong emphasis on the transport sector. That was a shrewd move because rebuilding networks not only for trade but also to reestablish lines of communication is important. The manner in which ADB and a few other agencies decided to go about it was quite interesting. They saw that there was a population that needed to be employed, so instead of giving them top-range technologies, they decided to construct laterite roads. These would be literally built by hand by the communities themselves, providing gainful employment as well as infrastructure.

ADB realized also that agriculture, rural development, and natural resources were areas worthy of interest, and this is probably how I came into the picture with the Tonle Sap Initiative. Originally, ADB’s interest in the Tonle Sap was quite ahead of its time because nobody was doing much there when ADB began, except perhaps the Food and Agriculture Organization through a very small pilot project that went on for many years.

When I arrived for the first time in Cambodia, I naturally went to a great many meetings. One has to enjoy these when one works in such organizations. So I spent the first days in something like 10–12 meetings a day, coming out with absolutely roaring headaches. On the fourth day, I said, “I can’t take this anymore. There is too much information, I must see the lake.” So I fled Phnom Penh and took a car to Siem Reap.

The roads were pretty much gone and I slipped a disc on the way. The trip took something like 9 hours. As I arrived, just overlooking the hills coming into Siem Reap, the rain began to fall and, for some reason, rain has always played an important part in my mental processes: it irrigates them. I had become steadily more depressed during the 9-hour trip from Phnom Penh, questioning
the wisdom of trying to do something on the Tonle Sap through one regional technical assistance. By the time I arrived in Siem Reap, I said, “There is no project. It is too complicated.” Then logic kicked in. I said, “Well, if there is no project, what is there?” The answer came: “There are projects.”

In hindsight it sounds simple, but it was not easy to come to that conclusion knowing that if you talk in terms of projects you have to leverage extensive resources. You have to come up with a strategic framework against which to couch various interventions in partnerships with a number of other agents. But I felt confident, for whatever reason, that this was the right way forward, and then proposed to conceptualize the Tonle Sap Basin Strategy. It promotes a long-term, holistic approach that conserves nature and offers the promise of sustainable development.

The major components of complexity are clearly related to the hydrology of the lake which, as you may know, reverses itself. During the rainy season, basins normally discharge into the Mekong River. But, in Cambodia, the power of the Mekong River pushes the Tonle Sap River which drains the great lake in the opposite direction. Instead of emptying itself, the lake fills covering four or five times its original dry season area, therefore flooding a lot of the ground around the lake. This means that people around the lake live in a highly unusual environment. Sometimes they have to construct floating pig pens, or build two-storey houses. Sometimes they travel by moped, other times by boat. They are, in turn, agriculturalists and fishers.

A lot of the infrastructure that you use during the dry season you cannot use during the wet season. The roads that remain are washed over by the lake which increases from something like one meter in depth at its lowest up to 12 meters. It is the reverse hydrology of the lake that changes the livelihoods of people around the lake. This happens over a substantial area because as I said the lake increases by up to five times its surface area. It is this
harmonious complexity that requires a bit of thinking and a bit of understanding.

We had to start somewhere. The more complex issues we thought were centered around the lake, so that provided the entry point for the first project which we entitled Tonle Sap Environmental Management. That was a small loan of $10 million. We kept it as small as possible because Cambodia is a small country that needs to repay these loans. Thankfully, the Global Environment Facility extended $4 million in grant form. The United Nations Development Programme also chipped in $600,000. A nice package.

We were quite ambitious when you look at the reforms. We wanted to be encouraged by the state’s response. If it was ready to take the bull by the horns, this would in a sense validate further investments. So we centered the first project on the lake itself—looking at matters such as the fisheries policy of the country, the core areas that are meant to be sacrosanct protected areas, mapping of the boundaries of community fisheries, and so on.

Having endeavored to provide a sustainable policy and institutional environment, we felt that the time would then come to deliver investment packages as directly as possible into the hands of the communities, hence, the next stage of the strategy: Tonle Sap Sustainable Livelihoods. This moved us away from the lake because, of course, communities do not live in the center of it. They are on its peripheries. The next project we planned was originally titled Tonle Sap Lowland Stabilization—I think it ended up being called Tonle Sap Lowlands Rural Development. This was to be more of the same, following on from the model established under Tonle Sap Sustainable Livelihoods: delivering quick packages, sector program interventions involving irrigation and water supply, etc. into the lowland areas that equate with the transition area of the biosphere reserve. That was the third pillar of the Tonle Sap Basin Strategy. The fourth one would tackle deforestation in the watersheds and this I understand was to be
prepared sometime this year. The phasing of the projects ensures that each is informed by and feeds another, promoting continuity and building synergies. It is envisaged that most elements of the cycle will go through several iterations. Much advisory technical assistance, often small-scale, would instruct and synergize the core projects, to which others are invited to ally themselves in partnerships.

We knew that we would fail on the way because of the complexity of development work in general, but we wanted to “fail forward,” as a colleague of mine terms it. Failing forward means that you capture the lessons of experience and you endeavor not to repeat mistakes.

The going got rough but I think the first project was the most difficult to formulate as it was the father of the series. In ADB, questions were asked about what would come next and whether we could pull it off. It was the same with the government. Cambodia was willing to borrow $10 million, for a project that comprised little but software. We were building institutions and we were helping them reform policies and put in place strategies and capacities. For a small country, agreeing to $10 million in the form of such a loan is remarkable.

And sometimes it is better to start small.

**LET US START WITH A WOODEN BRIDGE**

When we talk about projects like roads, or anything where more than one government has to be represented, there are always problems, especially if those countries do not have a friendly relationship. There is something I did, which I hope is still there.

There was a road that had to be built between different countries. These countries did not have a friendly relationship, but they all wanted the road. However, whenever they sat down to negotiate
at a high level, they could not agree. Other organizations had tried to help with the building of this road, but not one meter was completed because the picture was too broad and too large. It was two lanes, three lanes, five lanes, an expressway, and a highway.

So I invited all the right ministries of each country to come to the table to negotiate, and I said to them, “We should look at a village road. Here is the borderline. If the village is on our side, my side agrees to let their side construct the missing linkage of 10 meters and make it an international road. That is the spirit. If you have money, maybe you can concrete that bridge later on, but let us start with the wooden bridge: that means do what we can do. Let us not just hope about what we cannot do.”

Eventually, this was accepted by all. These countries had a mission, a specific mission. If you think it was the mission of ADB alone, it was not. The mission that ADB has is a mission for everybody in Asia. That is what I feel. Naturally, ADB’s thinking has to be there, but at least half the thinking has to be from their side, as I said, like where to construct the road. Let us ask the villagers where to build the village road. When you have the village road, you can progress along it. When you become rich you can make it a national road. That is enough.
Fellow Travelers III

A smile you sent will always return.

An Asian Proverb

PEARLS OF WISDOM FROM AT

I want to see people here who are completely thrilled to bits with their work. If I walk around the institution and do not find people smiling, they are in trouble. I want happy people here. I want people who believe in what they are doing. I want people who know what they are doing, which comes from a lot of self-learning and knowledge gathering. These people are not working for themselves; they are working for communities. These communities are in slum areas, or in rural areas, or in market centers, and so on. They are working with local governments, provincial governments, federal governments, etc. They cannot be unhappy souls.

I tell people that if they do not have the mental strength to be able to take the downsides of the institution, such as the bureaucracy and the sometimes endless processes, then they should not join. Also, once they join, they must be smiling all the time. For those who have a problem, I recommend that they have plastic surgery for them to wear a permanent smile. They have to be happy in what they are doing. They will be challenged and frustrated every day by something or other, but they must have the ability and the strength to rise above that. They need it much more in this institution.

ADB’s members own the institution and about 85% of them are currently represented in Management and staff. They will be dealing with a variety of people. It is a dynamic and unique exercise. I tell people to look at what they are part of—they are part of the transformation of Asia. They have a grandstand view of it at one level. At another level, they are actually creating the
transformation. I do not know why they would want to work here if they think it is Wall Street or a “nine to five” job because it is not either. Even our Private Sector Operations Department has a strong developmental perspective. I tell them that if they think it is Wall Street, they should check out immediately as they will be disappointed. I add that I would rather they be disappointed than I get upset with them after 1 year.

PE REMEMBERS ERKKI JÄPPINEN
I was fortunate to be offered a position on the investment team in treasury by a wonderful man who I consider to be my principal mentor within the bank, a fellow by the name of Erkki Jäppinen. Erkki was the Manager of the Investments Division back then. He essentially taught me how to look at markets, fixed income markets, and how to trade markets and so on. It was a small group of us. I would say it had a family type of feel to it. It was an intimate group; we met all the time both within and outside the office. We had a tight relationship with the traders of the Central Bank of the Philippines at that point, so we met regularly for cocktails and traded notes and swapped stories and things of that nature. But Erkki was very much the older brother or uncle in all this. I still think back today at many of the lessons that Erkki provided me with, and again, I am grateful for the opportunities that he gave me.

PEARLS OF WISDOM FROM KM
I mentor new people in my department through something I call ADB 101, which, using storytelling, involves short sessions delivered over 3 or 4 days. We go through how the Bank’s organization structure evolved; what it is, why the business processes are what they are, what some of the rules are, why they are there and how to break them, and some of the institutional communication norms. I started doing this with my new staff because I did not want somebody throwing a manual at them 3 months into their life in the Bank.
The three biggest things to learn are, first, that the Bank is like a small town. It has a small town mentality. It is not New York. It is a small rural community in Saskatchewan or Alberta. In small communities it is easy to get the wrong reputation. The most important reputation to have is one for technical competence and integrity. Even though you want to change the world and you can see a number of things to do in the Bank, for the first 6 months to a year, I recommend that people keep their head down, learn the institution, and get a reputation for competence. Once you have that, you can do a great deal. But if you do not, if you say the wrong thing in the wrong way or you irritate the wrong person, then you can spend a long time spinning your wheels and you will not be in a position to effect change.

Second, I was given guidance at some point that every one of us has to decide whether we want to be promoted or we want to do work we like. Each of us makes career decisions based on our personal circumstances. If you make the decision then you cannot blame the Bank for the consequences. If you decide you want to stay within a certain department, promotion may not be possible. If you do not want to go on missions, work in a resident mission, etc., then you may not be on the same career path as if you prioritize upward advancement. It is about being realistic.

The third thing is recognizing the institution for what it is, and making your own decision about whether you can live with it or not. There are things you can change but there are some realities that you cannot. Rather than getting depressed, as an individual we have to decide whether we can live within the reality and work to change it, or whether we cannot. That is an individual decision and you cannot expect the Bank to be any more than it is. If your expectations are not realistic, you will end up bitter and twisted.

One other thing is the message: you can say whatever you want to say in the Bank, but how you say it is really important. In that
first 6 months of learning, it is also important to observe and adapt to the communication style and structure. Some people would say that is selling out, I would say that is effective communication. If you adapt your style to your audience, your message will be heard.

A PEARL OF WISDOM FROM JGDV
A large bureaucracy is an elephant. It is difficult to move an elephant; it takes tact, not strength.
Complex Situations and Tricky Judgment Calls

It is easier to catch an escaped horse than take back an escaped word.

An Asian Proverb

Many of the Bank’s projects occur in difficult circumstances. These memories talk about the challenges of resolving problematic and sensitive issues, and the need to be a good friend to the country, an honest broker from the Bank. They speak of the care that the Bank’s officers have to take as they negotiate complex situations and make tricky judgment calls, and of times when saying no but not walking away is the friendliest thing to do.

TEAMWORK HAS ALWAYS BEEN ESSENTIAL

I had an absorbing experience on my first mission as team leader in Mongolia in the late 1990s, and again it was very much linked to some of the work I had done in the finance sector. Mongolia was a country that had gone through a difficult restructuring process from a centrally planned economy in transition to a market-based economy. At that time, there were great difficulties in the financial system. We had put together a finance sector program loan and had tried to stem some of the pressures on the financial system. We came in under a second program to try to provide continuity. One key lesson that had come out from that is we often take a short-term view of operations. A program typically lasts 3 to 4 years and we leave it believing that sector has overcome the difficulties it was facing. But the situation often calls for much more than a one-off type of support.

In the context of Mongolia, there was a second finance sector program that lasted another 3 years on top of the first 3-year program. There was subsequently another that lasted another 3 years. It is a process where there needs to be some hand-holding; a longer-term view when looking at some of these constraints; an institutional memory in place, knowing what we did in the past and how that feeds from what we did and how we look forward.
During that second financial program, which I led, the country faced a difficult situation. Banks were closing down and depositors could not access their savings. The country was not growing. There were lots of layoffs.

One of the key issues that we had to contend with, and we were working closely with the central bank at that point, was how to deal with certain banks that were clearly not operating as they should. An enormous number of new banks had been established in the early to mid-1990s, and many of these banks had been established by business people to be able to finance their investments. They did have bank licenses, but in many cases they did not meet all the banking sector requirements in terms of laws and regulations. So obviously, a decision to close down a bank was never an easy one. We had to grapple with a lot of considerations about what would be the implications of closing or not closing a bank. Could we change the management? And if we could not do that, would we be able to get another bank to merge with that bank and try to address the issues? We spent almost a year in that process, looking at banks and seeing whether they were viable entities, and whether they could be made viable entities.

A lot of it was going back to your team and burning the midnight oil in ghastly hotels. We would spend the days in meetings, and then we would regroup, after dinner, go through our understanding of what we had identified during the course of those meetings, and then say, okay, let us put on the table how we go forward from here. At times, you needed to fall back on your team either to give you a different view, or at other times to boost your confidence that it was the right way to go. Teamwork has always been essential in coming up with solutions. From my experience as a team member, when I eventually became a mission leader, I knew that I had to confide in and be guided by my team. That is the trait of the successful mission leader. It would then be much easier to go back to the government and say, “Okay, these are the decisions we feel need to be taken.”
We are often criticized for working too closely with the governments when at times we need to say no and take a position that may not be in the immediate interests of these governments. Sometimes, we struggle with that. The analogy has always been made that ADB is like the old family doctor. If a patient is sick they can pick up the phone and call and we will be there. That is one part of the story; but the other part is that the family doctor must also say when the situation is not good and when some painful medicine needs to be taken. It has always been a little bit harder for us to say no, to tell them what they do not want to hear.

The idea was to say, “Okay, let us suppose we do not take this action, what are the possible consequences?” To the extent that you had a coherent storyline, you could tell them about the consequences and outline the implications of choosing one policy option or another and the eventual outcomes. That was the best way to come to terms with the fact that a particular option, which was not necessarily desirable, would have to be taken. We tried to bring out those implications clearly in a way that they could easily understand it and then let them choose. The choices would then be a lot more sensible.

Needless to say, there was a lot of coverage in the newspapers and tremendous pressure on the central bank. Its staff members needed to show leadership, that they were resolving issues in the finance sector. They were also relatively young because the old guard had left and a new generation of young professionals had come into the ministries and the central bank. They were looking to us for recommendations and solutions. We had many sleepless nights thinking about whether we should pull the plug on bank A, or bank B, or bank C. We ended up closing down some banks; others survived. That was in 1998/1999.

We are working as partners with these countries, taking a longer-term view on development issues; at times policy makers are looking for the short-term view, given the electoral cycle, but
we need to be above that and also ensure that the measures we put in place are sustainable. We often try to address some of the issues and we may be addressing the symptoms rather than getting to the root cause of the infection. It is only when you have a deep understanding of the sector that you are able to drill down and tackle core issues. This is much easier said than done, and that is another key lesson.

When I came back to Mongolia a few years later, I was glad to see that the financial system was performing well, that the banks were working as banks, that they were collecting savings and financing investments. I have to concede that we had almost closed a bank that was now looking good. It just goes to show the difficulties. You try to work closely in partnership with the institutions and, if you build on the experiences of the past and in other countries and make an effort to address key constraints, there are success stories out there.

After a number of years working in Mongolia, the chief executive of one of the banks gave me a small vessel together with a blue scarf. I understand it is given as a sign of friendship in Mongolia. When it was offered to me, it was filled with mare’s milk and we each had a sip, as is the Mongolian tradition. They gave it to me as a farewell gift when I was moving on to do work in another department. I keep that cup with me. That is one object that conjures up a lot, when I see it. I still have it on one of the shelves in my home.
FRIENDS ARE THE ONES WHO CAN SPEAK THE TRUTH

I have always felt
I am a friend of the country
In which I am working.
I am a friend of the people.
I do not come
With any agenda.
I do not come
With any preconceived notion—
Other than
This country will do well
And
We should help
In some way,
Minimal as it may be.

The other thing is
Humility.
Humility
Is extremely important in everything we do.
We often do not appreciate
How complex development is
And,
Just because we have
Degrees
From fancy schools
And we write and speak well
We think we know well,
And we often do not.
So
Empathy and humility
Are absolutely
Vital.

RMN
RAISE TARIFFS NOT BY 50%, BUT 100%

Let me give you some examples without mentioning specific countries. We were working on a power project in a country and electricity tariffs were heavily subsidized. The financing partners, us included, were convinced that a significant tariff increase was critical to ensure the project’s viability. However, the last thing the prime minister of this country, which had just gone through a rather major upheaval and change of political system, wanted to do was raise tariffs.

I felt that we were not communicating; I felt that we were not making our case. I genuinely believe, although we may not always succeed, that I must be able to convince you by the strength of my reasoning, not by the fact that I am from ADB. So I went to see the prime minister.

I told him the issue and he replied, “That is the problem—you people are all very bright economists but you do not have a clue about politics.”

“As a matter of fact,” I said, “I have come to talk to you about politics,” and he said, “You? Talk about politics?”

I had a lot of respect for him and I think he felt that respect and that I was not talking down to him.

“Sir,” I told him, “90% of the population in this country does not use electricity and only 10% does, so by subsidizing electricity, you have poor people subsidizing the rich. The poor people probably only have one bulb of 60 watts, if that, yet they are subsidizing the ones with the air-conditioners.” I could see something was turning in his mind, so I continued, “Therefore, Mr. Prime Minister, my humble suggestion would be that you raise tariffs, not by 50% but by 100%.”
He replied, “What? I say no to 50% and you have the cheek to say double it?”

“Double it but announce it in a remote area of your country and say how you stand up for people because you are socking it to the 10% in the capital who are running air-conditioners whereas the poor people do not even have a bulb.”

He said to me, “Are you sure of your numbers?”

“Of course I am, here they are,” I answered.

He looked at me for a long while then said, “Okay, let me think.”

Two months later, he announced a doubling of the electricity tariffs from the remote western part of this country and the political windfall was fantastic for him. The elites in the city grumbled and mumbled but the country did what was right; we did what was right.

I’VE BEEN KNOWN TO “KILL” PROJECTS

I have been known to kill projects. One was a water supply project for a major city in the People’s Republic of China that had three components. Two of the components made perfect sense; the third component had already started but it was over-engineered. We had fundamental problems with long-term sustainability. Again, we presented it to the government as a situation where, from an engineering point of view, it was perfect, but having looked at it from a credit analysis position, it did not look so good.

We came to the Bank, called a Management Review Meeting, during which we asked their authority to cancel that component in the field if we could not work out a solution. This was unheard
of. The Vice-President was perfectly happy to do it, but the Director General of the concerned projects department almost killed us. We asked for the delegated authority to deal with this during discussions with the government.

We then went to the government and told them that if they really wanted it, they would have to make it financially dependent. We went to the mayor and said, “This is the money you are going to have to cough up for the first 7 years from somewhere in your budget.”

The deal was if they could provide these funds, we could look at this component. I was working closely with our Mandarin-speaking programs officer and made it clear to him too that it was in everybody’s best interest to let other people finance that component. Again, the point was how to let the client make the difficult decision by giving them the background they needed to do that.

YOU DO NOT WALK AWAY, YOU WAIT FOR ANOTHER OPPORTUNITY

I cannot recall a particular case. I remember many instances where things did not work out.

In the Pacific, we were actively promoting centralized air traffic control. The arrangements in the mid-1990s were terribly inefficient, so we had worked out a very proposal for setting up air traffic control for all the Pacific Island countries. It was a sensible proposal but it never happened. At some point, you realize there is no point in pursuing this any longer; maybe later on… We did also suggest something in the area of fisheries, I remember. The Pacific Island countries, despite the even more urgent need for them to work together, have a bad record in that area.
You do not walk away, but you wait for another opportunity. I remember once a visit to Harbin in Heilongjiang Province in the north of the People’s Republic of China where I met with the provincial government. What a fantastic opportunity for Heilongjiang if it could use the port of Vladivostok—if you look at a map, it is just a narrow strip of the Russian Federation instead of going all the way down to ports on the coast of the People’s Republic of China. Often, my role, or whoever else would represent ADB, would be to point out these opportunities and see whether it was possible or not.

Where it succeeded beautifully was in 1997 or 1998 with the road link from Kunming, in southern People’s Republic of China, across the Lao PDR to Thailand. Some people had been talking about this road link but nothing had ever happened, and I asked one of my staff members to write a paper on all the past efforts and what had been done. We decided to use that as a basis to try and persuade the three governments to sit around a table and get this project done, showing how all three would benefit. In fact, by patiently talking to them, using technical assistance when something had to be studied, it worked out. I think the project is now complete; the road is open or is in the final stages of construction.

These are really nice memories, about something that did not exist at all, where clearly an honest broker could bring the parties together and facilitate, and it was not all about money. It was the fact they had someone to talk to who had no private agenda to pursue.

GVDL

DEVELOPMENT IS NOT BLACK AND WHITE

The problem is that you have isolated and atomized societies in the Pacific, both at the country and regional levels. The Pacific offers opportunities to develop integrative synergies at a regional level,
but because of the sheer distances involved and because of the challenges with respect to cultural differences and others, it has been an unmet aspiration of the region to integrate more closely.

There are challenges to integration at the county level as well. In societies like those that we see in Papua New Guinea, for example, we find elements of tribalism in different parts of the country which, regrettably, have been a hindrance to development and social cohesion.

One of the difficulties we faced in working in some of the less integrated societies of the Pacific was purely at a security level. Contractors or consultants might be assaulted by warring factions in some situations. This created challenges for us in the operation and maintenance of projects that we would undertake. We had to explore opportunities provided to us by civil society organizations, like the faith-based groups, to bring the society’s various constituents together.

We found that, in some cases, it was difficult to get adjacent communities to work together on the maintenance of a road. Just asking them to communicate and work together would not be successful, but by enlisting the support of faith-based groups, for example, we might engineer an understanding and working relationship between the communities. It was always a matter for us in the Pacific of being creative in enlisting the support of different organizations to help pursue a development agenda.

The other major challenge for us in the Pacific, one that was particularly tricky, was that the Pacific Island states, as with states anywhere, have legitimate development aspirations, particularly in the area of energy security, which are not always met warmly by our developed member countries. Often it is not easy to find the nexus between legitimate aspirations from an economic development perspective and the environmental or social concerns expressed by
developed states or nongovernment organizations. I think Pacific Island states have legitimate cause to question what they may perceive to be unduly strict guidelines with respect to multilateral financing. And there have been situations where the insistence of multilateral development banks on a particular agenda have encouraged the Pacific states to chose alternative paths to financing which, at the end of the day, makes me wonder if that was the right thing for the multilateral development banks to do, both at an institutional level as well as at a country relationship level. We need to continue this dialogue with the recipients of aid, but importantly, with the providers of that aid as well, so that they understand exactly what the dynamics are at the country level. If there is anything that I have learned over the last 25 years in ADB, it is that development is not black and white (notwithstanding how much many nongovernment organizations and other parties would like to characterize it as such). Development is all about “shades of gray.”

EMPOWERING COMMUNITIES

Let us start with the earliest, which were the Philippines projects. With the Forestry Program Loan and the Fisheries Program Loan, the government was desperate for balance of payments assistance because during the Marcos regime, the treasury was run dry. They wanted quick-disbursing loans, and the Forestry Program Loan was $250 million, which was big money in 1987; it was the largest forestry assistance in the world. Likewise, in the fisheries sector, we had an intervention for fisheries reform and a loan for institutional and policy reforms. That was $150 million. They were quick disbursing, and this highlights ADB’s hallmarks of being relevant, responsive, and effective. Those two program loans required being responsive to the crisis situation, and ADB was able to help the government.

The first was a policy-based loan, and in a policy-based loan naturally you would look at the sector concerned, which was
forestry. There were difficult policy conditions, security of tenure, and ancestral domain issues, all of which were sensitive. There was also the institutional reform of how the Department of Environment and Natural Resources had to reengineer itself to be able to deliver on policy conditions. There were also parts of the program that required investment in forestry activities because the country had been denuded of its forestlands through illegal logging. All those matters had to be addressed. Most activities were to be carried out by nongovernment organizations and local communities. The modality was new in ADB too.

Likewise, in the fisheries sector, the coastal areas were being denuded of their fisheries resources because of dynamite fishing. Even today, people use dynamite because it is easy to throw dynamite. Millions of fish come up dead. But the cruel and unfortunate thing is that you are destroying the ecosystems, the corals, and the life underneath, and you are killing species that are not consumed because they are too small. It is a destructive way of fishing. Under the program, policies that would enable communities to protect their fisheries were being formulated.

Another project worth mentioning is ADB’s first microcredit loan in the Philippines in 1989, which empowered women as well as rural communities. A successful project that was completed in 2 years.

The Asian financial crisis of 1997 brought its own complex situations and tricky judgment calls. The first story that follows deals with the challenge of responding to an emergency when time is of the essence, but tough decisions also need to be made. The second story deals with the art of diplomacy.

Life is not a continuum of pleasant choices, but of inevitable problems that call for strength, determination, and hard work.

An Asian Proverb
WE SHOULD HAVE BEEN MORE PATIENT

In Thailand, in 1997, there was a run on the baht. It sparked a complete meltdown of the country’s financial system. ADB was asked to respond. We came in as part of a large $17 billion International Monetary Fund–led package to help Thailand get out of the mess. I was asked to assemble a $600 million loan for the agriculture sector. I had moved from the water supply and sanitation sector to the agriculture sector overnight. My then Director had said that if a person lived on a farm for more than 6 days and had common sense, he or she could deal with agriculture. It is all about earth, water, and sometimes, good air.

We worked on agriculture in Thailand. It might sound immodest to say this, but within 3 or 4 months, and with a lot of help from the Thai government, we were able to put together a good program of reform. All the major issues in agriculture, such as landholdings or tenure, the size of holdings, technology, research, and water, were studied and put together into what we felt was a thoughtful and clever way so that the Thai government could take a sequenced approach to reform and get agricultural productivity going in the country. Thailand would then be able to retake its preeminent place as the number one exporter in the world for a number of agricultural commodities, including rice.

However, we got stuck because there was some hurry on our part in trying to provide such a large packet of money to Thailand, which they needed. The problem arose because we were not sufficiently patient and we were not firm enough. It is important to be firm with clients when taking such tough decisions. We had several sets of discussions with senior Thai officials, including the Thai Minister of Finance. We told them that they should understand that they were a water-distressed country, that they had wasted water, that they had been profligate. They had to understand that this is a past that they could not afford to have as their future.
We gave them the example of the Chao Phraya Basin, which is the main river running from north to south through Thailand. It had been developed principally for the production of rice. The irrigation systems that had been set up allowed the basin to produce at least three crops a year. This was remarkable for that time. From that position, Thailand quickly fell to its lowest position. For many years before 1998, it had been unable to get more than one crop in the basin. We told our Thai colleagues that this was an issue that went straight to the heart of water allocation and water use.

They did not charge for water. But there was an act, the Royal Water Irrigation Act of 1942, which required the government to charge for water at specified rates. We told them that they could return to the old rates. Of course, this has little meaning in today’s context. We told the government to get farmers and people used to the idea of paying for water. Huge public irrigation systems had been built. The entire basin was saline-infested. It was no longer the number one rice-producing area that it used to be, but they would not hear of it.

They asked, “Why do you think the irrigation department in Thailand is called the Royal Irrigation Department?”

It is because the King takes a personal interest in the allocation and use of water in the country. People feel that it is the King who gives them the water and therefore they do not feel they should have to pay for it. We could not deal with this. We wrote a loan agreement with the minister, which fluffed the issue. Today, Thailand is desperately short of water. It is so short of water that even industry in the Bangkok Metropolitan Area, which contributes 45% of Thailand’s gross domestic product, often encounters water shortages.

We should have been more patient. We had dug our heels in for over 8 months, until the Thai Minister of Agriculture came to
ADB and met our President. They held discussions. We relaxed the loan agreement. Thailand received $600 million.

The postscript is interesting, though. They only took $300 million of the loan and gave back the other $300 million. They faithfully implemented the program, other than the part that related to water.

Today, water is a huge issue in Southeast Asia, as it is in most other parts of the world. The institution learned an important lesson from this. It must be patient and it must be firm where it really matters. It is up to the institution to make the judgment call as to when and where to be patient and firm.

AN AUDIENCE WITH HIS MAJESTY THE KING OF THAILAND

This was 1997, and it was early July when Thailand decided to come out of its fixed exchange rate regime, which had been fixed for about 10–15 years: every time you went to Thailand, your dollar was worth 25 baht. That was fixed.

Because of globalization and the opening up of capital markets in the faster developing countries of Asia—the Republic of Korea, Thailand, Malaysia, Singapore—the private sector looked at a great opportunity to get lots of cheap capital from Europe and North America, where private capital was available. Asia was an attractive region to lend to.

Unfortunately, the Asian tigers borrowed this foreign exchange, converted it into their local currencies, and lent it out for long-term development purposes, while their capital was quickly due as the foreign banks that lent to them would not give money for more than 5 or 6 years. The private sector brought in this money, changed it into baht, won, or other local currencies, and passed that out for housing projects, for example. But the loans had to be repaid to foreign debtors in hard currency.
When the money became due, panic buttons were pressed because when you looked at the reserve situations of these countries, and you examined the debt service requirements, clearly, the situation was quite vulnerable. So, there was herd behavior on the part of investors, particularly the portfolio investors who simply took their money and ran.

Thailand was the first victim because it had attempted to defend the baht and had lost $5 billion–$6 billion in trying to do so, then decided that it was not viable and that it had to float the baht. Panic buttons were pressed again because Thailand required about $16 billion; today we are talking trillions, but at that time $16 billion was a large amount.

When this happened, naturally ADB, being the bank for the region, had to be responsive. A meeting was called in Tokyo, led by the Government of Japan, to look at a rescue package for Thailand. I was the Deputy Director General of the Programs Department (West) and had to represent the Bank in the absence of the Director General. Everybody was so nervous because committing ourselves to $1.6 billion was a lot of money coming from ADB at that time—an unprecedented event. I would receive a call every half an hour while I was in Tokyo from the President’s office: $1.6 billion, this is what it would be made up of, and so on and so forth; say the right things at the right time. It was a 2-day meeting, and it was a quite lengthy debate. At the end of it, we committed ourselves to $1.6 billion out of the $16 billion for Thailand.

The governments of Thailand and Japan were happy that we had decided to contribute at the meeting. His Majesty the King of Thailand was so gracious that he gave Mr. Sato, the President of ADB, a royal audience. President Sato, Mrs. Sato, the President’s assistant, and I attended. Nobody from ADB has had an audience with the King since then. The Minister of Finance, Mr. Tarin who later became Prime Minister, was with us as the government
representative. The King was going to see us for just an hour, but the audience extended over one-and-a-half hours. Prior to that, we had had half an hour with the chamberlain because of protocol and respect for the King. You could not turn your back to the King and had to walk backwards, for example.

The King came to the meeting, and said, “You know, the first time I came to know your organization was when I was visiting southern Thailand. I saw them cutting trees, and I asked why they were doing this, and they said because ADB was going to develop rubber in the area.” Something of a bombshell…

So, it took a little time before the conversation warmed up, and the King smiled because President Sato said, “Oh, praise the King for all his initiatives in agriculture.” The King called for his photo albums to show us agricultural projects in Thailand. President Sato, his wife, and the President’s assistant all looked at these, and I, being an agricultural person, became very interested. Then I noticed that the Minister of Finance had become quite nervous, thinking that I would stand up and hand the albums back to the King, which would be unbecoming. Suddenly, I saw him walking on his knees toward me. He took the albums and, on his knees, he went to the King and gave them back.

A PAINFUL EXPERIENCE IN MALAYSIA
One extremely painful situation I recall took place after the Asian financial crisis, around 2000. I was moved from ADB’s Programs Department (West) to its Programs Department (East) and Malaysia became one of my countries of responsibility. Malaysia had stopped borrowing from ADB years before, and I decided to visit to talk about Malaysia’s role in regional work in Southeast Asia. One of my first meetings was with a lady who is now the governor of the central bank, who was then the deputy governor. I walked into her room and she welcomed me, and the first thing
she said was, “In times of need you get to know your true friends and when we needed you, you were not there.”

I do not know whether you followed the 1997 crisis, but at the time, Mahathir was Prime Minister and he made statements about how an international Jewish movement was behind it—George Soros was attacked in particular. He also did something that was completely against what the International Monetary Fund imposed on Indonesia, the Republic of Korea, and Thailand. He introduced capital controls. With hindsight, if you now read histories of the crisis, Malaysia is seen as having been one of the better countries in responding to the crisis. However, in that period, it was seen as a hot potato. I was not involved but, apparently at the last moment, ADB withdrew from extending budget support for programs to Malaysia. That is what she reminded me of when 2 or 3 years later, I went to Kuala Lumpur to try to reestablish relationships.

Before that visit, I had studied in great detail, month by month, what had happened, so I knew what had happened. And the way ADB had dealt with Malaysia, I think, was not something to be proud of at all; she was perfectly right. Those are situations that are quite painful and all I could say to her was, “Yes, I agree with you,” and then tried to talk about the future and what we can do together rather than dwell on what went wrong in the past.

GVDL

PRESIDENT SATO INTRODUCED THE BANK’S FIRST POLICY ON GOVERNANCE

In many cases, there have been differences between the nonregional members and the regional members of the Bank. One occurred during President Sato’s term. He decided to introduce the Bank’s first policy on governance. That was interesting because the nonregional countries, plus Australia and New Zealand, were keen on the Bank taking governance issues into account. But many regional member countries were concerned that this would mean the Bank would be involved in their internal politics.
The Charter has a specific provision that says the Bank will not be involved in decisions of a political nature, so several regional member countries took the position that it is contrary to the Charter to have a policy of governance. The nonregional members, Australia, and others basically took the position that we need to have good governance to have effective programs and effective projects.

That was a huge issue, a legal opinion was sought, and the then General Counsel, Barry Metzger, came up with a rather clever legal opinion: what you do depends not so much on the substance of what you do but on the intent of how you use it. If the intent is economic and social development, then that is within the Charter. If the intent is political intervention, then that is contrary to the Charter. That is how I remember the legal opinion; I have not looked at it for about 13 years, but that is the essence of it. It was the first step at bridging and trying to find common ground, which is a characteristic of the Bank.

The second aspect of governance had some overtones that sounded political. If you talk of governance, you think of politics and I am sure you do. If you talk about the governance of the United Kingdom or I talk about the governance of Canada, visions of Parliament and prime ministers and partisan politics come to mind. Obviously, therefore, the word in itself was also a problem, so the Bank came up with a rather neat solution: it did not call this the policy on governance; it called it “Governance: Sound Development Management,” so it had bridged it.

In the original governance policy, as I recall, anticorruption was hardly mentioned. I think the word was “probity.” That was the key issue and that was interpreted as applying to this, but anticorruption and corruption were considered even worse words than “governance.” Now, over 10 years, you can see it is not governance, it is like talking about bread and butter: anticorruption—there are signs everywhere, everyone is on board.
That is the evolution that took place, but the evolution took place because President Sato and his staff realized they had a huge division up to the Board level and between the member countries, and they sought to find a common ground both in substance and equally in the way it was stated. Thus, you had the legal opinion and then you had this terminology. You do not often hear “sound development management” related directly to governance, but you do hear “sound development management” and you also hear “governance” talked about. That was a classic case.

JP

Deep doubts, deep wisdom
Small doubts, little wisdom.
An Asian Proverb

HAVE THE COURAGE TO SPEAK, BUT NOT FROM THE HILLTOP

Governance is an important issue. While we should always be prepared to walk away from a project if governance issues are not addressed properly, that—walking away—is not necessarily the best solution. When we walk away, we will walk away from the very people who want to bring changes and to the great delight of the anti-reformers, who do not want us in the first place. If we walk away, they will applaud it.

There was a major issue with a state enterprise in one country. Reforms were being blocked by the chief executive of this enterprise for reasons of obvious personal gain. Not coincidentally, he also happened to be the relative of a powerful political leader.

We realized that we would not make any headway while this person was heading the organization, so I sought a one-on-one meeting with the political leader.

I said: “If there is anyone who can give this message, it has to be ADB and within ADB it should not be my team members or my
mission—it has to be me because I am head of the department and
I must take responsibility for the consequences.”

I sat, just as I am sitting here, and told the leader what the
problem was. Of course, I pretended that I did not know that
there was a relative involved here. I told him why and the leader
obviously did not like it and he said, “So what will happen if
I do not agree with you?” I told him, “I am just doing my job
telling you as your friend. We will still be friends with your
country but you will have lost a great opportunity to reform the
enterprise,” and I explained how critical this enterprise was to
his country’s future.

To his great credit, the leader ultimately removed the chief
executive, and we got the reforms through. To me, all of this
means that you have to first know your technical, economic, and
financial stuff. You have to know the context. You have to then
understand politics and you must have the courage to speak about
the critical issues, but not from the hilltop.

RMN
Two Boxes of Tea: A Folktale from Viet Nam

There are those who smile in disbelief when I say that there are some honest mandarins. There are others who laugh in my face when I tell them that there are those who practice honesty with a certain delicacy. But let me offer this true story of an honest mandarin.

Trinh Dam Toan was a mandarin who was known refuse all gifts, no matter of what nature. However, one day, a certain merchant for whom he had done many favors beseeched him to accept two boxes of tea in return for all he had done.

And although the gift was modest and ritual, Trinh Dam Toan refused, reminding the merchant of his principles. The merchant could do no more than maintain a respectful silence. He did so with such a sincere attitude that Trinh Dam Toan departed from his principles as he did not want to offend the man.

When the merchant left, the mandarin lifted one of the boxes and the weight surprised him. Opening them, he found that they were filled with gold.

Trinh Dam Toan sat for a while thinking. Then, he sent for the merchant and said, “I accepted your gift because I thought we were out of tea in the house, but I was mistaken and we have more tea than we can use. Therefore, although I appreciate your thoughtfulness, I must return your present.”

So now I ask you to cast aside your disbelief for there are some honest mandarins and Trinh Dam Toan is one.
Fellow Travelers IV

Wisdom rides on your own neck.
An Asian Proverb

NA REMEMBERS NORITADA MORITA
Noritada Morita, a visionary and transformational leader, is someone I greatly admire. I served as Morita’s deputy when he was Director General. The Greater Mekong Subregion Economic Cooperation Program started in 1993 and was the brainchild of Morita. I became Programs Manager for the Greater Mekong Subregion in 1995, taking over from Ricardo Tan. In 1997, I became Deputy Director General to Morita. So for 4 years, in fact, the formative years of the Greater Mekong Subregion program, I played an important role there. Morita was an inspiration. We started the Greater Mekong Subregion technical working groups, which are still in existence today; the ministerial meetings were organized at that time too. Morita was a great gentleman to work with: he selected the people he wanted, and then gave them all the support they needed to go out and do what they had to do.

PEARLS OF WISDOM FROM NL
This is a large organization. There are numerous personality types. You simply have to become used to that fact. As with any organization, some people are friendly while others are a little cold. Ultimately, when you help someone out, when you solve someone’s problem, there is an immediate sense of accomplishment. Networking is important. I would tell any incoming person to know as many people as they can. Start by asking your neighbors. Surprisingly, this is not always done in this place.

IM RECALLS WILLIAM FRASER
William Fraser was a fantastic manager who trusted his staff. He always supported and shielded us from a lot of nonsense. He
created an environment where we could really focus on our job, which is to build a positive relationship with our clients and then help them move forward. He was a consistent and principled person, and he was not afraid of making enemies. He was not driven by his own agenda. He did not work for promotion; he worked to manage and support us.

He remained in the same position for more than 10 years. I asked him once why he did that and, which is why I respected him a lot, he said it was because he felt that somebody in ADB had to be a reliable, stable, and trustworthy element for all of the countries with which we dealt. As many of his staff were young and expected to move around to different functions and operations, he wanted to play a pivotal part. His presence would guarantee stability and he would do everything possible to deliver the commitment he made to clients. He would use every single one of us to deliver individual programs, but he maintained the principles, rules, and parameters that we all valued as a team. He provided us with that, and he also developed our programs very strategically.

We did not operate on ad hoc requests. In each country in which we worked, we had a clearly defined strategic program, which was a combination of sector studies, technical assistance, and lending operations. It was well thought through. Clients trusted us because of that. We felt comfortable when dealing with them because we knew the principles we were supposed to be applying in the changing environments of each country. We knew, even if we had a tough time, that when we came home to ADB we would be supported. We could cherish the commitments we had made because we knew that what we had promised could be delivered. It was a good feeling to work with that assumption.

PEARLS OF WISDOM FROM RMN
Understand the cultural context in which you work. In some places, the most senior person will speak in the softest tone, not the loudest,
so you strain to hear him or her. In other places, the voice level will go down, not up, to signify displeasure.

PEARLS OF WISDOM FROM BC

I would say, if you are interested in development work, a less conventional lifestyle, and you are keenly motivated, particularly in terms of doing policy work, there is probably no better institution than ADB... I have gone to other institutions during the years since I first joined ADB.

WLA TALKS ABOUT ALBERT ATKINSON

Albert Atkinson turned ADB's library into a knowledge hub. It used to be a stuffy place with few visitors. You could probably imagine what this space looked like 10 years ago, but what it is now is a reflection of Albert coming here and turning it upside down.

To see people gather in the library every day for community of practice meetings and other seminars is a huge change for the better, and it gives a big boost to knowledge sharing. The arrival of Starbucks, almost unbelievable until we saw it with our own eyes, means that staff are now coming down to meet guests, have one-on-one and small-group meetings, often preferring this venue over their office.

Before this transformation, it was not considered a good thing if you were spending too much time drinking coffee downstairs. Now, however, the organization has begun to understand that people meeting and talking about their work is a critical part of the knowledge process within the organization. Having good places to meet helps move it forward.

By the way, Albert really rocks when he drums or sings. That is the kind of people we need more of: persons who are creative and passionate.
Economic Corridors

The tall one wouldn’t bend, the short one wouldn’t stretch, and the kiss was lost.

An Asian Proverb

In ADB folklore, Noritada Morita is known as the father of the Greater Mekong Subregion program. The program next came under the leadership of Gerry van der Linden, Yoshihiro Iwasaki, Rajat M. Nag, and then Arjun Thapan. Some of them and others reflect on some of the major turning points ADB’s regional integration initiative; they speak of the recognition of common interest, the hunger for knowledge in the region, the pace of growth, stunning feats of persuasion, and the pain and trauma of countries that had been devastated by war.

LOOK AT THE REGION AS OPPOSED TO A SET OF COUNTRIES

Something we did in the 1990s, as an institution, struck me as being one of the key advantages of being an organization like ADB. This was to initiate what came to be known as the Greater Mekong Subregion Economic Cooperation Program. It is clearly a frontrunner globally today.

This came about as a consequence not of broad-based institutional thinking, like ADB’s Poverty Reduction Strategy, but as the child of one particular individual staff member who had a very penetrating insight: he looked at the region as opposed to a set of countries. He felt that the region was coming out of civil strife. There was trouble in Cambodia, Viet Nam, the People’s Republic of China, the Lao PDR, and so on.

There is something of a “peace dividend” in these countries. Morita felt that this was an opportunity. It was a completely stunning idea. It took root gradually, but certainly caught on. It started in 1992, but it took us 4 years to get the countries thawed out of their relatively frozen positions with regard to each other. They began to talk, and today they get on well.
The People’s Republic of China plays as much of a part in this program as does the Lao PDR, which is, if you like, at the other end of the scale. It is a very remarkable development that has now been running for 15 years. Indeed, next month, the countries will hold their 15th ministerial meeting. We now have summits of Greater Mekong Subregion prime ministers every 3 years. It took us 10 years to get there… It is wonderful for a development institution to hear about how the six countries must now get on as a group, as the Mekong Peninsula.

They share a river, which is their principal lifeblood. They have many common interests and a population the size of Western Europe, about 270 million strong. They live on the Mekong, make their living from the Mekong, and do their washing in the Mekong. They have huge talent and huge potential, but they are also extremely diverse. They have their own sets of development issues. For ADB to be able to get into all of this, and to look at development issues beyond national boundaries, was a masterstroke. It is something that we have really built on over the years. Today, regional cooperation integration is one of the core elements of Strategy 2020. It is a very important driver of socioeconomic development.

WE NEVER LECTURED THEM

Let me start in the early 1990s. Some countries in the Mekong region, (i.e., Viet Nam, Cambodia, and the Lao PDR) were just beginning to open up and our operations were starting there. When we went to Cambodia in the early 1990s, the country was still technically at war. There were four factions and they could not decide which would form the government, so we talked to all four of them. We also went to Viet Nam.

Three things strike me about those days. The first was how utterly devastated Viet Nam, the Lao PDR, and Cambodia were through
lack of investment from the mid-1960s to the 1980s. It may be
difficult to believe it now but, in 1995, when I first went to Viet
Nam, we used to work in hotels that were decrepit. We used to
have meetings in the breakfast room.

The second dramatic thing I realized there was that there was a
group of committed and sincere bright young people who had
suddenly found their entire educational and philosophical base
brought into question with the collapse of the centrally planned
economies. They had been trained in Marxian economics, they
had done their PhDs but they were now told, “Whatever you have
learned is no longer relevant,” or “The centrally planned economic
models that you applied earlier do not work, so we will talk about
macroeconomic theory 101 and English is the language you have
to work in because you have joined a world in which you were on
the wrong side of history.”

The third thing that struck me was the absolute steely determination
and hunger for knowledge. I am proud of what we did in these
countries. We responded with infrastructure development, human
capital development, providing courses in economics 101, and
one thing that I am particularly proud of is that we never lectured
them. We never said, “Your model did not work.” We basically
went in, and I personally designed some courses for capacity
building in various ministries in Viet Nam. We were teaching
them rudimentary economics: how the markets work, supply and
demand, price theory, etc. It only took 10 years, and now, they
are in a different league altogether, but in those 10 years they
overcame many of those constraints. In the Mekong countries, you
have seen the pace of economic development and human capital
formation, which has been phenomenal. People who could not
speak a sentence in English in 1995 and depended on interpreters
were, by 2001, delivering speeches in English, and it was because
of their determination and complete commitment. We, at ADB,
were fortunate to be part of the process of transformation.
Our counterparts understand their problems much better than we ever will. They know what will work and what won’t. They have probably been to the same universities we attended. So, resist the temptation to march in and lecture. Try to understand, offer options, tell them what worked elsewhere, but don’t lecture.

RMN

A STUNNING FEAT OF PERSUASION
I left the Bank in 1988/1989. I had come to the conclusion that I had advanced. I had been promoted regularly, I had had great experiences, but if I were to make my mark as a lawyer in Australia I needed to return. Unlike these days when people go on leave without pay to maintain a sort of safety net, I resigned and returned to Australia at the end of 1988, and became a partner in a law firm. I worked there for another 4 or 5 years.

A combination of factors brought me back. I first returned as a consultant in Cambodia. Cambodia had just signed peace accords; the Khmer Rouge had been defeated after Viet Nam moved in to kick them out. After the peace accords in Paris in 1991, there was no lending to Cambodia, so the Bank wanted to be the first international lender to resume financial assistance. The problem was that the government had been decimated. In fact, the country was being run by the United Nations, so there was a very interesting legal question of whether the sovereign state of Cambodia could contract with the Bank. A legal-cum-development mission was formulated and I was appointed as a consultant to that mission. What started as a 2- or 3-week assignment became a 4-month assignment, where the team was sent around the world. We went to Tokyo, Washington, and New York to advance the idea that Cambodia deserved financial assistance, and we should not wait for the legal nicety of sovereignty being established; we could succeed.

I wrote a report that assisted the Bank to make a decision to lend and the Bank became the first lender to Cambodia after the Khmer
Rouge had been defeated. There was a great sense of achievement and I am proud to have been part of it.

We were there not long after the Khmer Rouge had left. I do not know whether you have ever seen one of Mel Gibson’s earlier movies called *The Year of Living Dangerously*. Going to Phnom Penh was a bit like that. The Cambodiana Hotel was where all countries had established their embassies. There was great danger in the streets in some respects—not to us but to people identified with the former regime. One felt at that time to be doing tremendously important humanitarian work. The Bank had taken a lead role and could be justifiably proud. We were probably on shaky legal ground, in some respects, and a lot of the other lenders hesitated, waiting to see. In fact, the International Monetary Fund said to me when we were there, “We are waiting to see what the Bank does and whether it works.” We leapt in and I felt it was a graphic demonstration of the power of the Bank in certain situations. I do not say this just because I was involved, but I am not entirely sure that the Bank has been able to repeat that stunning feat of persuading the international community about a system. It may be like the Tonle Sap and the Mekong River coming together in Phnom Penh; a coming together of circumstances led to the Bank being able to do something.

It was not an easy task because something like this emerges over a period of time. In this situation, many countries, in particular, the US, Australia, and Japan, had established embassies in hotel rooms. The American embassy was just down the corridor from where I was staying and the Australian embassy was upstairs. These rooms functioned 24 hours a day and most of the people in the embassies spoke fluent Khmer. I was astonished at the degree to which these countries could mobilize to help a country that really needed it. I still think there was great concern over the threat of communism at that period. Therefore, these countries were there trying to salvage something from a terrible situation.
It is hard for people to understand what really happened in Cambodia before that time. Three or four times a day during that mission, we would almost be brought to tears by people’s stories of the horror they had gone through. It was a highly emotional journey. It was not just economics.

At that time, the International Monetary Fund was interested in helping but was very concerned by the legal issues.

The United Nations had brokered the peace and wanted to see the accords blossom into real assistance. Japan was standing ready to finance Cambodia’s arrears. This was a legal issue that we could not overcome because, technically, we could not resume lending while they owed us money and they did not have any money with which to repay us. The Khmer Rouge had literally blown up the central bank: they had detonated dynamite in the building and all the records had been destroyed. There is a film of them doing this.

This was a situation in which members of the international community were looking at one another to determine who would go ahead. For me, the critical point was a mission we made to Washington and New York to meet with the International Monetary Fund and the United Nations. Our job was essentially to explain why the Bank was prepared. The work I was doing was right on the line. We explained the situation. I was traveling with the current General Counsel, Jeremy Hovland, my controller at that time. That trip made clear that the Bank was definitely going ahead.

Most of this process was driven by one individual, Noritada Morita, who was Director General at that time. Morita was an interesting character and a jolly fellow. In this instance, he shone. There was only one path for him and we were integral to that. As a lawyer, one has to be careful about coming up with an opinion that the client wants rather than the opinion the client should be given. He would not be dissuaded; he wanted this to go ahead. I do not
remember all of the details but it worked out; the Bank could go ahead and resume lending. Japan paid off the arrears and it flowed from that. I was also quite proud of the role that Australia had played in forcing the issue, as did the US and Japan.

WHY DIDN’T YOU JUST COME AND HELP US?
When I went the first time, I was sent as a social sector specialist in a United Nations grouping of about 30 nongovernment organizations and us. We went in there to find the project. It was a 5- or 6-week mission into Khmer Rouge areas. That was quite dramatic and traumatic, too, because we were meeting all the survivors who had difficult psychological problems.

I will always remember going to Siem Reap by truck. It was a very bad road, and we were sleeping in buildings that had bomb holes in the roofs. I remember a few of us and our Cambodian guys would sit out every night and have a few drinks and talk.

One night, a Cambodian man asked, “Did you people know what the Khmer Rouge were doing in Cambodia?” You always know when a loaded question is coming. We said, “Yes, we had heard.” Then he said, “Why didn’t you just come in and help us? Why was it that Viet Nam came to help us?”

That is when you start to wonder to what degree you can help before help is needed. You see that a lot in development work: in many cases, you will be blamed for coming in late. You think you have tried to get in early but, in fact, are being blamed. People can take that very traumatically.

IT IS AMAZING HOW THE COUNTRY HAS CHANGED
All through the 1990s, the Bank’s body of membership changed tremendously and, of course, Cambodia was a major experiment.
We were doing it right in our backyard in the Indochina region and we had almost set up the whole government with the help of the United Nations Development Programme, the United Nations system, Japanese bilateral grants, multilateral donors, etc., and ADB played a very important role in that.

The first loan was done by Bob Dawson who is now the Secretary of the Bank. We were colleagues at that time. Bob was doing a reconstruction and rehab job so he had done the rehabilitation loan, which had fixed the basics, and I followed with the basic skills immediately after, as much of the rehab could not be done without them. So I followed after a year or so. That was an important thing when preparing a country before its development could take off. It is your initial investment that makes later development possible. It is a long-term banking issue rather than bank or no bank. If you are in a 40-year period, you clean up the slate, create conditions for development, take a longer road, but we fund the first step first.

It was shocking to see a country in that state and, of course, to learn about what had happened during the earlier Pol Pot regime, and yet the people had the kind of hope, expectation, the life force, and the pleasantness of it all, despite all the negatives and the physical reality of it. My heart went out to them because they needed and deserved to be helped. There were no roads. There were no bridges. It was a big swamp. Even much of Angkor Wat was covered in forest at that time. We were in a good position to return with money to clean up schools, introduce technology, build up health centers, and bring medicine, bring relief to people.

It was an excellent period in that sense and you could work alongside returning exiled Cambodian ministers, and people who had fought the guerrillas in the forests who were now your counterparts. It was very nice to work with them and do something.
In 1994, I developed the Basic Skills Project in the education sector. It was immediately followed by two separate projects on education and health. I had done a combined job because I had by that time “become an expert on health”; it was a help doing one because there was not the capacity for two loans but it was followed up by two basic projects, again separate for education and for health afterwards.

I was there 2 years ago on some mission and it is amazing how the country has changed. You cannot recognize today’s Phnom Pehn from what it was in 1993/1994. There is hardly a building that has not been rebuilt, repainted, refitted, whereas before few buildings were complete. The whole landscape of the city and the people and the two-wheelers has changed entirely. The roads are there. The bridges are there. Cambodia is one major success for ADB, if ADB contribution can bring a country around.

We had a broader mandate and goodwill, not only for us as a bank but in the region, of the Greater Mekong Subregion, of Asia. By that time, ADB was coming back as one of your own home doctors and coming to the spot where trouble needed to be fixed. We have always taken pride with ADB that this was one regional bank, which had a majority membership from the region. The region means Australia, New Zealand, Japan, they are all included in Asia, and that gives it a character of its own.

**HOW THE TERM “ECONOMIC CORRIDOR” CAME ABOUT**

When I think about crises and longer-term issues, I still tend to think about my work on a visionary initiative called the Greater Mekong Subregion Economic Cooperation Program, known to many as the GMS Program. It was around the time of the Asian financial crisis that I was assigned to a small unit in this initiative involving Cambodia, the Lao PDR, Thailand, Viet Nam and the
People’s Republic of China. The initiative was well on track before I joined that group, but then the crisis came. At that time Thailand was playing the lead role in the group and it was hit severely. There was a general fear that the crisis would cause a loss of interest in the initiative, particularly if the leadership of Thailand weakened. The issue was how to galvanize the members of the group into activity, continuing and even strengthening cooperation.

I came to the group in the early part of 1998 and I had to organize a ministerial meeting in August, so I had only 6 months to prepare. I had to find something to rekindle enthusiasm and I had no idea how to do this. In the end, I did the same thing that I had when I worked on power projects. Rather than trying to find a solution myself, I talked to people with better ideas and knowledge. I held several rounds of brainstorming. Through this process, the idea of an economic corridor emerged.

Under this regional initiative, there were a number of road projects on the drawing board, some of them already under way. These roads were to link countries more closely and turn them into a larger group, a larger market, but also a larger and better production base. The idea was there, but it was not very well articulated. Through this concept of an economic corridor we could make the point much clearer. It was also considered as a way to overcome the crisis and move ahead. The ministerial meeting held in August was very successful. This was more than 10 years ago and even today the term “economic corridor” is used by many people and institutions. I often find the terminology used in media reports and by various governments. The idea came from two colleagues, one an ADB economist and the other a senior advisor when they spent a full day brainstorming with me in Bangkok.
Noritada Morita, who retired 10 years ago, began this initiative. This regional cooperation was really quite amazing, because if you look at the countries in this group—Cambodia, the Lao PDR, Myanmar, Thailand, Viet Nam, and the People's Republic of China—many of them had experienced various types of conflict. In the case of Viet Nam, the first thing my generation thinks about is the Viet Nam War (or the American War, from Viet Nam’s perspective). After the war with the US ended, there was a conflict between the People's Republic of China and Viet Nam. People may not remember but they fought a short border war. Cambodia went through the painful experience of the Khmer Rouge, when many people were killed. Viet Nam took action in Cambodia in response to the Khmer Rouge’s incursions. Thailand and Cambodia, Myanmar and China, Myanmar and Thailand, and the Lao PDR and Thailand have also had confrontations. Now they have come together to work for a common interest.

If we think about these conflicts as disasters, the Mekong initiative has made a big contribution in helping these countries overcome their recent history and work together to forge trust. This is one area where ADB has done extremely well, distinguishing itself from other development institutions.
“Truth in her dress finds facts too tight. In fiction she moves with ease.”

From Stray Birds, by Rabindranath Tagore

What follows is a fictionalized story of the formation of the Greater Mekong Subregion Program.

THE HONEST BROKER
There was once a young man, curious about the world and its mysteries. He wanted to know his place, to understand his relevance to his world, so he left his homeland and traveled. He worked first in one place then another, listening, learning, and making friends. Whenever he arrived in a new kingdom, he would find the place where everyone gathered and sit quietly, watching, listening, learning. Then, after a few days, he would offer his services to a family. Sometimes it would be the family of a wealthy nobleman and at others a humble farmer.

Wherever he went he followed his father’s advice, “Learn before you teach.” His wisdom and skill at settling disputes, especially ones between neighboring farmers arguing over boundary issues earned him the reputation and the name, The Honest Broker.

During his travels, he came to a town sitting on the banks of a wide river. As he entered the town, he was struck by the sadness that seemed to hang in the air, a sorrow that lay on the clothes of the people that passed him like a fine dust. “What is the source of this unhappiness?” he thought.

He sat for a while in the town square, watching the people come and go. The lines on their faces told him stories: stories of pain and anguish, of loss and grief. The women’s faces were pinched and tight, the faces of the men masks of anger. The young women’s eyes downcast, hope a stranger to their lives. He looked for the source of this pain and noticed how meager the crops were that the farmers brought to market and how few young men there seemed to be.

After some time he befriended the baker who told him about the dispute with the neighboring kingdom about access to the river that had escalated into a war, and the heartache caused by a generation of lost sons. When the baker heard where he had come from he said, “You are the one they call ‘The Honest Broker.’ Your reputation precedes you to this place, and I am convinced you have been sent to help us.”
“I am not sure my experience would help in this matter,” The Honest Broker said. “The dispute you speak of is larger than any I have ever known.”

“I am the baker for the ruler’s household. I will introduce you to him. Let him decide.”

Although he was uncomfortable and unsure if he could help, The Honest Broker agreed to the meeting. He accompanied the baker to the ruler’s house when he went to deliver the bread and was introduced to the ruler, a quiet, modest man who did not display his wealth and power.

After they had shared food, the ruler came to the point.

“My people are dying. And not just my people, but those from all the kingdoms that share our river. For many years we shared this river peacefully, but we built a dam to create electricity and one of our neighbors complained that our work was interfering with their access to the water. I sent specialists to check this. It was not true, however, our neighbor insisted this was the case, and since then we have been at war. Our young men are dying and still we have no electricity. And now all the other kingdoms who share our river are fighting, not just us, but each other. If we do not find an end to this dispute, we will all starve. I have heard of your skill in negotiating and I hope that you will agree to help us.”

“I am sorry to hear that,” The Honest Broker said, “But how can I help? The rulers must come together. It is they who must decide.”

“Your reputation for negotiation has traveled even beyond our borders, and I believe that you can help us.”

“I thank you for your kind words, but I am not sure if I am the right person for this task,” The Honest Broker said. “This is not the same as talking to farmers.”

“The scale may be larger,” the ruler said, “but the task is the same. Say you will do it.”

The Honest Broker thought for a while. As he considered the request, he walked to the window and watched the river peacefully going about its business, not caring if the stones it flowed over were in one kingdom or another. He watched the reeds on the banks bend in the breeze that offered comfort from the heat, and he turned back to the ruler and said, “I will do what I can.”
Over the following months, The Honest Broker traveled from one kingdom to another, his reputation opening doors that had been closed to others. He sat with the rulers, listening and learning. There were times when the task facing him felt insurmountable, times when he felt that he had bitten off more than he could chew. The battles had been long; maybe the wounds ran too deep for him to help with this endeavor.

One night as he lay in his tent by the river at the threshold of sleep, the sounds of the river and the murmuring voices of the men who accompanied him acted as a lullaby. As he drifted off to sleep, he was disturbed by the sound of rustling leaves. Before his guards could react a man snuck into his tent.

“Pardon me for disturbing your sleep,” a voice said. “I mean you no harm. I was sent here by my father to speak to you in private.”

“Sir,” his companions said, from outside the tent, “are you all right?”

“I am all right,” The Honest Broker replied. He lit a lamp and said, “Step into the light so I might see you.”

A man too young to shave stepped into the light. He looked very afraid. “Please,” The Honest Broker said, indicating a low stool, “Sit, you look tired.”

“I have been looking for you for 3 days.”

“Then you must be hungry and thirsty.”

After the young man’s hunger and thirst had been slaked, The Honest Broker said, “Now, where have you come from and who is your father?”

They talked late into the night, and the next day, they broke camp and went to see the young man’s father.

“If the ruler of my neighbor will agree to sell my country electricity, I will agree to make sure that his dam is safe,” the ruler said. “Will you speak to him on my behalf?” When,
with tears in his eyes, The Honest Broker agreed, the ruler continued. “What you are doing is a good thing. If I listen to what you are trying to do, it will help me in two ways: first, my people will have electricity and they will be able to make progress in the world; and if we reach agreement, then I won’t have to spend so much money defending one of my borders. The money I save will pay for the electricity.”

With a lighter heart, The Honest Broker returned to the ruler telling him of the conversation with the neighboring kingdom. Hope sprang in the leader’s eyes and he said, “If he is willing to put that in writing I am willing to make this agreement.”

“Sir,” The Honest Broker said thinking quickly, “If you first put it in writing, then I am sure he too will make this agreement in writing.”

After many trips between the kingdoms, an agreement was eventually reached and electricity at a price agreed by both kingdoms began to flow.

Although this did not stop the wars between the other kingdoms who shared the river, in a postscript to this tale, many years later, after a truce in the region had been agreed, the story of what The Honest Broker was able to achieve during that difficult period formed the basis of the beginning of a discussion between all the kingdoms involved to not only share the resource of the river but also to work together for their mutual economic good.

The Honest Broker would tell you this was no easy task; there were many difficulties to overcome between these kingdoms that had been fighting until yesterday, and it took the help of the many friends he had made over the years to make it happen. He was also aware of the many internal arguments within the different kingdoms, and how his friends stuck their necks out to bring the kingdoms together in cooperation.

He now passes his days visiting his old friends and through music finds a different kind of harmony.
Interlude: Bayan Ko (My Country)

Enter a stream at the turn. Enter a boat at the port. Enter a country according to its customs.

An Asian Proverb

The following memories celebrate the Filipino staff and their contribution to the success of ADB. Anyone who walks the floors of the Bank cannot fail to be touched by the hard work and determination of the local staff. Their loyalty cannot be questioned, their dedication and pride unparalleled. They are the beating heart of ADB.

If you want to really know the Bank...
Talk to the support staff.

JP

A member of the local staff picks up the point of the informal networks within ADB.

Are you applying to be the barangay captain of this place?
One of the unofficial measures of a person’s network inside ADB can be measured by sitting in the cafeteria for 30 minutes. People come in, wave at one another, and are acknowledged.

“He knows everyone! He just greeted the Director General there!”
But the running joke is, “Are you applying to be the barangay captain of this place?”

Networks are very important. If you have a large network, and know certain people in the organization, you can then just walk up to them and say, “We have an idea, do you think it makes sense?”

NL
LUNCH IN THE CAFETERIA

Generally you have lunch in the cafeteria and come down here for coffee. People chat about what is going on and chart their next move. Information sharing is done quite selectively, people tend to know what is going on in the organization through gossip, and in the cafeteria you see the internal networks working and developing. For example, you will see groups of the same nationalities having lunch together. It must be a great relief to be able to sit down at a table and speak your first language. I wouldn’t see it as a negative. Within that circle you can discuss what is happening internally and depending on how cohesive the group is, you can build a strong information network simply by eating your lunch and chatting.

JGDV

PEOPLE POWER IN MANILA

One of the most memorable experiences I’ve had was the people power revolution here in Manila. The Bank has always had a special relationship with the Philippines. We are based here but we are not of here, in a way. When I talk about what I do elsewhere, people think that somehow we are connected through an umbilical cord to the Philippines, but we just happened to be located here for historical reasons. When the people power revolution took place, what was the Bank to do, because we are barred from allowing political issues to influence our judgment?

Here we are, and the country in which we are living is arguably about to go up in smoke. At that time, the Bank was still located in Roxas Boulevard, but all of the action relating to the defection of Ramos and Enrile from Marcos’ cabinet took place right here, at Camp Crame, just up the road. The area where the Bank is currently located was vacant land at that time, and this is where the marine brigades were sent from Mindanao to attack Camp Crame. There are famous photographs of tanks with protestors putting flowers in the gun barrels. There are men wearing bandoliers confronting nuns. That took place where we are, right here. In fact, most of it happened
where Robinsons is. Robinsons was not there; this was vacant land. The helicopters landed here for men to mobilize to attack the camp.

Many people from the Bank felt that, our international status notwithstanding, we should support this. So, a lot of people, including me, came down here at that time. It was very difficult because an international civil servant should excuse himself from being involved, but this was too important and dramatic.

In fact, on the night that Malacañang fell and Marcos left—we heard about it on TV—I took all the Filipinos who worked for us down to Malacañang because, I said, this is history in the making; this is your country being reborn and you should be part of it. That really was The Year of Living Dangerously, because they were throwing papers out of the administrative building and burning them; there were tanks with their turrets open; they were ransacking Malacañang.

Marcos had just proclaimed himself president. There were famous photographs of him accompanied by his son in fatigues, Imelda, and the rest of his family on the balcony of Malacañang proclaiming himself president. By the time we reached Malacañang, that balcony had been draped in a Philippine flag and people were clustered around it. Thousands of people were there and somebody started singing a local folk song called Bayan Ko, which means “My Country.” Standing in the courtyard with the flag and the fires burning, somebody started singing Bayan Ko. It was quite an emotional experience.

We did stupid things. We tried to find the violence. There were reports coming out of Radio Veritas about government troops or people loyal to Marcos making a stand. There were about five of us traveling around in my Pajero, including Peter Sullivan, our General Counsel, looking for what was happening because we felt it was history in the making. A number of times, we were probably in more danger than we realized because of the troops, loyalists, and those supporting Ramos and Enrile. It was a very tense period. We would turn corners and see
guys with machine guns trailing down the road. They did not stop us; nobody ever stopped us. It was just luck that nobody confronted anybody else and caused a firefight with us caught in the middle.

It was a memorable time and I suspect that few people here now were around then. Some of the support staff were, but not many professional staff—maybe two or three.

BP
Fellow Travelers V

To watch us dance is to hear our hearts sing.
An Asian Proverb

JB REMINISCES ABOUT BRUCE PURDUE
I worked with Bruce Purdue in the Results Management Unit. I thought he was also innovative in the sense that he encouraged us to try different things. What I remember about him is that he constantly passed on knowledge and information. He goes on mission, meets with persons, and shares everything. He comes back from his trips and gives us a briefing. He tells us, “This is what I think are the implications for us. Hey, Josie, you might be able to use this for your work on this.” I found that different and useful. He shared his knowledge and encouraged people to do things the way they wanted to do them, as long as they gave him the end product he desired. “Do it your own way.” That stimulates your thinking power. “How can I do this better?”

PEARLS OF WISDOM FROM RMN
I would say, learn. Even if you have a PhD from the best university, there is still much to learn; this is a great place to learn, so learn.

BPR REMEMBERS GERRY VAN DER LINDEN
In the hands of capable people such as Yoshihiro Iwasaki and Gerry van der Linden, or others like them, the Bank was molded very effectively. They left their imprints. I do not know whether Peter Sullivan’s name came on your list or not. These guys were brilliant. They were tough managers, yet very kind. They left their imprints on ADB and we see them. Some of us who were lucky worked with that crowd. I had the role in fixing and controlling them. Gerry and I used to argue in the room after closing the door because I would tell him why he could say that or not say it, or why his position was right or wrong; I saw my role as a mentor to
him. I was senior to him in age and he said, “Brahm, what am I doing? Is it right?” I would say, “Okay, I will tell you.”

These guys allowed you that freedom. They were so professional that they allowed you that freedom as their staff by saying, “Tell me what is wrong and I will improve.” You respected it and you loved them for that—that they gave you freedom and that they had freedom. You could say, “No, I do not want it to be done like this.” It was a frank, very mutually beneficial relationship with at least half a dozen people at the top.

**BC ON ROBIN BOUMPHREY AND RENATO LIMJOCO**

There have been many, but there is one person who retired a couple of years ago, Robin Boumphrey. He was my mentor when I arrived as a Young Professional. He had a very different view of economics from me. I mentioned that I had been studying in mainstream economics departments; he is a libertarian and he is not ashamed at all. We have often taken different sides of the debate and I think we both have our own strong identities, but we have been able to respect each other and I have been able to learn from him.

There was someone else, Renato Limjoco, who retired earlier this year. He was also a mentor to me in the early days. He worked with me in Thailand on the emergency program. He came from the private sector. He gave little consideration to strategic issues when looking at political economy factors, but he did have a keen sense of what worked well and what did not. He was a practical person, who was able reach a very clear understanding of how to address a development issue.

They were both direct. Both of them had much experience by the end of their careers at ADB. They had mentored many staff, so they had created a bit of a school under their wings. Those are the two people I dearly appreciated and I gained tremendously from having worked with and learned from them.
And finally, a little story inspired by BP about Dick Bradley

THE SURPRISE BIRTHDAY PARTY

Of course, everyone says their era is the golden era—“My rugby team was the best regardless of how many cups and pennants the other teams won.” So in that spirit, and with that understanding, a few years ago about 20 ADB veterans colluded, plotted, and connived a plan over many secretive months to arrange the surprise 70th birthday celebration of an old and respected ADB colleague. Dick Bradley was a great fellow and a wonderful ADB executive, loved by us all. The celebration took place in Walla Walla in the state of Washington in the US—not a place you visit by accident: you have to be determined to get to Walla Walla. We had to make complex arrangements to get there from literally around the world, and all to be accomplished in secret. But all 20 of us congregated at the appointed hour of the anointed day in the agreed year (it was 2 years in the planning) and executed a marvelous surprise, the only risk being the shock for the celebrant upon seeing so many mates in his local bar!

It was great for all of us to see people we hadn’t seen for years, to catch up on what everyone was doing and to reminisce about the old days. There was a lot of laughter, but at some point, toward the end of the party 20 blokes were looking at each other wondering if the others would do the same for them. You know, fly to Australia to surprise an aging gent on his birthday, or whatever. I’d like to think they would… Well, those who could, would… Because here’s the thing: the one thing in common in that bar in Walla Walla among that rambling crowd that day was that we had all worked together at one time at ADB.
Looking Backwards and Forwards: Standing at the Nexus

While we breathe there is hope.

An Asian Proverb

There have been huge shifts in development, aid, and financial landscapes since the Bank was founded in the 1960s. ADB’s Strategy 2020 shows how it looks to play a more relevant and innovative role in shaping the future of the Asia and Pacific region.

This chapter looks at some of the many changes witnessed by past and current members of staff over the years, as well as an important turning point in the Bank’s recent history: attaining the general capital increase. In addition to this it takes a peek into the future, at the changes that need to be made to achieve goals.

THE FOREFATHERS HAD TREMENDOUS INSIGHT

In the early 1960s as ADB came into being, a Charter that is not often given the recognition it deserves was put in place. The forefathers who drafted it had tremendous insight into some of the key issues we need to address to help Asia develop. One that came out, and which is very much part of the work we do, is the importance of regional cooperation. It means different things to different people. I think the way we look at it in the Bank is that it is more about supporting regional economic cooperation and integration.

THE BANK IS GENERATIONAL

The Bank is generational. The majority of staff stays for a long time, so we have been through a couple of generational shifts, and the next will depend on who comes up in the next round. When I joined the Bank, it was the end of the first generation and the beginning of the second. Like I said, it was extremely hierarchical, extremely top down. People were still addressed by the title “Mr.” I would phone someone and the secretary would assume I was a secretary because I was a woman. My mail would be addressed to
Mr. Galvin, as I was using my former name. It was very formal and there was little interaction at the junior staff level with the heads of departments or Management.

One of the greatest changes with the generational shift is that when the younger generation started to become Directors General or Vice-Presidents, that formality dissipated. There is still the sense in the Bank that you can deliver a strong message; the challenge in the Bank is delivering it the right way. You can do a great deal because we are small and the informality is an institutional norm. Meetings are to formalize decisions, but informal discussions make the decisions. Within that process, the informality has allowed a more consultative and effective approach to come through. The downside is that it is not always the most transparent of processes, which makes issues of transparency and accountability more problematic.

There was probably more accountability in the Bank in 1992. It is one area that we struggle with and unless we get a handle on it, it is going to cause us difficulties. The Bank is very different and has grown and matured a great deal as an institution. We have a much broader development perspective than we did when I joined, and certainly more than in 1966 when we were primarily an infrastructure bank.

Above all, we have maintained our desire to be the family doctor. If there is anything I remember coming in, it is that concept. That phrase was used quite a bit. In terms of where we are going, a great deal will depend on how we manage this next couple of years with the transition of our new strategy and the general capital increase.

We have a number of hard institutional issues that we need to tackle, not least of which is that since our reorganization in 2001, we now have five distinct banks. We have quite different structures
in the five different regional departments and if we cannot figure out how to handle that, or how to have a corporate vision, then we will not achieve our potential.

KM

THE GENERAL CAPITAL INCREASE

ADB’s general capital increase 15 years ago gave it the capacity to lend around $4 billion a year from its ordinary capital resources. In recent years, we have witnessed increasing demand and we wanted to respond positively to that. Last year, we approved about $9 billion from ordinary capital resources and about $2 billion from the Asian Development Fund. We were already operating beyond our means, and it came to the point where we had to ask for a capital increase. If we had not achieved that, we would have been forced to reduce our lending from ordinary capital resources to less than $4 billion. That would have been a disaster.

You may think that this is a straightforward proposition and a general capital increase should easily be approved, but it is not like that. Every time shareholders provide more resources or donor countries have to give more money to ADB, they always ask what they are going to get in exchange. They ask ADB to demonstrate how effectively it uses resources to drive change in developing countries. They do not just look for words, but for real life examples of change. It is a legitimate question, but it is also a difficult one to answer.

Shareholders have their own views about how ADB should be managed, and in exchange for contributions, they want to see changes in the institution. We have to respond to questions. It is difficult to satisfy our shareholders.

In addition, some shareholders have evolved their thinking; some see that Asia is growing fast and that it is achieving major reductions in poverty. They ask whether they should continue to
help Asia when they now see it as a competitor. Many of them think they should focus their assistance on Africa. Another view is that if they are going to continue to help developing countries, it should be via bilateral assistance, where the recipient country and its people can see more clearly which country is helping them.

The general capital increase is a difficult process because such questions are posed. It can take many years to wrap up. This year, we were fortunately able to conclude discussions relatively quickly. I can see a few explanations for this. The first is that we had been planning it for several years.

When Mr. Kuroda joined ADB as the new President in 2005, he considered that many important changes were happening in Asia—the countries had recovered from the 1997 crisis, rapid economic growth in many countries had resulted in a significant reduction of the levels of poverty while environmental problems were becoming more serious; countries were beginning to take climate change more seriously. Also, ADB’s regional cooperation work had become more prominent and was enjoying increasing support. There was even talk among political leaders of Asian integration, not just cooperation.

President Kuroda wanted to revisit ADB’s long-term strategy. He set this off by preparing an interim, 3-year, medium-term strategy under the then existing long-term strategy and at the same time started to review the long-term strategy. In 2006, he requested much-respected experts from outside ADB to form an advisory panel to consider ADB’s future activities.

After listening to these experts, we initiated the internal process of developing a long-term strategy by having long and intensive discussions among staff members, talking to Board members, governments, and to civil society representatives and private
sector business leaders. The result of this process was that in April 2008 our Board approved a new long-term strategy. Before we held formal discussions about a capital increase, we had already shown our shareholders our vision for ADB and this new direction was something that they approved collectively. The next question was how to finance the new strategy. In that sense we laid down plans ahead before discussing the general capital increase.

When the discussions opened, our shareholders were already seeing demand increase rapidly. Unless we went for a capital increase, we would have to see ADB’s operational size shrink dramatically and that questioned the relevance of ADB itself.

Finally, the current financial crisis also changed the perspective of many shareholders. It was a global crisis that started in the US and Europe and spread to Asia. The US and Europe were spending much money to fix financial institutions and stimulate economies. Some countries in Asia had the capacity to do that, but many did not. There was a need for stimulus packages not only for the benefit of developing countries in Asia but also for the entire world. This situation also helped accelerate discussions on the general capital increase. Having said that, if we had not had a well-prepared strategy and had not worked on major management issues, such as improving human resource management and other internal issues, it would have been difficult for shareholders to agree. All these elements somehow worked well to make this general capital increase possible.

In ADB, the increase averted a major crisis. I said earlier that we approved $9 billion from our ordinary capital resources and perhaps about $2 billion from the Asian Development Fund last year. But demand was even higher and we had to decline requests from many countries. If we have less than $4 billion when demand is for $10 billion or $15 billion, some countries might have questioned whether it was worth maintaining relations with ADB.
Further, when we finance a single project, we must consider it in the context of our dialogue with the recipient government on broader development issues. Ultimately, therefore, if ADB only has a small amount of funds with which to help countries, they may wonder whether they should take us seriously.

In the absence of a general capital increase, staffing issues would have emerged. If the level of operations is small, there will be pressure to reduce the numbers. Even with the current staff levels, ADB is having a hard time keeping up to date in knowledge and in providing good services. If staff levels had dropped, we would have had difficulties to maintain the quality of our services which would further aggravate the issue of the relevance and usefulness of ADB. We are extremely happy that this did not happen and that the capital increase eventuated.

THE CHOICES ADB FACED GOING FORWARD

In the 1970s, ADB was a project bank and a donor institution. Something that has still not sunk into the institution sufficiently at all is that the region does not see it as a donor institution anymore. Perhaps some of the smaller, less-developed countries do, but the People’s Republic of China does not see the Bank as a donor and itself as a recipient; it sees the Bank as a financing partner. To change the mentality of an institution from being a donor (people come to us for help) to one of a financial intermediary—countries come to us only if it is in their interests to do so—is part of a change process that ADB has still not completed. I think it is essential that ADB complete it. I remember 10 years ago arguing that ADB could think of two futures. One is where we would gradually accept that certain countries do not need us any longer, like the People’s Republic of China, India, and so on, so ADB would gradually shrink and become a small bank for small countries, such as Nepal, the Lao PDR, Cambodia, and some of the Pacific Island countries. That is a legitimate view of the future
and a quite rational one. Another is to say that if Europe needs a European Investment Bank that lends $80 billion–$90 billion per year to Europe, then Asia, with its huge infrastructure, also needs an investment bank. So, let us consider transforming ourselves into an investment bank for Asia.

Now, this is one possible choice. There may be others, but these choices have great consequences in terms of the products you offer, the staff you have, and so on. By not making these choices, you end up in a muddle and in constant confusion where some countries push donor agendas and donor priorities. Borrowers typically are not interested in those priorities, they want ADB for other things and there is this constant conflict. Strategy 2020 goes some way to moving in the right direction. There is an emphasis on support to the private sector and more nonsovereign lending. There may be as much as 40%–50% nonsovereign lending. If that were to materialize, it would have consequences for the kind of staff we have. I just did a consultancy on risk management for the European Investment Bank in Luxembourg; the staff at ADB never think about risk. Everything is sovereign guaranteed; loans are paid back by governments. If we were to do a lot more nonsovereign lending where, if the project goes wrong ADB suffers the loss, that would require careful risk management and changes in the institution. I think it is an important and strategic matter. ADB is slowly moving in the right direction but still has some way to go and has to think through the consequences in terms of structure, staff, products, etc.

**IF YOU LEARN FROM FAILURE IT CAN BECOME A SUCCESS**

When I came to ADB, it did not know how much it had invested in water because it was always broken down between different sectors and never added up. We had no water policy and we even questioned whether we should have one; people in different divisions dealing with water projects never, or hardly ever, talked to one another. We dealt with water in a fragmented way, which is
how most governments dealt with water at that time. Now, having been given space by ADB, interested parties have been able to lead a process of change, within both the organization and the region, that creates a more integrated approach to water, with good policies and governance at its heart. I am still passionate about how far we have come.

We now have a better water program that deals with rural, urban, and basin water; we work from the field level, with communities, and up to ministers of finance and prime ministers. Horizontally and vertically, it is a broader program. ADB is now recognized as a major player in the water sector in the region and, generally, one who listens to the clients’ needs. These needs do not stay the same; we are in a rapidly changing world in which food prices rapidly climb and fall and climate change is becoming an important issue. A few years ago, we saw the Yellow River—one of the greatest rivers in the world—not reaching the sea. Now, the People’s Republic of China has been able to reverse that process by better allocating its water. A lot of change is taking place, and ADB, through the work that we have done together, is seen as a good, cooperative player that is willing to help people at the practical project investment level and all the way up to researchers and policy and decision makers.

Our clients look to ADB to understand the bigger picture of what is happening in the region and how they, individually and as organizations, can tap into regional processes. They expect ADB to help them. So, the ball really is in ADB’s court in terms of how modern an organization we can be to make that happen.

We retain our traditional tasks around loans and procedures, which we need to stay good at, but there is a huge new area of knowledge management and services that will be foremost in clients’ minds, not only at a high level but also at a practical one. That is our future this century. We are at a challenging point in
terms of moving in that direction and using our resources and staff seriously in this area.

We try to refrain from telling governments what they should do; rather, we work with them to provide frameworks whereby they can work with other countries to share knowledge. There is a tremendous amount of knowledge in this region, but it is not shared well. This comes back again to the issue of knowledge management. In ADB, we are learning how to do that but are still at an early stage. Incentives to staff to make knowledge contributions are important to ensure that we continue down that path.

ADB staff need support to become superior knowledge workers. Within the organization, we have hierarchies and networks, and we have to work more on the networking; in terms of hierarchy, we are fine. We need more networking managers to optimize results from the communities of practice. There is a tremendous amount of good practice and experience in this region, both good and bad. If you learn from a failure, it can become a success.

**WLA**

**THE FEEDBACK BECAME 2020**

I might be a bit biased because I am seeing this from the point of programs or activities with which I have been associated, and I am sure there are other examples. I think ADB is a quite humble organization and continues to be so. It is willing to listen to feedback from a variety of voices. People often talk about ADB as not being sufficiently receptive to criticism, but I am not sure that is true. I think it does take it well and responds to it.

After my stint in operations, I moved to the Strategy and Policy Department, where I had a number of interesting assignments. These involved reviewing ADB operations in middle-income countries and helping formulate the second medium-term strategy. In that process, we ran client surveys. We sent out
questionnaires to major client countries, to governments and executing agencies, as well as the donor agencies with which we work, and surveyed their perceptions of ADB. We also visited those countries to have face-to-face discussions about how they perceived the effectiveness of ADB in general and as partners.

Not all reactions were positive. There were very critical views, some even pointing out that ADB was no longer acting as a family doctor: we were trying to become a large hospital and pretending to be something we were not supposed to be. Some large borrowing countries, such as the People’s Republic of China and India, were sending us very strong messages that shocked people at different levels in ADB.

ADB then began to look at those issues seriously and that feedback eventually evolved into the medium-term strategy and Strategy 2020. Of course a lot happened in between, but the way in which Strategy 2020 addresses the future probably indicates the ability of the institution to look at feedback constructively, examine the relevance of the institution critically, and deliver a consolidated response that will allow ADB to remain an important partner in Asia in the 21st century.

There is a lot of interesting philosophy in the Charter based on how ADB was established. Much of that remains, regardless of which era we are in, but how we translate the Charter into operations and how we define our roles, responsibilities, and approaches in the context of the current generation might require some adjustments. I think ADB did very well in learning about the perceptions of our clients and partners. We thought hard about this. We digested, reflected, and consulted with internal and external panels, not exclusively from the development field. These experts could look at Asia from multiple perspectives. We then put their views together and defined the approach.
STRATEGY 2020 IS A LIVING DOCUMENT

Like all strategies, Strategy 2020 is a living document. Asia is changing so rapidly that ADB must have a vision. At the same time, that vision must be realistic. Things will change and will continue to change. Strategy 2020 recognizes that. The name was a catch-all; unfortunately, people think all its aims will be achieved by 2020. In fact, some are being achieved right now, so maybe the branding could have been more appropriate, but it is here now.

The challenge for ADB as an organization, as opposed to a set of individuals, is its inner soul or feeling that it is an organization that can influence. We have always been stuck with the concept that ADB is a small, regional institution. There we are in Manila; nobody cares too much about us. We give some money here and there. This inner soul has always been pushed downhill to say we are a small place with little influence. They use statistics about the amount of foreign direct investment.

Strategy 2020 does not recognize that. It says that we have a large influence. In reality, we do have a huge influence in two ways. Strategy 2020 influences outwardly and inwardly—outwardly in the sense that people understand the financial situation. A bank can influence a huge policy change by giving a bit of money. A little bit of money linked to a big policy decision can change everything. The Bank has influence; its catalytic role is large.

On the other side, the Bank’s influence is also big when it comes to the political nature of such organizations. They are not economic but they are political institutions. Many people in the Bank do not see that. They are not cynical enough. They think, “We are a bank. We will give them a bit of money and everything will be fine.” In the last few years, the current president has influenced much of this thought process through structures like the regional economic integration group. These types of structures are themselves political changes. They are changing things. Many people in the
Bank do not understand that; they see them as things not to care too much about, and continue with their 15 projects every so often to gain a certain amount of money. Bringing those two things together is very different.

The Bank has inner and outer bubbles. The inner bubble sometimes does not understand the outer, and vice versa. Few people in the Bank can bring the two together. This comes home to me a lot in my job. It is not as simple as people think. Unfortunately, we let people think that way. The Bank could be a lot better served by being a bit harder about this, even with younger people, so that other people realize how these things work and where they are working from. Helping people understand this is a huge challenge for Strategy 2020. At the same time, the Strategy 2020 brand provides some sort of influence, but many people do not see that.

IF ADB IS TO IMPLEMENT STRATEGY 2020, STAFF SKILLS MUST CHANGE

ADB’s entire history is that of a protected institution making sovereign loans. When I worked on projects myself, I never worried about the money side of things. The challenge was to design a technically good project and there would always be ADB money available to finance it. I left 3 years ago, but I suspect that is still the mentality. If ADB is to implement Strategy 2020, it really has to change the skills of the staff considerably to have more and more people who think in terms of risks. In addition, countries in Asia will increasingly say, “Why do we have to give a sovereign guarantee for every loan that you make? If this is a stable enterprise, a perfectly commercial operation, why should you want to have a sovereign guarantee?”

ADB still has a long way to go in getting such staff. I do not think you can achieve it by training existing staff. It is by hiring the right new people, rather than trying to train existing staff, but
the problem is also with department heads. The heads of the operations departments all have a public sector background like I have and they are not used to thinking in terms of risk. That is why I wanted Juan Miranda to come in: he had a commercial financial background and he had also worked in the European Bank for Reconstruction and Development. If you read his initial papers on the Innovation and Efficiency Initiative, they focused much on this aspect.

75% OF STRATEGIES FAIL

If you look at the statistics, something like 75% of strategies fail. They do not fail because they are bad; in fact, most strategies are carefully thought out. They fail through poor implementation, or lack of it. Wonderful statements are made, yet, at the ground level, day by day, what are individual staff members being asked to do for their collective work to filter up to achieve the strategy? Most organizations stumble on that.

The work we were doing was designed to say to the Bank, “If you want Strategy 2020, that is fine, but you need a way to ensure it is implemented.” Everybody in this organization, from the president down to the most recent recruit, should understand why what they are doing is contributing to the goals.

LENDING SMARTER

Of course, ADB finances. But I would like us to lend ever smarter and harness convening power in support. In 2001, ADB resolved to leverage knowledge management to raise the agenda for poverty reduction; it also underscored the need to become a learning organization. Then, the framework for knowledge management was articulated in 2004. Knowledge management and learning should be an integral part of our operations. This is congruent with Strategy 2020, which states that “ADB will play a bigger part
in putting the potential of knowledge solutions to work in the Asia and Pacific region.” For this, we must learn before, during, and after everything we do. We must also identify, create, store, share, and use knowledge effectively. In addition, we need a workable taxonomy of knowledge. Arguably, that might comprise knowledge from lending and nonlending operations, knowledge from research, and business and corporate knowledge—these three would aggregate in turn to form sector and thematic knowledge from communities and networks of practice, enriched by strategic external knowledge partnerships. With respect to knowledge management and learning, we have started the journey toward developing sturdy competencies in strategy development, management techniques, collaboration mechanisms, knowledge sharing and learning, and knowledge capture and storage.

I am optimistic. A few months ago, the President approved a set of actions to advance the knowledge management agenda under Strategy 2020. Four pillars will support them: sharpening the knowledge focus in ADB’s operations to add value at regional, country, and project levels; empowering the communities of practice to collaborate for knowledge generation and sharing; strengthening external knowledge partnerships to align and leverage external knowledge; and further enhancing staff learning and skills development. These pillars are closely related: the set of actions that make up the first focuses on adding value to ADB’s operations in its developing member countries; the other three sets deal with how that might be achieved. Once everything is in place and we are a true learning organization, we can look forward to bigger results and greater development impacts.
Fellow Travelers VI

One generation plants the trees: another gets the shade.
An Asian Proverb

THE PRESIDENTS

JP ON PRESIDENTS SATO AND CHINO

I served under two presidents who were Chairs of the Board, President Sato and then President Chino, both Japanese, both former senior officials of the Ministry of Finance in Japan. They were very different in style and both admirable in their own ways. I think President Sato, who was quite restrained when speaking in formal settings, was brilliant in terms of his economic analysis. I think his great contribution to the Bank was twofold. One, following the fourth general capital increase, which I think was in May 1994, he instituted a series of key policy changes. There was the governance policy. There were the safeguard policies. There was the policy on relations with nongovernment organizations. There was the information and communications policy which later became the disclosure policy. These were all major breakthroughs and I think that is how he will be first remembered. Not all of these went as far as some people would have liked but they were first, significant steps.

He was also President of the Bank during the 1997 Asian financial crisis. That was a very, very interesting period because the Bank was greatly involved and responded quickly, but took a more nuanced approach than the International Monetary Fund and the World Bank, which is something to reflect upon in the light of the current global crisis.

I think these were two major contributions that President Sato made.
President Chino was a different sort of president. He was much more garrulous. He had been, as you have probably heard, a junior officer working for Japan on the Charter of the Bank, so he had a paternalistic, possessive view and engagement in the Bank. He was a wonderful, totally human person, very concerned about the average condition of man.

To digress a moment, I remember that we used to chat quite often. He would say: “I live in this huge house; nobody needs a big house. I sometimes wonder. When I go back to Japan I would like to live in my little hut on the river. My bedroom is bigger than the hut that I need.” That reflected his humanity.

Getting back to substance, President Chino I think accomplished two things. First of all, he resolved a long-standing debate on whether the Bank’s overarching goal was poverty reduction. Few people realize this, but the Bank’s Charter does not mention the word “poverty.” It is not mentioned once. It talks about economic and social development; it talks about the welfare of countries; but it does not mention poverty. In the 1990s there was a great drive internationally, particularly from the member countries of the Organisation for Economic Co-operation and Development, to refocus almost all institutions on poverty. Whatever you may think of that, it was a fact. It happened, and happened in ADB.

When President Chino was appointed, he took office in January. By February or late March he had already observed at a press conference that poverty was the overarching goal and that by the time ADB held its annual meeting, he would put the poverty reduction policy paper on the Board’s agenda and have it approved. He resolved the issue and it has been sustained by the current President: the reduction of poverty is the overarching goal of the Bank.
That now seems obvious, but at that time it was a tremendous step in resolving a long-standing debate.

The second great achievement that I think should be credited to President Chino, but that I think may have started under President Sato pertained to decentralization. The Bank was centralized and had few resident missions or country offices. In fact, when I joined there was only one in India. It was under President Chino that the first new resident mission policy was prepared. The bottom line was: ADB will have a resident mission in every developing member country where this is practical. If you look now you see the results of that. That was a significant step forward in a number of ways. One, it increased the profile of the Bank in all its countries. It made it much easier for them to deal with ADB. Second, it forced a certain devolution of a highly centralized institution. Third, it made the Bank’s cooperation with other institutions, such as the World Bank, much more feasible. I look back at that and say that was President Chino’s second great contribution.

BP ON PRESIDENT SATO
If I could add one more, it would be former President Sato. Sadly, he has passed away. Of all the presidents I worked for, he was someone who tried to master the art of managing the Bank. He was a formidable character. He had this habit, when you were talking to him, of closing his eyes, so when I first started to deal with him, I thought he was asleep. He would use this as a technique to focus on what you were saying. When you realized that, it was even more frightening to talk to him, because you knew he was trying to digest and understand every single word. I also put him up there because what we lack in the Bank, as I was saying before, is true managers who have that ability to run a large organization. When he came in he tried to be a professional manager who cared about the way the Bank ran and tried to be involved. Others had
been pleasant but not as effective. President Sato was someone who tried to run the Bank as a chief executive officer.

**XY ON VICE-PRESIDENT LIQUN JIN**

We had a Chinese Vice-President. He stayed with us for 5 years before retiring in August this year. The meetings that he chaired were very pleasurable, in that he told stories. When he gave instructions, he added stories to them.

At his farewell ceremony, he was presented with a booklet from the Chinese community. I wrote two or three paragraphs telling a story about him telling stories. Every year, ADB conducts staff performance reviews. Two years ago, the review process was quite tense. Staff were up in arms and wanted to know why the process was so acrimonious. At that time, my immediate manager was Vice-President Jin, so we asked him to come to the department staff meeting to explain.

He came but, without giving bureaucratic explanations, he relayed an excerpt from a short novel, *The Great Stone Face*, by Nathaniel Hawthorne. He did not say what the moral of the story was, but instead said, “You can dwell on this and draw your own conclusions.”

The staff were attentive and interested in what he was saying. After a brief silence, there was big applause. We would like to see more of that.
?
Where Do We Come From?

If you endeavor the fates will favor you.

An Asian Proverb

In 1973 a book by the first President of ADB Takeshi Watanabe was published in Japanese under the title, Diary of the ADB President. In 1977 it was republished in English under the title, Towards a New Asia. There is now only one copy of this book in ADB’s library.

What follows is an extract from the first chapter.

THE BIRTH OF ADB

PRIVATE PLAN
Late in 1962, a visitor dropped into my office in Marunouchi, where I was practicing as a financial consultant. Among the topics we discussed was the idea of creating a new institution which might be called the Asian Development Bank. I made several comments based on my past experiences as Executive Director in the World Bank. The visitor was Mr. Kaoru Ohashi of the Tokiwabashi Economic Research Institute, widely known among Japanese bankers as a man with remarkable imagination. Following his visit he urged me to form a group early in the New Year, with myself serving as chairman, to study the idea.

I became interested in this plan. The first meeting was held on February 6, 1963. No detailed records of the meeting were kept but, as I recall, the participants in this discussion included Messrs. Naokado Nishihara and Makoto Watanabe, who were both former colleagues of mine in the Ministry of Finance, as well as several bankers. We held a number of meetings. One major topic discussed was the question of whether or not we needed an Asian Development Bank in addition to the World
Bank. We came to an affirmative conclusion. We felt that the requirements of Asian development were too large to be met solely by the World Bank whose activities in Asia—except in India and Pakistan—were far from adequate. We also agreed that the creation of an institution, which would concentrate its efforts specifically on the development of Asia, would have the advantage of providing encouragement to the people of Asia. We had no difficulty in arriving at this conclusion since we were aware of the existence of the Inter-American Development Bank and the European Development Bank. But there was some disagreement on the question of whether this proposed bank should be privately or government financed. While some contended that private investment would be more efficient, others held the view that the risks involved in investment in developing countries were too great for private capital to undertake. We finally concluded that, considering the magnitude of the need, it would be more practical to establish an international organization with the governments concerned as subscribers.

With Japan’s position in the world economy gaining prominence, we thought it would only be natural for her to contribute more to the development of less-developed countries, particularly in Asia. But at the same time, we felt that to depend too much on Japan would not only limit the bank’s capacity to mobilize the necessary funds but could also be a cause for misunderstanding on the part of the developing countries. Thus we all agreed to the idea of asking all economically powerful countries, both inside and outside Asia, that were concerned over the welfare of Asian countries, to participate and join forces in this venture.

As for the United States, we recognized that while it had been emphasizing Atlantic solidarity with Western Europe and the Alliance for Progress in Latin America, there had been no specific proposal to signify its bonds with friendly nations in Asia. The Asian Development Bank, we thought, could offer the United States
We were also of the opinion that other industrialized countries might find reason to participate in this Bank in view of the fact that it would be more harmonious and efficient to aid Asian countries through an international organization than through individual aid. It was pointed out that political and economic interrelationships among countries in Asia were complex, but in our view it seemed that this fact should not deter the establishment of ADB. Rather, it was argued, such an institution could offer Asian countries an opportunity to seek common economic goals and thus help improve their mutual understanding.

By the summer of 1963, our conclusions were drafted in the form of a brief summary entitled Private Plan for the Establishment of the Asian Development Bank, the full text of which follows:

1. PURPOSE
The purpose of the Asian Development Bank will be to contribute to the economic development of the Asian region by supplying funds for development and by offering development techniques and other means, with the cooperation of all concerned countries.

2. RESOURCES
Capital subscriptions by governments concerned with the economic development of the Asian region will be sought. A developing country, which has balance of payments difficulties, may pay its subscription partly in its local currency. The bank will be authorized to issue bonds up to the limit of the unpaid portion of the subscription in gold or US dollars. In addition, the bank may accept the management of a special fund to be used for the development of Asian regions.

3. OPERATION
a. To make or guarantee loans by itself or jointly with other institutions for projects which contribute most efficiently to
the economic betterment of areas in member countries which require economic development.
b. To make investments to the extent necessary to encourage private investment in areas in member countries which require economic development.
c. To prepare and execute development planning of areas in member countries which require economic development and to undertake research necessary to this end.

4. ORGANIZATION
a. The highest authority will be vested in the Board of Governors, consisting of governors representing member countries.
b. The Board of Directors consisting of directors will serve as a permanent body at headquarters to make decisions on the day-to-day business of the bank.
c. Decisions of the Board of Governors and the Board of Directors shall be based on the voting powers to be decided later in accordance with the amount of subscription.
d. The President shall be the chief of administrative staff and at the same time Chairman of the Board of Directors. Under the President, two Vice Presidents may be appointed.
e. Directors shall be elected according to the election rule to be decided by the Board of Governors.
f. Appropriate staff shall be recruited from member countries on as wide a basis as possible.

5. MISCELLANEOUS
a. The headquarters of the bank shall be located in Tokyo. Representatives may be located in other cities as required.
b. Officers and staff of the bank shall be given special status and privileges similar to other international organizations.
c. For the sake of convenience, English will be used as the working language of the bank.

It was our view that the authorized capital of this new bank should be $1 billion, or which Japan would subscribe at least as
much as the United States—perhaps $300 million each. We were counting on Canada, Australia, and New Zealand to participate, but were not confident that European countries would join from the beginning.

I brought this plan to the attention of several members of financial circles, as well as Messrs. Shigeru Yoshida, Hayato Ikeda, and Eisaku Sato. However, I was inclined to believe that Japan should not take the initiative. I knew at that time that the establishment of the African Development Bank, in addition to the Inter-American Development Bank, was imminent. I felt certain that the initiative to create a development bank for Asia would come from some Asian countries, and I preferred that Japan wait for this to take place and then respond to the invitation.

It might be pointed out that the recommendations outlined in this private plan were nearly identical to the actual structure of the eventually created Asian Development Bank. They differed only in such details as the location of its headquarters, the number of Vice-Presidents and the amount of the Japanese subscription. The similarity was not mere coincidence. During the negotiations to establish ADB, in which I participated, I always kept in mind the line of thinking in the private plan, and was able to persuade other participants to agree on many aspects. Judging from what happened, our discussions in the private group were significant for the eventual framework of the Asian Development Bank.

THE MEETING OF EXPERTS

It was at the First Ministerial Conference on Asian Economic Co-operation which was held in Manila in December 1963 that ESCAFE, the Asian arm of the United Nations Economic and Social Council, took up the question of creating a regional development bank for Asia. No minister from Japan attended, and our country

1 Now called United Nations Economic and Social Commission for Asia and the Pacific.
was represented by Mr. Osamu Itagaki, the Japanese Ambassador to Manila. On this occasion, a resolution was adopted to convene a meeting of experts to study the problems involved in creating a development bank for Asia.

In the summer of 1964, I received an invitation from the ESCAFE to attend a meeting to be held in Bangkok in October as one of the experts. The conference lasted 2 weeks. I expressed my opinions along the lines laid down in the private plan. One of the most controversial issues was whether or not non-Asian countries should be invited to participate in the proposed bank. Initially, the view was expressed that the membership should be limited to Asian countries since the bank was an Asian institution. This undoubtedly was one way of looking at it. But I was of the opinion that what was important was not the establishment of a bank but encouraging the flow of badly needed capital in Asia. I contended that the bank was nothing but a means of achieving this purpose. The mere creation of a bank could not create capital, I argued. A bank is, after all, only a channel through which money flows from where it is abundant to where it is needed. Unless there are many springs a large flow cannot be expected. In addition, from the standpoint of the suppliers of capital, it is only natural for them to hesitate to contribute unless such a contribution is accompanied by an appropriate voice on how the money will be used. Therefore, all advanced countries having a concern for the development of Asia should be invited to participate as member. At first my proposition met with considerable resistance, but gradually my reasoning was understood.

PREPARATORY MEETING
Soon after my return to Tokyo from Bangkok, Mr. Hayato Ikeda died. I was particularly sad at losing this old friend before ADB, in which he had shown so much interest, could be established. I reported on the proceedings of the Consultative Committee to Prime Minister Sato, Finance Minister Fukuda, Foreign Minister
Shiina, and other government officials. They all asked me to try my utmost to obtain establishment of the headquarters of the bank in Tokyo.

The annual meeting of the World Bank in 1965 was held in Washington, DC. We considered this would be a good opportunity to canvass for participation in ADB among government representatives gathered from all over the world. It would also offer a good chance to discuss the site of the headquarters. I attended this meeting as a member of the Japanese delegation. About that time, recommendations were made both in Japan and in other countries that I should assume the post of president of the bank. Since this would work against our effort to bring the headquarters to Tokyo, the Government of Japan decided to concentrate on the site question rather than on the choice of a president. I also felt that it would be most difficult to change the site once it had been decided. It would be advantageous to have the bank’s headquarters in Tokyo as this would facilitate raising money in the world’s capital markets and, moreover, induce the Government of Japan to show greater interest in the bank.

Mr. Black, however, was of the opinion that the success or failure of the bank would depend on the choice of president and that the site was of a less important matter that could be left to the decision of Asian countries. Moreover, he seemed to be suggesting—both implicitly and explicitly—that I should be nominated as the first President. At the World Bank meeting, I was approached by applicants for posts in ADB and by advocates of the policies to be followed by the bank, as though I were already the presidential designate. Such a situation made our campaign to have Tokyo chosen as the headquarters’ site even more difficult.

The next step in the establishment of ADB was a meeting of the Consultative Committee, which resumed its sessions in Bangkok from October 18, 1965. Simultaneously the Preparatory Committee,
composed of government representatives, was convened to discuss and decide on the Articles of Agreement.

Outside the conference hall active contacts were made between delegates concerning the location of the headquarters. Several countries, other than Japan, also expressed their wish to have the bank in their respective capitals. Progress had been made... remaining problems were the site of the headquarters and the selection of the president. With regard to these, it was agreed that the site would be decided by vote at the ministerial conference scheduled to be convened in Manila in November, with the selection of the president to follow.

Up to this time, invitations had been extended by eight cities, Bangkok, Colombo, Kabul, Kuala Lumpur, Manila, Singapore, Tehran, and Tokyo. It was agreed that only Asian delegates would vote. They would cast secret ballots and we would eliminate all except the three receiving the highest number of votes in the first ballot. The second ballot would leave the two highest and the final decision would be made on the third ballot.

On November 29, the opening ceremony of the ministerial conference was held in the presence of President Macapagal. On the following day, the first ballot was to be cast.

Prior to the first vote, Colombo and Kabul withdrew, leaving six cities in the contest. The result of the first vote was eight for Tokyo, four for Teheran, three for Manila, and one each for the others. That evening, all the participants in the conference were invited by the Governor of the Central Bank of the Philippines to a dinner cruise around Manila Bay on board the SS Roxas. It was a gay party with dancing and music. We were pleased with the outcome of the first ballot. But with the second and third ballots in prospect, campaigning among delegates continued during the cruise, which lasted until very late into the night.
The second ballot took place at 12:30pm on December 1. The result was eight for Tokyo, six for Manila, and four for Teheran, thus leaving Tokyo and Manila competing in the final vote. This was scheduled for the same afternoon, but delegates were late arriving perhaps because of last-minute campaign efforts. Tension mounted. All the delegates finally arrived and ballots were cast in a room of the Foreign Ministry. They were counted immediately in our presence. As we watched attentively, calling went on: Manila–Tokyo–Tokyo–Manila, and so on. When the number of votes for Manila reached nine, we realized Tokyo had lost. The difference was only one vote, but as balloting was secret nobody would ever know how this had come about.

Frankly, I was greatly disappointed. I felt as if the child I had so carefully reared had been taken away to a distant country. It was also a shock to the Japanese government as it placed more importance on the site than on the presidency of the bank. Until the last moment, our reading of the situation was in Tokyo’s favor, although with a small margin. We were mystified by the result.

I had never volunteered to be president of ADB and I had made it clear beforehand that I would not accept any post in an organization located abroad. In the past I had lived in the United States for 9 years, and had lost my mother before returning home. Besides, my children had experienced great difficulties in adjusting to Japanese schools upon their return. I felt strongly that I should not impose more hardships on my family by living abroad. I knew, however, that as Japan had lost the site, pressure would grow for my candidacy. As expected, Mr. Black urged me to run for the presidency, however, I cordially but resolutely declined his recommendation.

On December 2, the Delegates’ Conference opened. On December 4, the Articles of Agreement to Establish the Asian Development Bank were signed by delegates from 22 governments.
There was loud applause when Mr. Fujiyama signed, probably out of sympathy for his position. The Government of the Philippines quickly held a ceremony on December 3 to lay the cornerstone of the headquarters building. We returned to Tokyo on December 5. Three days later, Prime Minister Sato asked me to be a candidate, that my role in ADB had come to an end.

However, pressure to recruit me for the presidency continued. Many friends, not only in Japan, but also from other countries, including the United States, Republic of Korea, and Germany repeatedly urged me to accept the post. After the Steering Committee meeting was held in Bangkok, starting on January 28, 1966, officials of the Government of Japan informed me that they had sounded out the situation and found sufficient support. On that basis the government intended to persuade me, although I was still refusing to be a candidate for the post. There were no other candidates.

Personally, I still wished to decline the offer. On the other hand, I did not wish to put the Japanese government in an awkward situation. Moreover, although I had once made up my mind to forget about it, my enthusiasm for the cause on which I had worked so hard was difficult to abandon. On February 7, 1966, I visited Prime Minister Sato and Finance Minister Fukuda in the Diet building, and expressed my willingness to run as a candidate for the presidency of the Asian Development Bank.

I knew that, once elected president, I would have to start from nothing but a sheet of paper called the Articles of Agreement. I found it useful and necessary to set my mind to such things as recruitment of staff, and organization and operational policy of the bank even before the election. For this purpose I wanted to study the operation of the World Bank and the Inter-American Development Bank. I also wished to learn what the member countries expected from ADB.
The Inaugural Meeting of the Asian Development Bank took place on November 24, 1966, at the Tokyo Prince Hotel in Shiba, Tokyo. The first session of the Inaugural Meeting opened at 10:00 am. The selection of the president was the next item on the agenda. To begin with Dr. Serm Vinicchayakal, Minister of Finance of Thailand, asked for the floor and proposed to nominate me as the first president of ADB. I had known him for a long time. He began by referring to my grandfather and father, and touched on the fact that I had represented Thailand along with Myanmar and Sri Lanka, as Executive Director in the World Bank. His proposal was seconded. The Chair then asked if there were any other nominations. He then continued, “In the absence of other nominations, I have the honor to announce that Mr. Takeshi Watanabe is duly elected as the President of the Asian Development Bank.” According to the record, I was chosen President at 10:50am on November 24, 1966.

I delivered a brief acceptance speech. “I consider it a great honor, not only for myself, but for my country as well, to have been selected to be the first President of the Asian Development Bank. Although there are obviously many people better qualified for this position, I doubt that any have a greater enthusiasm for, or dedication to, the cause before us—namely, the economic development of an emerging Asia. I therefore humbly accept this honor, and the breathtaking challenge it affords, and pledge to devote the sum total of my energies and abilities to carrying out this weighty responsibility.”
Epilogue

Something tasty to the mouth is not as potent as something tasty to the soul.

An Asian Proverb

THE PACE OF DEVELOPMENT

We do have benchmarking
But I am very happy
That in our case
All
The benchmarks have been
Wrong,
— Even in South Asia.

In all the countries that we have worked,
The pace of development
Has far exceeded
Everything that we thought possible.

I love Viet Nam,
But even in my wildest dreams
I never thought it would
Reduce poverty
From 50%
To less than 25%
In less than
10 years.

RMN

HOPE FOR BEYOND

The point is that, before we ask what the future of Asia is in the world, we first have to ask what the future is for individual countries and subregions in Asia. Are they relevant within that
community? Is ADB guiding them to become relevant? Is ADB’s relevance questioned on that account? It is not. That is what a charter expects, but we have to go beyond the Charter. The success of each country has to be measured not by following Washington’s demarcation of financial stability, good central bank interest rates, and good savings ratios. That way, you can become rich, but Asians have to hope for… beyond.

The following is the end of the story from India, which describes what can happen when a story is heard.

What Happens When You Really Listen to a Story: A Folktale from India

On the fourth day, his wife went with him to the enclosure. She sat him down in the very first row and told him sternly that he should stay awake no matter what happened. So he sat dutifully in the front row and began to listen. Very soon he was caught up in the adventures and characters in the story of Hanuman and Sita.

Listening with rapt attention in the front row, when Hanuman loses the signet ring, the husband leaps up and says, “Don’t worry, Hanuman. I’ll get it for you.”

He runs to the edge of the ocean and dives in, swims to the bottom of the ocean, finds the ring, and brings it back and gives it to Hanuman.

Everyone was astonished. They believed they had witnessed something akin to enlightenment. Ever since, he has been respected in the village as a wise elder, and he also behaved like one. That’s what happens when you really listen to a story.

The last memory comes from the storyteller whose story, Breakfast in Myanmar, planted a seed in this garden.
If you think of how elders in a village community tell stories... Light a fire!

We have to be very creative in thinking how to have this story told. I was thinking how do we tell stories, how do we elicit stories from the old storytellers? What you do is you light a fire, sit around, ask a few questions to start people off—then it is difficult to stop them. If you just told people they have a piece of paper and they have 24 hours to write their story, you would probably have 10 bland and meaningless stories written. If you think of how elders in a village community tell stories, they tell them after the youngsters have asked questions, but more than that it is by them being genuinely interested. The elders feel that the youngsters actually want to know. “Tell me this story about when you did that.” I think we still have enough people in the Bank with tremendous experience, expertise, and wisdom, but we have to draw it out, and we cannot do this in a mechanical form, or as a report to be written for the office. What I am looking for from you and your colleagues is to tell us how we can get stories out of people's heads down onto paper. They will not put it down on paper, they will talk and then someone will have to think about how to transcribe it. I would say, it should not be done by a team of outside experts or consultants. What if a young mission member were to go to a senior and say, “I heard a story about something you did 15 years ago. Can you tell me more about it?” The senior would certainly respond warmly and share his memories. I think we have got to get something like that going.

So now that the seed has been planted and the fire has been lit, how will you help this garden grow?
On Method

THE MAKING OF A LIVING ARCHIVE
Sparknow was commissioned by ADB in early 2009 to conduct a legacy stories project that would provide ADB with a series of assets, including an audio composition, a publication, a series of reusable podcasts, a training program for narrative practitioners, and an embryonic core team of trained practitioners to carry on with the work. Olivier Serrat was the task manager.

For the publication, Olivier asked for a slice of the memories and reminiscences of the organization that would open up new ways for ADB to see and hear itself, and provide new spaces in which hidden and forgotten stories could be told and shared with a wider audience, including the Association of Former Employees of ADB.

We took this challenge to work with ADB to forge an embrace between narrative and analysis, between what is written and what is spoken. In short, to repair the often-ruptured connections between people in an organization and the sometimes impoverished artifacts through which an organization renders itself in written words.

The story began in November 2008, when two of the Sparknow team arrived in Manila at Olivier’s request to inquire into ADB’s use of narrative and identify promising areas where narrative could be applied to bring the experiences and memories of the organization alive. When we returned in March 2009, we decided to map the course of ADB’s history through personal recollections to find clues about where to look. Long tables were laid out in ADB’s library with a timeline by decade. We asked people to plot their own personal turning points, and those they felt to be turning points in ADB’s longer history.
In March 2009 and later in June 2009, we conducted 22 interviews to add to the 11 interviews conducted in November 2008. All interviews were recorded with a main interviewer and a second to take notes. Two additional interviews were later conducted by an ADB narrative practitioner. The process yielded 39 hours of interviews.

The interviews were all transcribed and dropped together with the voice files into a narrative database specifically developed for Sparknow, called kobble. Kobble allows us to fragment voice and text while allowing the fragments to stay connected to the source material. In parallel, we had created a keywording schema that allowed four Sparknow researchers to trawl and sift the materials, looking for themes, patterns, gaps, insights, and anecdotes. We ended up with over 400 fragments, 55 sets, and 240 keywords that were used more than once.

FOUR OTHER THINGS WERE GOING ON AT THE SAME TIME
First, we were thinking and rethinking chapter headings and sequencing that were emerging from the materials. We imagined the journey the reader might want to take through the materials, how he or she might want to piece them together and place themselves in relation to them. Coming at them in their own time and on their own terms, rather than having the stories thrust at them. This also led us back to the original research interviews from November 2008 which, although not conducted in the same manner, also held some important stories and insights. Of course, as we had been interviewing for something different, this was a bit frustrating, because in many cases we could hear the anecdote behind what was being said.

How we wished we had more time to gather: double the length of the interviews, twice round the same interviewee—a chance as narrative practitioners to share our listening with each other and find the probing places where a story was lurking behind someone’s tongue, not quite ready to come out. Polished stones, small stories with surprise and beauty do not drop out on a first encounter. There is archaeology, a careful digging, a brushing down and dusting off, a slowness of
savoring and encounter, an intimacy. We got downhearted, and then would go back and look again, and find something new, a tiny entry point that allowed us to play with the material in new ways.

When directing Shakespeare, the great director Peter Hall always starts by sitting down and writing out the whole play longhand to get the skin of it. Sometimes the work we were doing to sift and shape and craft the unrefined materials felt almost physical.

Second, we were researching proverbs and folklore from ADB member countries, knowing that the structures of oral histories alone might not provide enough grammar, as it were, to invite the reader into a relationship with the materials.

Meanwhile Carol was reading *Towards a New Asia* by Takeshi Watanabe, recommended by Xianbin Yao, the sole copy, a 1977 reprint in English from the original Japanese unearthed by Albert Atkinson, then librarian. We wanted a fix on the history and origins of the Bank, and we wanted a feel for tone of voice.

Third, David, the sound artist who had crept round ADB headquarters recording ceremonial drums that are not normally played and footsteps and tea trolleys, had started work on a composition in sound that would splice small slices of voice together with found sound and music, to create a soundscape of the Bank at work. He had also paid a flying visit to Cambodia to collect voices and sounds from the field to add to our eclectic collection of sounds from the Bank and Manila. The sequencing of the audio composition and of the publication, while echoing each other, could not be the same. They needed somehow to resonate and reinforce without mirroring. We also knew that sometimes one, sometimes the other, could make a stronger point, making the most of the different possibilities of the different media.

Fourth, we were talking with designers and printers and arguing robustly, hotly, over coffee on the 6th floor of the Royal Festival Hall
on the South Bank of the River Thames at meeting after meeting about the kind of design and production values that would lightly hook both products together, while creating space between them, that would render lyrical and beautiful, without whimsy or cuteness. Two of us had a particular interest in the manifestos of Italian Futurists from the early 1900s, and in the parole in libertà (words in freedom) experiments in typography that originated there. We decided that parole in libertà rather than woodcuts or illustrations or photographs would, subliminally, provide a way through the materials that would allow them to breathe, and offer inspiration to the reader. This also allowed us to play with form; both in this tradition and in the more recent methods in narrative research which, for example, explore the possibilities of playing transcripts back in poetic structures rather than in prose.

And then the task of sitting down and crafting a first draft. This was followed by detailed and demanding marginalia and annotations, taking the bones of the collection, rattling them a bit, and suggesting how to reset the pieces to make a stronger skeleton. Then days and days of redrafting, nipping and tucking, re-sequecing, bridging, re-clustering, looking at the light and shade that each extract shed on the ones around it, at echoes forwards and backwards that would provide new gateways and pathways. We made an important decision, quite late on, to show people by their initials rather than by their whole names, emphasizing the collective over the individual. Was this the right decision, or would the reader keep flicking backwards and forwards, irritated by not remembering who was who? We went back to names, then back again to initials, a bit unsure of the best way. Olivier drew the line.

And finally, what to call it? The title of the first draft was blunt, stating right up-front that it was a living archive of memories. And after some debate with our sponsor we went away racking our brains. We wanted something that would highlight the lyricism we found in the stories. Here were people who worked hard but still found time for joy and
laughter, people who still took time to notice the poetry around them. We had been listening to the audio composition that was to be entitled Beyond: Stories and Sounds from ADB’s Region. We went back to our sponsor, and after further discussion settled on ADB: Reflections and Beyond. It felt right as that linked the publication with the audio composition in just the right way, and described the journey of the book. Reflections of ADB from its yesterdays.

Here then is a volume whose size and weight belie the efforts that went into its construction, not least of all from staff of ADB’s Knowledge Management Center. A memento to accompany ADB personnel old and new, trigger more memories, and open new futures…

The Sparknow team:
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About the Asian Development Bank

ADB’s vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region’s many successes, it remains home to two-thirds of the world’s poor: 1.8 billion people who live on less than $2 a day, with 903 million struggling on less than $1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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