



Cooperation Between **ASIAN DEVELOPMENT BANK** and **NONGOVERNMENT ORGANIZATIONS**

Asian Development Bank

ADB

OUR FRAMEWORK Policies and Strategies



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Abbreviations

AfDB	African Development Bank
COSO	Central Operations Services Office
DMC	developing member country
EBRD	European Bank for Reconstruction and Development
IDB	Inter-American Development Bank
NGO	nongovernment organization
OESD	Office of Environment and Social Development
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund

NOTE

In this report, “\$” refers to US dollars.

I. Introduction

1. ADB's 1987 policy paper *The Bank's Cooperation with Non-Governmental Organizations* established a broad framework of cooperation between ADB and NGOs and addressed a range of operational and institutional implications. In reviewing ADB's experience with NGOs to that time, the 1987 policy paper regarded cooperation with NGOs as an effective means of supplementing efforts in selected operational areas. The policy stated that ADB could enhance the effectiveness of its operations through employing the special capabilities and expertise that NGOs possess. The 1987 policy paper concluded that given the potential contribution of NGOs in operations, it would be appropriate that ADB formulate a strategy and related policies for cooperation with NGOs in selected projects and on a selective basis.

2. The developmental circumstances of the Asian and Pacific region have changed significantly since 1987. Reflecting these changes, ADB and the NGO sector in the region have changed significantly as well. ADB has adopted an operational strategy that not only supports integrated, growth-oriented development projects, but also supports projects focused on human development, social development, and environmental protection. At the same time, the NGO sector has shown significant strengthening in its operational capacity, and its role, impact, and influence of NGOs in development processes have become much greater. Respective changes within ADB and the NGO sector necessarily have resulted in changed relationships between ADB and NGOs. Within the context of this set of changes, it became necessary that ADB review its strategies and policies for cooperation with NGOs, and develop new and more appropriate policies and approaches for ADB-NGO cooperation.

3. In April 1998, a new policy on cooperation with NGOs was adopted. This policy addresses cooperation with NGOs in ADB's current operational and policy environment and provides a specific framework for action.

II. The NGO sector

A. NGO definitions

4. In its broadest sense, the term “nongovernment organization” refers to organizations (i) not based in government, and (ii) not created to earn profit. While this broad definition of an NGO is correct semantically, it presents a problem in that it embraces a large number and wide range of organizations that structurally and functionally are unrelated. This broad definition of NGO refers more to what an organization is not, rather than to what it is, and can be applied to many organizations.

5. ADB is concerned primarily with developmental NGOs.¹ Developmental NGOs can be regarded as private organizations entirely or largely independent of government, not created for financial or material gain, and addressing concerns such as social and humanitarian issues of development, individual and community welfare and well-being, disadvantage, and poverty, as well as environmental and natural resources protection, management, and improvement. While ADB’s interest is directed primarily toward organizations that do not exist to serve their members’ self-interests, ADB still must be concerned with organizations such as self-help, and people’s and community-based organizations formed by or around disadvantaged persons, groups, and communities.

¹ Terms parallel with developmental NGO, and sometimes used instead, include—among many others—voluntary organization, private voluntary organization, or private voluntary development organization; people’s organization; community organization or community-based organization; community group or community association; grassroots organization; intermediary organization; and public interest group. The term NGO does not always translate well between English and other languages. In some languages, nongovernment translates into terms such as “antigovernmental” or “not with the government,” prompting the voluntary sector to employ other terms to describe itself. In this paper, NGO is used as a generic term, encompassing all the above concepts.

B. Typologies of NGOs

6. A wide range of organizations can be regarded as developmental NGOs. These groups vary significantly according to philosophy, purpose, expertise, program approach, and scope of activities. Important distinctions can be drawn with regard to

- the functional roles of different types of NGOs;
- the differing roles of NGOs on the continuum of NGOs from the local level, to the national level, and to the regional and international levels; and
- the operational orientations and approaches of different kinds of NGOs.

7. Recognition of the distinctly different roles and functions of different kinds of NGOs, and recognition that a single NGO can assume several roles and functions, are important for establishing a context for ADB's overall program of cooperation with NGOs and focusing cooperation with NGOs in specific operational areas.

1. Operational/advocacy NGOs

8. A significant functional distinction exists between operational and advocacy NGOs. This distinction is important with regard to the kind of interaction ADB has with individual NGOs, such as operational cooperation and collaboration versus policy dialogue. The distinction is a reflection of the developmental roles that individual NGOs fulfill.

9. Operational NGOs can be regarded as NGOs whose primary areas of activity are directed toward the contribution or delivery of development or welfare services, including emergency relief, and environmental protection and management. Reflecting the range of issues and interests that have emerged in development and welfare and in relation to the environment, operational NGOs display a range of programs, organizational structures, operational orientations, and areas of operation, both program-related and geographical. Operational NGOs exist at the local or community level, district and national levels, and regional and worldwide levels.

10. Advocacy NGOs can be regarded as NGOs whose primary orientation is toward the advocacy of policies or actions that address specific concerns,

points of view, or interests. In the context of development, advocacy NGOs work to influence the policies and practices of governments, development institutions such as ADB, other actors in the development arena, and the public. Advocacy NGOs more often exist at national and international levels. While often working individually, advocacy NGOs increasingly are forming national and international networks and consortia that link groups with parallel or convergent interests. Most often, advocacy NGOs exist to serve as a voice that they consider otherwise would not be heard in social, economic, and political processes.

11. Despite differentiations between operational and advocacy NGOs, in many cases it may not be possible to characterize an NGO entirely as operational or advocacy. Some operational NGOs do focus entirely on service delivery and do not possess an analytical or advocacy base; some advocacy NGOs are oriented entirely toward activities such as policy analysis and advocacy of development processes. However, most NGOs are involved in a mix of activities. ADB increasingly is encountering operationally oriented NGOs engaging in advocacy work related to their respective areas of operation.

2. Level of operations

12. Among operational NGOs, it is possible to distinguish between international-level NGOs, often headquartered in developed countries; national-level NGOs, whose orientations are toward issues and interests in the countries in which they are based; and local-level or community-based NGOs that generally exist to address concerns in relatively localized geographical areas.

13. Operational level has relevance to the kind of cooperation or collaboration that can be established between ADB and NGOs. NGOs operating at the community level often reflect memberships comprising individuals who have come together to address immediate community-based interests. While often possessing limited technical or implementation capacity, community-level NGOs can be especially significant in projects that require identification of local needs or direct beneficiary participation. NGOs with greater operational capacity can play larger roles, for example, in the identification, design, and implementation of projects or components of projects, or in consultations leading toward policy and program development.

14. NGOs operating at the national and international levels often have important technical and organizational capacities. In some cases, larger and more capable NGOs can serve as intermediaries between governments, development agencies, and other NGOs, channeling information, resources, and technical support. Some international NGOs, and some national NGOs, have become capable in a number of roles, including provision of donor support to smaller NGOs. NGOs at every level increasingly are cooperating and collaborating in networks and consortia, sectorally and at the national and international levels.

3. Orientation of activity

15. Individual NGOs reflect differences in philosophy, purpose, specialization, and operational approach. For operational purposes, NGOs can be classified by characteristics such as

- purpose—for example, religious versus secular;
- operational orientation—for example, a relief and welfare orientation versus a development orientation;
- approach—for example, service delivery versus participatory activities; and
- degree of openness—for example, a large degree of openness and public exposure versus a more closed, private character, or willingness to cooperate with institutions such as ADB.

Factors such as these have great bearing on and relevance to any operational cooperation or collaboration ADB might establish with NGOs.

C. Characteristics of NGOs

16. A strength of NGOs, particularly those operating at the field level, is their ability to form close linkages to local communities, and to engender community ownership and participation in development efforts. NGOs often can respond quickly to new circumstances and can experiment with innovative approaches. NGOs can identify emerging issues, and through their consultative and participatory approaches can identify and express beneficiary views that otherwise might not be heard. NGOs often are successful intermediaries between actors in the development arena, building bridges between people and communities on one side, and governments,

development institutions, and donors and development agencies on the other. In an advocacy role, NGOs frequently represent issues and views important in the dynamics of the development process.

17. At the same time, limited technical capacities and relatively small resource bases may characterize some NGOs. NGOs sometimes may have limited strategic perspectives and weak linkages with other actors in development. NGOs may have limited managerial and organizational capacities. In some countries, the relationship between NGOs and government may involve political, legal, ideological, and administrative constraints. Because of their voluntary nature, there may be questions regarding the legitimacy, accountability, and credibility of NGOs and their claims as to mandate and constituencies represented. Questions sometimes arise concerning the motivations and objectives of NGOs, and the degree of accountability NGOs accept for the ultimate impact of policies and positions they advocate.

D. Diversity within the NGO sector

18. An important characteristic of the NGO sector overall is its diversity. This point is particularly important in the context of ADB's approaches to cooperation with NGOs. As noted, the term "NGO" is broad and describes many kinds of organizations. NGOs display diversity in aspects such as purpose, mandate, philosophy, orientation, clientele, role in development, and size and scope of operations. In ADB's region, NGO communities display significant differences country by country, reflecting country-specific factors that affect the structure and composition of NGO communities and the role NGOs play in national development. Because of the diversity the NGO sector displays, operationally and in the context of individual countries, it would not be appropriate, and perhaps counterproductive, for ADB to approach cooperation with NGOs through generalizations or with a single view or strategy. While within the framework of an overall approach to cooperation with NGOs, given the various levels on which ADB and NGOs work together and the individual sets of country-specific circumstances that are encountered, it would be desirable that ADB approach cooperation with NGOs flexibly and with a view to relationships with NGOs as a series of relationships rather than one single relationship.

III. ADB's experience with NGOs

A. ADB and NGOs

19. Until the adoption of the new NGO policy in April 1998, ADB's 1987 policy *The Bank's Cooperation with Non-Governmental Organizations* defined ADB's policy framework for cooperation with NGOs. Since the time of the 1987 policy paper, however, the developmental roles of ADB and NGOs have changed significantly, as has the developmental environment in which ADB and NGOs work. Over the past decade, ADB's loan and technical assistance activities have shown steadily increasing levels of NGO involvement, with NGOs engaged in a variety of ways, and at all stages of the project cycle. Increasing levels of NGO involvement are reflected in other areas of ADB operations, including program-related work and policy development.

B. Policy paper of 1987

20. Through its first 2 decades, ADB's cooperation with NGOs was relatively limited. As NGO cooperation began to expand in the late 1980s, a policy framework outlining existing and possible new areas and opportunities for ADB-NGO cooperation was considered necessary. In addition, the persistence of poverty in the region prompted ADB to rethink its own strategies and those of governments to tackle poverty directly. Expanded cooperation with NGOs to supplement the efforts of ADB and its executing agencies was seen as necessary.

Box 1: ADB's operational experience in cooperation with NGOs

Direct NGO involvement in ADB's loan and technical assistance activities has been increasing steadily. In 1997, 27 of 72 loan approvals (38 percent) involved NGOs directly in some manner. This compares with the experience in 1996, with 25 of 76 loan approvals (34 percent) involving NGOs; in 1995, with 20 of 67 loan approvals (26 percent); in 1994, with 10 of 48 approvals (20 percent); in 1993, with 19 of 77 approvals (25 percent); in 1992, with 11 of 69 approvals (16 percent); in 1991, with 6 of 76 approvals (8 percent); in for 1990, with 4 of 73 approvals (5 percent). From 1981 to 1986, only 17 approved loans involved NGOs. NGO involvement in technical assistance activities and other aspects of ADB's operations has shown a trend parallel to NGO involvement in loan activities.

Specific areas in ADB's project- and program-related cooperation with NGOs have included basic information-sharing, practical assistance in identifying development needs and in project identification, and participation in developing and implementing specific projects and programs. Areas in which NGOs and ADB have worked closely have included agriculture and rural development, urban development, water supply and sanitation, forestry, fisheries, health and population, education and human development, small-scale industry and credit, and environmental management and protection. Increasingly, cooperation with NGOs in projects is moving into areas such as infrastructure and energy. In some developing member countries, NGOs have been consulted in country work and in the development of annual country assistance plans and programs. NGOs are being consulted in the development of operational and sectoral policies.

In project work as well as in country-level and policy development work, as the ADB has gained more experience in working with NGOs and as NGOs strengthen their capacity, ADB cooperation with NGOs is showing an increasingly positive and productive trend, with new possibilities for cooperation emerging. This conclusion is consistent with and validated by literature in the international community relating to NGOs and development, and the experience of other development institutions. In ADB's early cooperation with NGOs in project work, a range of difficulties were encountered to a significant degree based on a lack of experience and familiarity on the part of ADB, NGOs, and executing agencies in working together and identifying viable modalities for cooperation. However as lessons have been and are being learned by ADB, NGOs, and executing agencies, and as experience and familiarity are gained and capacities developed, NGO involvement in ADB projects is expanding and outcomes are showing increasing success.

21. The main objectives of ADB-NGO cooperation stated in the 1987 policy paper were oriented toward addressing the basic needs of disadvantaged groups in developing member countries (DMCs), and supporting improved natural resource management and conservation. The 1987 policy paper identified environment, agriculture, irrigation, fisheries, livestock, forestry, urban development and housing, water and sanitation, health and population, and education and training as among the sectors in which cooperation with NGOs was possible. NGOs were seen mainly as sources of information on local conditions or as implementing agencies for specific components of projects. In addition to the project involvement outlined, the 1987 policy paper suggested that ADB could draw on NGO expertise and knowledge of local conditions to facilitate its own efforts in helping to identify, prepare, monitor, and evaluate projects.

22. ADB's 1987 policy paper saw cooperation with NGOs as an effective means of supplementing its own efforts in pursuing economic growth and improving the living conditions of the poor, as well as efforts in environmental protection. NGOs were seen as possessing valuable expertise on local conditions, and realistic perceptions of the constraints and prospects in the areas of development in which they were involved. Because of their grassroots and small-scale approaches that directly address the needs of target groups, NGOs were seen as possessing comparative advantages in the delivery of some development services. The scope of cooperation with NGOs as defined in the 1987 policy paper was to cooperate selectively with NGOs that are well established and that have gained extensive expertise and experience in socioeconomic development activities in ADB's DMCs.

23. The 1987 policy paper identified the following four roles for NGOs in ADB-NGO cooperation.

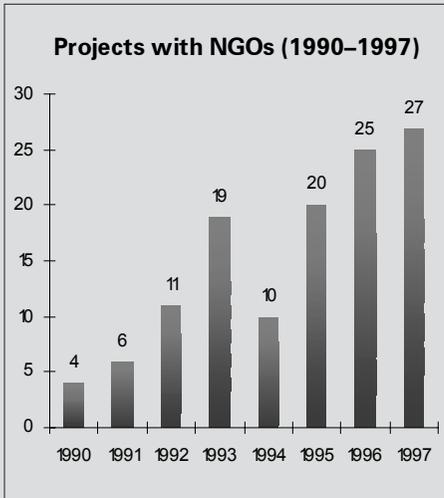
- As a source of information
- As consultants or contractors
- As executing or cooperating agencies
- Where appropriate as cofinanciers

24. The 1987 paper identified the following ADB mechanisms to facilitate broader ADB-NGO cooperation.

Box 2: ADB and cooperation with NGOs

Cooperation between ADB and NGOs in essence began in the early 1980s, though mostly on an informal basis. NGO involvement in ADB operation often took the form of providing information and background in the course of project preparation; there were no modalities or frameworks for ADB and NGOs to work together. The 1987 policy, *The Bank's Cooperation with Non-Governmental Organizations*, was the first formal structure defining a relationship and operational modalities for cooperation between ADB and NGOs. In 1988, the NGO Microcredit Project in the Philippines was the first ADB project to formally involve NGOs in an implementation capacity. Since 1988, there has been steadily increasing NGO involvement in ADB operations, in a variety of roles and through a variety of mechanisms.

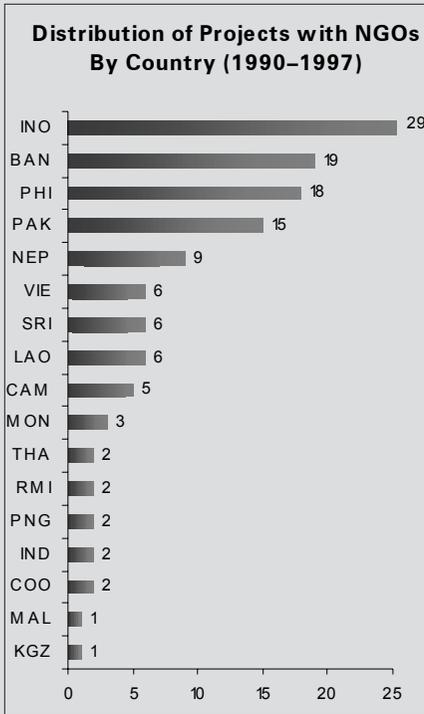
As cooperation with NGOs expands overall, the range of countries in which ADB is cooperating with NGOs is expanding, though such cooperation has shown significant differences. ADB often has worked with NGOs in countries with established NGO communities, such as in Bangladesh, Indonesia, and Philippines. In these countries, NGOs traditionally have played a significant role in development efforts, both official and nonofficial, and have established some degree of comparative advantage in various aspects of the development processes.



Nonetheless, the emergence of NGOs is becoming apparent in a number of other countries. As the NGO sector develops and as development processes widen to address interests such as human development, social development, and environmental protection, a role for NGOs is emerging in countries in which NGOs traditionally have not played a major role.

Over the past decade, ADB and NGOs most often have cooperated in projects that affect communities and that are designed to meet basic needs and demands of

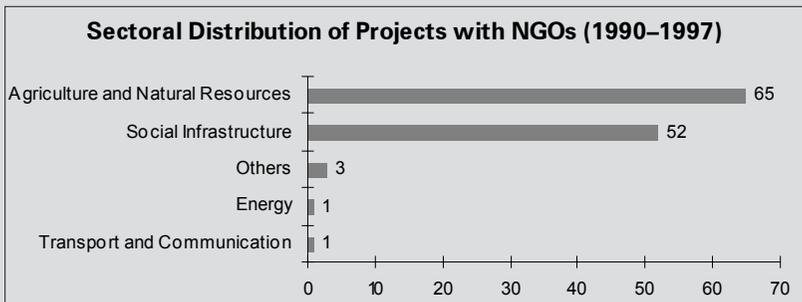
people. Sectors in which ADB and NGOs have most often cooperated include agriculture and rural development, water supply and sanitation, health and population, education and human resources development, small-scale industry and microcredit, and environmental protection. However, with ADB's closer focus on social and environmental concerns, the social



Box 2 (continued)

and environmental dimensions of initiatives more often considered traditional growth projects, for example, transport and communications, infrastructure development, and power sector development, are becoming more apparent. ADB is experiencing significantly greater cooperation with NGOs in these kinds of projects. While NGOs may not have the capacity to participate in the technical aspects of infrastructure or power projects, they often do have the capacity to address the social and environmental elements.

In an increasing number of cases, NGOs are being engaged as implementing agencies for ADB loan and technical assistance projects. Such cooperation with NGOs is being realized in health and education projects,



in microcredit projects, and in projects addressing environmental protection. As NGO capacity develops, it is likely that new occasions for such cooperation will emerge.

Consultation with NGOs is a feature of policy development in ADB. The recently approved policy on fisheries, for example, was sent for comment to some 65 NGOs active in the fisheries sector, the draft policy on gender to more than 120 gender-related NGOs, the draft indigenous peoples paper to 160 NGOs and indigenous peoples groups, and the draft water policy paper to more than 140 NGOs. The draft policy on cooperation with NGOs was seen by more than 300 NGOs.

- Maintaining records and information bases about NGOs for easy identification of interested NGOs
- Providing more information to NGOs about ADB projects
- Encouraging contacts between executing agencies and NGOs
- Expanding coordination with bilateral and multilateral institutions
- Holding tripartite workshops involving ADB, governments, and NGOs to exchange views on NGO involvement in ADB operations

25. The 1987 policy paper did not draw distinctions between commercial and contractual relationships between ADB and NGOs, and operational relationships centering on cooperation and consultation. This distinction is important in that commercial and contractual relationships would be governed by policies such as those relating to engagement of consultants and procurement, while operational relationships would relate to ADB's processes for project, program, and policy development.

IV. Approaches to ADB's cooperation with NGOs

A. Rationale for policy review

26. The rationale for cooperation with NGOs presented in the 1987 policy paper was the need to involve NGOs in ADB operations to more effectively address the basic needs of disadvantaged groups in DMCs and to support improved natural resource management and conservation activities. This rationale remains valid today. However, since 1987, the developmental needs of the Asia and Pacific region have changed significantly and continue to change. ADB's operations and strategic agenda have become significantly more complex, with an operational framework that combines support for growth-oriented development as well as human development, social development and environmental protection. Over the past decade, the character, capacity, and developmental role of the NGO sector have changed, with NGOs becoming much more significant actors in development processes. These factors have combined to create an environment in which ADB has experienced significant expansion in the scope, volume and quality of its cooperation with NGOs. This cooperation has moved into operational areas and through operational modalities not envisaged in the 1987 paper. Reviews of ADB operations, such as through the *Report of the Task Force on Improving Project Quality*, have noted the more extensive involvement of NGOs in development in general and in ADB operations specifically. To ensure that its policy and approaches to cooperation with NGOs remain current, relevant, and effective, it became necessary for ADB to review its current relationships and program of cooperation with NGOs, and as necessary develop a new policy and new approaches to cooperation with NGOs consistent with current circumstances and realities.

B. Expanded cooperation with NGOs

27. ADB is pursuing an expanded program of cooperation with NGOs with a view to strengthening the effectiveness, sustainability, and quality of development services ADB provides. The objective of ADB's cooperation with NGOs is to work with NGOs to incorporate NGO experience, knowledge, and expertise into ADB operations, such that the development efforts ADB undertakes would more effectively confront the issues and priorities reflected in ADB's development agenda. Such an expanded program of cooperation is consistent with the current circumstances of development in ADB's DMCs and its current strategic framework and strategic objectives. Such cooperation recognizes the expanding developmental role of NGOs.

28. It is the objective of ADB to cooperate with competent, experienced NGOs that have substantial knowledge in their fields of expertise, and with which cooperation is appropriate and mutually beneficial for ADB, NGOs, and governments. In project and programming work, ADB cooperates with NGOs when such cooperation supports and contributes to the effectiveness and sustainability of operations. In policy development, ADB cooperates with NGOs toward the formulation of policies that are consistent with ADB's mandate and that strengthen ADB's development policy agenda. Many of the operations and approaches to operations reflected in ADB's current Medium-Term Strategic Framework are areas in which NGOs have significant strengths, and in some cases, comparative advantages. Where desirable and appropriate, ADB promotes government-NGO dialogue and cooperation in development efforts.

29. In many of its operations, ADB already is realizing successful and effective cooperation with NGOs. Where effective cooperation has been realized, approaches employed are being formalized and, as appropriate, incorporated in ADB's overall operational program and approaches. Where effective cooperation with NGOs can be established, appropriate operational programs and approaches are being identified and implemented. The collective experience of ADB is leading toward an expanding set of good practices in NGO cooperation.

30. In its operations, ADB recognizes institutional development and capacity-building support for the NGO sector in itself as a development initiative. ADB will offer necessary and appropriate institutional and

capacity-building support to NGOs, particularly at the local and national levels. Similarly, ADB will offer necessary and appropriate institutional development and capacity-building support to DMC governments, toward the creation of an environment that would foster government-NGO relations and support NGO contributions to development processes. ADB would not be a mediator in this regard, but a facilitator.

31. Given the range of NGOs that exists and with which ADB interacts, it must be recognized that ADB in fact has different kinds of NGO relationships. The relationship with an NGO engaged entirely in policy analysis, for example, would differ from the relationship with a community-based NGO engaged entirely in the delivery of development services. It is necessary that ADB develop mechanisms that recognize and support a range of NGO relationships. ADB's policy and approaches to cooperation with NGOs must recognize the diversity of the NGO sector, and the fact that a single view of NGOs or a single approach to NGO cooperation will not be adequate.

32. Mechanisms for cooperation with NGOs will vary according to the type of NGO, the issue or interest in question, the specific kind of cooperation being considered, and the specific circumstances that exist in each case. Cooperation with NGOs will be affected especially by country-specific circumstances. Cooperation with NGOs in ADB's operational activities would proceed as a part of or in parallel with other operational considerations, including the emerging process approach orientation of ADB's operations. In any case, NGO input into ADB operations would have to be considered carefully, as would input from any other source.

33. In its country-level operations, it is necessary that ADB continue to be responsive to concerns of governments. Cooperation with NGOs in principle would be a dynamic process that encourages constructive relationships involving ADB, governments, and NGOs. At the same time, however, concerns and priorities of governments must be acknowledged. The fundamental relationship between ADB and a government and the sovereignty of governments must be recognized. The ability of ADB to work with governments and execute its development mandate remains a priority.

34. Criteria for identification of NGOs with which ADB would cooperate are important. Relevant criteria could include, among others, legal status, legitimacy, representativeness, responsibility, credibility, transparency, competence, and institutional capacity. It is important that any criteria be

applied objectively and transparently. It is important that ADB work to identify NGOs with which cooperation would be mutually desirable, as well as to identify NGOs with which cooperation would not be mutually constructive. As relevant and appropriate, governments would be consulted in identifying NGOs with which cooperation would be sought.

C. Areas for NGO cooperation in ADB operations

35. Three broad areas of cooperation with NGOs in ADB operations can be identified.

- Cooperation in loan and technical assistance activities
- Cooperation in programming and country-level work
- Cooperation in policy development work

36. The scope of ADB-NGO cooperation that exists and that can be expected to emerge is significantly beyond the scope of the ADB-NGO cooperation envisaged in ADB's 1987 NGO policy paper.

1. Cooperation in loan and technical assistance activities

37. In loan and technical assistance activities, ADB can benefit from the knowledge that NGOs possess and expertise they have developed. Early in the project development process, effective NGOs can help identify, understand, and articulate the development problems and needs of beneficiary communities. Such input would help ADB in identifying and designing relevant, effective, and appropriate solutions to development concerns, and in implementing these approaches. As well, NGO involvement can contribute to responsiveness, accountability, and transparency in project processes. In some cases, ADB, as well as governments, can learn from NGO analysis of development issues.

38. Cooperation with NGOs can develop and enhance public awareness of development efforts and facilitate the participation of affected persons and communities in project design and implementation. Many NGOs are well placed to develop a framework for beneficiary participation and improve the delivery of project goods and services. NGOs may have particular abilities in aspects of development such as participatory project design, community mobilization, and community organization, and in capacity building at the grassroots or community levels. It is likely that

operational NGOs especially would have a strong presence in a given project area and have strong rapport with beneficiary communities.

39. There can be opportunities for, and direct benefits in, cooperation with NGOs in project and technical assistance identification and design activities. Such involvement can contribute to ensuring that projects will address and meet the needs of intended beneficiaries. In some cases, existing NGO programs can serve as models for the design of larger projects. There may be scope for involving NGOs as consultants or information sources in project identification and design activities. NGOs can be involved in project processing activities such as environmental and social impact assessment work, in the development of involuntary resettlement and indigenous peoples development plans, in facilitating consultation and participatory activities involving target beneficiaries, and in helping affected persons and communities articulate their needs and desires. To be most effective in its impact, such involvement should take place as early as feasible in project and technical assistance identification and design.

40. Consultation with NGOs has become an increasingly regular feature of ADB's project identification and design activities. Missions for project and technical assistance preparation and other activities early in the project development process more frequently are consulting with NGOs to gather information and to become aware of alternative views, whether or not NGOs are to be a part of the ensuing project or technical assistance. NGOs often can be sources of alternative perspectives on development questions, as well as new views on needs, desires, and perspectives of intended beneficiary communities, and modalities to be employed in loan projects and technical assistance. Dialogue and exchange of information with NGOs would strengthen cooperation with NGOs and would make such cooperation more effective. It would be necessary that NGOs understand ADB operations, as well as ADB understand NGO operations.

41. While operational NGOs would be most relevant to loan project and technical assistance activities, advocacy NGOs may have potential for involvement in loan project activities. Advocacy NGOs can represent groups and communities that otherwise do not participate in prevailing economic and political systems. Advocacy NGOs can be catalysts for collective action among the poor and disadvantaged. In all cases, flexibility and objectivity would be necessary, and such cooperation must be undertaken in the context of national policies and direction.

Box 3: 1997 loan projects with NGO involvement

Number of Projects	27.0
Percentage of All Projects	38.0
Volume of Lending (\$ million)	1,439.4
Percentage of All Lending	15^a

Country Distribution	Number	Percent	Amount (\$Million)	Percent
Indonesia	6	22	516.8	36
Viet Nam	4	15	209.6	15
Bangladesh	3	11	129.7	9
Pakistan	3	11	206.0	14
Philippines	2	7	57.2	4
Sri Lanka	2	7	91.6	6
Mongolia	2	7	21.7	2
Cook Islands	1	4	0.8	0
India	1	4	100.0	7
Kyrgyz Republic	1	4	19.0	1
Lao PDR	1	4	27.0	2
Papua New Guinea	1	4	60.0	4
Sectoral Distribution				
Agriculture and Natural Resources	13	48	731.5	50.8
Social Infrastructure	13	48	707.1	49.1
Other	1	4	0.8	0.1
Subsectoral Distribution				
Irrigation and Rural Development	5	19	352.6	24.5
Urban Housing and Development	5	19	271.8	18.9
Agricultural Support Services	4	15	250.0	17.4
Health and Population	4	15	202.3	14.1
Water Supply and Sanitation	3	12	214.0	14.9
Forestry	2	8	76.2	5.3
Education	1	4	19.0	1.3
Fisheries	1	4	33.0	2.3
Livestock	1	4	19.7	1.4
Other	1	4	0.8	0.1
Distribution by Project Classification				
Social Concerns	14	52	744.4	52
Environment	6	23	222.8	15
Growth-Oriented	6	23	342.2	24
Traditional Growth	1	4	130.0	9
Distribution by Strategic Development Objective				
Development Projects	14	52	731.7	51
Poverty Projects	12	44	606.5	42
Growth Projects	7	26	472.2	33
Environment Projects	7	26	291.8	20
Women in Development Projects	3	11	159.7	11

a Excluding Loan KOR 1601: *Financial Sector Program*, for \$4.0 billion, approved on 19 December 1997. If the project 1601-KOR is included, which accounts for 42% of ADB's 1997 volume, the percentage by volume of all loans with NGO participation increases to 26%.

42. There is scope for cooperation with NGOs in loan project and technical assistance implementation. NGOs with sufficient capacity can be engaged as executing or implementing agencies or can be contracted to deliver specific project components or services. NGOs can implement or manage selected subcomponents of projects, and can be employed in community mobilization activities or in delivering project services to selected communities or populations. NGOs may have the capacity to provide training related to specific aspects of projects to beneficiaries. They can have the capacity to facilitate communication between project authorities, such as ADB and governments, and intended beneficiaries. NGOs can serve as community organizers when a project depends on social mobilization, and as grassroots-level delivery agents of project benefits. NGOs may also have a role in monitoring loan project and technical assistance implementation.

43. There is scope for cooperation with NGOs in benefit monitoring and evaluation and in postevaluation activities. The same knowledge and perspectives that NGOs possess with regard to project identification, planning, and implementation can be employed in monitoring and postevaluation. Selected NGOs with the necessary technical expertise and professional orientation hold potential as evaluators in review of project implementation and in judging project results. There may be scope for involvement of NGOs in the development of evaluation criteria and setting terms of reference for specific evaluation efforts. In some projects, NGOs already are participating formally in project monitoring and are part of the project review process. ADB review, monitoring, and evaluation missions more frequently are contacting NGOs to gain their views and gather additional information.

44. Beyond cooperation with NGOs toward the strengthening of the effectiveness and impact of its loan and technical assistance activities, as appropriate, it would be in ADB's interest to examine, identify, and implement strategies for strengthening the overall contribution of NGOs to project- and technical assistance-based development processes, particularly at the local and national levels. Such institutional strengthening and capacity-building support could address NGO operations specifically, as well as the institutions, structures, and processes of governments that relate to NGO involvement in development initiatives and government-NGO cooperation, toward the creation of a mutually desirable environment that could support and enable government-NGO relations and NGO operations in national development programs.

Box 4: Examples of NGO involvement in ADB-assisted projects

Project	Role of NGOs
Indonesia: Microcredit (1994)	The Project builds on the distinct roles of existing small-scale financial institutions (SFIs) and NGOs. SFIs will deliver credit and savings services to poor and near-poor microenterprise borrowers, while NGOs will organize groups of poor for SFI borrowing and will assist microenterprise development through training activities. NGOs will be involved actively with SFIs in lending and in collecting loan repayments and savings deposits, and in assessing new SFI loans and developing viable and substantial microenterprise. NGOs will receive training under the Project to enable them to act as catalysts in microenterprise development. NGOs will be provided with support for new staff recruitment and staff training and will be assisted in acquiring equipment for better record keeping and reporting and for expanded outreach. NGOs that have been sufficiently strengthened will engage in providing broader village-level services, including extended group formation and training of borrowers.
Bangladesh: Non-Formal Education (1995)	NGOs will be the main implementors of nonformal education programs to be established under the Project. NGOs have developed several innovative needs-based education programs and produced education materials that match the experiences of potential learners and the communities in which they live. The effectiveness of NGOs in Bangladesh in delivering nonformal education is widely recognized. NGOs also will manage the Project's field activities.
India: Karnataka Urban Infrastructure Development (1995)	The Project will involve NGOs in integrated urban development efforts. Poverty reduction efforts will involve NGOs in slum upgrading, through provision of basic infrastructure such as water supply, electricity and sanitation, and through community management initiatives. NGOs will be involved in community organizing and in aspects of a training center to be created. In a low-income housing finance component, NGOs and community-based organizations will act as intermediaries in the onlending of housing finance to be provided to local communities.
Pakistan: National Drainage (1995)	NGOs will facilitate beneficiary participation by developing and implementing awareness efforts and organizing beneficiary groups. NGOs will also be engaged to assist in preparing and implementing a wetlands management plan. A national-level NGO to be named as lead NGO will participate in steering and coordination committees. An NGO forum to be established will be a channel for overall NGO input into the Project.

Box 4 (cont.)

- Nepal: In one of Nepal's most striking wilderness areas, ADB, the Government, and a leading national NGO, the King Mahendra Trust for Nature Conservancy (KMTNC), are cooperating to protect a diverse ecosystem and a rich traditional lifestyle. The Manaslu Region currently is threatened by forest degradation, extensive littering, and uncontrolled tourism. The Project will address these problems through promoting ecotourism and cooperation between the Ministry of Tourism and KMTNC. The Project will include construction of a helipad and stolport for tourists and delivery of essential supplies; development of trails and paths; the construction of community-owned and -managed campsites, lodges and kerosene depots; construction of microhydel stations; monastery conservation; establishment of radio communication facilities and a medical clinic; and training of local communities in tourism management and marketing of the region's tourism products. KMTNC will be strengthened through training and consultant support under the Project's Implementation Assistance and Institutional Strengthening Component.
- Cambodia: The Project will help the Government implement its plan to strengthen the basic health services system in the country by ensuring the efficient delivery of a minimum package of activities targeting women, children, and the poor. Explicit service delivery targets for the poorest 50% of the community will address diseases that differentially affect poor people. Services under the Project will be contracted out to private organizations, and NGOs will be encouraged to bid for these opportunities. Also, a local NGO will assist in implementing the Community Loan Scheme. Under the scheme, a family confronting a health emergency that requires a large amount of money can apply with a village committee to borrow from the community loan fund until the next harvest.
- Bangladesh: The Project will introduce an approach for targeting the poor in the Project area by assisting small-scale producers, and expanding the role of NGOs and the private sector in livestock breeding, credit, and services. The Project will introduce a participatory approach involving the Government, NGOs, and the private sector, in partnership with the direct beneficiaries of the Project. The partnership between NGOs and private sector agencies will be reinforced by providing assistance for institution building and monitoring, thereby enabling delivery of more effective and more widespread services to the poor. The Government will relend the equivalent of \$17.2 million to the Palli Karma-Sahayak Foundation, which will onlend to participating NGOs for livestock microprojects.

45. ADB will continue to explore new approaches to cooperation with NGOs in its operations, including initiatives such as institutional strengthening and capacity development. Other innovations, such as a facility or a fund through which financial support could be provided to NGOs supportive of ADB programming in its DMCs, also will be explored.

46. Evaluation of NGO involvement in ADB's project activities has produced examples of the value-added that NGOs can contribute to loan and technical assistance activities.

- *Innovation.* With their close knowledge of local communities and local knowledge, NGOs can identify new approaches and new models for specific development activities.
- *Local Accountability.* NGO involvement in projects can help ensure that project components are implemented as envisaged and planned.
- *Responsiveness.* NGOs can help ensure that projects are implemented in ways that respond to local needs.
- *Participation.* NGOs can serve as bridges between project authorities and affected communities, as well as provides structures for participation.
- *Sustainability.* NGOs can help provide continuity in project work, especially when implementing agencies lack capacity or when staffing changes.

NGO contributions to loan and technical assistance activities are by no means limited to these examples.

47. Involvement of NGOs in loan and technical assistance activities would necessarily be within the context of ADB's existing set of policies and procedures. Existing policies and practice relating to operational considerations such as information dissemination, governance, participation, consultation, etc., would govern one aspect of cooperation with NGOs. In the case of contractual relationships, with NGOs providing goods and services and receiving remuneration, of direct relevance would be policies such as *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* and *Guidelines for Procurement Under Asian Development Bank Loans* and the business practices that have emerged from these policies. In this second set of contractual relationships, it would be necessary that

relevant policies and practices be applied within the context of the specific circumstances and characteristics of NGOs.

2. Cooperation in programming and country-level work

48. There are opportunities for NGO participation in country-based processes such as country development of operation strategies and country programs that form the basis of ADB's country-level operations. In addition to their role in the delivery of development services, NGOs can play a role in reflecting, explaining, and advancing the views, concerns, and needs of the groups and communities they represent. NGOs cannot replace or supersede governments in country work and country programming, but as appropriate and with government concurrence can complement existing processes and serve as additional sources of information and input. In that they are processes that precede loan project and technical assistance identification, NGOs are recognizing the importance of country strategy and programming work.

49. NGO involvement in country-level activities necessarily must be undertaken with due regard for national policies and priorities. At the same time, ADB would consider encouraging governments to recognize NGO input in country-level activities. In some countries, NGOs already are active participants in country-level processes.

50. There may be scope for NGO participation in country-level economic and sector work. NGOs are recognizing the significance of ADB's country-level development strategies, particularly in the social and environmental sectors, and the influence these strategies have in national-level development planning and within the broader development community. Given their direct knowledge and unique perspectives, there could be scope for NGOs to provide meaningful contributions and help ensure that the voices of all stakeholders are reflected in ADB's country-level strategies. Some NGOs have begun to express increasing interest in becoming involved in this aspect of ADB operations.

51. It already is ADB's experience that in some countries, NGOs can make substantive contributions to country-level economic and sector work. Even when NGOs are not involved formally in roles such as consultants or researchers, input that NGOs can provide in a consultative or advisory role often can be important. Some NGOs may have the capacity to undertake research in areas related to country-level work.

52. In programming and country-level work, it would be important that the interests of governments and the fundamental relationship between ADB and governments be kept in view. While benefits in involving NGOs in programming and country-level work may be apparent, such involvement would necessarily be consistent with the rights and responsibilities of governments in identifying and pursuing national interests.

3. Policy cooperation

53. There is significant scope for NGO participation in ADB's policy development activities. Policy-specific NGO consultations have been part of the process of developing recent policies on forestry, energy, population, involuntary resettlement, inspection function, and confidentiality and disclosure of information. Input received through consultation with NGOs has in most cases been constructive and valuable, and has reflected various alternative views and perspectives. NGOs are being consulted in current policy development efforts, including the development of this policy on cooperation with NGOs.

54. General consultations with NGOs addressing a variety of issues have become a feature in ADB's operations. NGO consultations are an important part of ADB's Annual Meetings, with NGOs meeting with country delegations and with ADB's Management and senior staff to pursue specific policy and project concerns. A variety of other consultation meetings are arranged throughout the year on an ad hoc basis to address specific policy and project concerns that arise. ADB missions to both DMCs and donor countries frequently meet with NGOs in consultations on broader issues of development and ADB operations, as well as issues that may relate to specific operational interests.

55. In addition to informal consultation and dialogue with NGOs and consultation undertaken to address specific issues, it is necessary that ADB identify mechanisms for regular policy-level consultation and dialogue between ADB and NGOs. It is necessary that such consultation and dialogue allow for effective two-way communication on policy-related topics, and be positive, proactive, and mutually beneficial. Where it exists, it would be in ADB's interest that consultation and dialogue be maintained and as necessary strengthened; for example, the opportunity for consultation and dialogue at the Annual Meetings of the Board of Governors will be maintained and as appropriate strengthened. At the same time, an institutionalized mechanism for consultation and dialogue between ADB and NGOs outside the structure of the Annual Meeting that could address specific issues will be established. Such consultation and dialogue would be held on a regular basis, be structured to appropriately represent both ADB and the broad NGO community of the Asia and Pacific region, and address a mutually agreeable agenda. As and when necessary and appropriate, governments could be involved in such consultation and dialogue.

56. On the country level, ADB's resident missions and representative offices are an important point of consultation and dialogue with NGOs and have assumed significant responsibilities in this regard. Resident missions each have established liaison points for cooperation with NGOs and are important points of contact with regard to ADB operations, including the provision of information related to project and programming missions and information related to ADB operations in general. The ADB headquarters provide necessary technical support in this process of country-level cooperation with NGOs.

V. Institutional implications

57. The Office of Environment and Social Development (OESD) holds primary institutional responsibility for development, implementation, and evaluation of policy and practice related to cooperation with NGOs, and for execution of many aspects of ADB's program of cooperation with NGOs. OESD would be responsible for providing guidance to and would work closely with other departments and offices of ADB related to cooperation with NGOs and incorporation of NGO initiatives in ADB operations, and for maintaining and strengthening such initiatives. OESD is ADB's primary focal point for liaison with NGOs and serves as a resource center for ADB cooperation with NGOs. OESD holds responsibility for

- the maintenance of an information and database on NGOs;
- the organization and execution of formal consultation and dialogue with NGOs; and
- coordinating the development of operational guidelines for implementation of an expanded program of cooperation with NGOs, including this policy on the ADB's cooperation with NGOs.

58. OESD takes a lead role in activities within ADB toward the development and strengthening of internal capacity necessary for effective cooperation with NGOs.

59. The Programs Departments are responsible for aspects of cooperation with NGOs relating to country programming and incorporation of aspects related to NGO cooperation in country programs, strategies, and policy dialogue, and in loan project and technical assistance identification. They are also responsible for cooperation and consultation with NGOs in country programming and country strategy activities, and consult with the

Projects Departments in matters relating to country-specific NGO cooperation and consultation relating to broader project-specific activities. *Resident missions* and *representative offices*, as ADB's representatives in the field and with their closer knowledge of local circumstances, are a country-level liaison and focal point in NGO cooperation and coordination. Through various modalities, resident missions and representative offices hold greater responsibility for maintaining regular overall country-level contact with NGOs and are a source of specific contact with regard to headquarters missions, including project and programming missions.

60. The *Projects Departments* have responsibility, as a part of the project processing and implementation processes, and with support from OESD, for cooperation and coordination with NGOs in project-specific activities, and in evaluation of NGO participation as it relates to projects and other operations. Already existing in many projects, such responsibilities include broad consultations with NGOs in project identification and planning activities, technical and project-related consultations and discussions with NGOs, defining roles for NGOs in specific project activities, compiling information about NGOs relevant to specific activities, and meeting NGO requests for project-related information. The *Projects Departments* are involved primarily in identifying and evaluating NGOs that may be contracted or otherwise engaged or involved with respect to projects.

61. The *Office of the General Counsel* is responsible for dealing with NGOs in the context of legal frameworks, in its role in providing oversight of law and development activities as part of ADB's governance programming.

62. The *Office of Pacific Operations* holds responsibility for project and programming activities related to NGOs in ADB's Pacific DMCs.

63. For NGOs that may be engaged as consultants, the *Central Operations Services Office* (COSO) has responsibility for maintaining and providing information to NGOs regarding consultant services activities. COSO also has responsibility for implementing ADB's policies and procedures on the use of consultants and procurement when NGOs would be engaged in ADB operations. NGOs registered with ADB as consultants are included in the central project information systems administered by COSO.

64. The *Office of External Relations* is responsible for meeting general NGO requests for information and policy documents, in accordance with ADB's Policy on Confidentiality and Disclosure of Information. The Office of External Relations is responsible for maintenance of ADB's depository library program and the ADB's home page on the World Wide Web.

65. The *Operations Evaluation Office*, through ADB's postevaluation function, is responsible for assessing the efficiency of ADB-NGO cooperation, particularly in relation to operational and policy activities.

VI. Policy on cooperation with NGOs

66. An expanded program of cooperation with NGOs in its member countries will be pursued. Such cooperation with NGOs will be undertaken with a view to strengthening the effectiveness, sustainability, and quality of the development services ADB provides. The objective of ADB's cooperation with NGOs is, where appropriate, to integrate NGO experience, knowledge, and expertise into ADB operations, such that the development efforts ADB supports will more effectively address the issues and priorities reflected in ADB's development agenda. At the same time, the role of NGOs as increasingly significant actors in development processes is recognized.

67. ADB seeks to cooperate with competent NGOs that have substantial knowledge in their areas of focus and with which cooperation would be appropriate and mutually beneficial. Such cooperation, whether in project, programming, or policy activities, relates to the type of NGO, the issue or interest being addressed, and country-specific considerations. ADB will continue to explore innovative approaches to cooperation with NGOs.

68. Such cooperation is undertaken as a part of or in parallel with ADB's ongoing operations. In country-specific activities, ADB continues to recognize priorities and concerns of governments, and the fundamental relationship between ADB and governments is the basis of ADB's respective country-specific operations. Cooperation with NGOs at the country level would be a dynamic process involving ADB, governments, and NGOs, and ADB would work to foster tripartite relationships involving ADB, NGOs, and governments.

69. To facilitate closer operational relationships with NGOs, ADB will strengthen its internal capacity for NGO cooperation, through staff training, skills development activities, and other specific activities that would strengthen internal capacity.

70. To support effective cooperation with NGOs, ADB will maintain and strengthen processes for ADB-NGO consultation and dialogue. As appropriate, ADB will work to identify mechanisms to expand and strengthen interaction with NGOs in loan and technical assistance activities, in country programming and country-level work, and in policy development. Existing mechanisms for consultation and dialogue with NGOs will be pursued and strengthened. At the same time, ADB will work to establish a regular, institutionalized program of consultation and dialogue with NGOs. Consultation and dialogue through resident missions and representative offices will be pursued and strengthened. Initiatives will be pursued to identify other new and innovative mechanisms for ADB-NGO consultation and dialogue.

71. Institutional development and capacity-building support for NGOs will be pursued, consistent with overall strategies and existing policy and practice. Institutional development and capacity building for governments in NGO-related matters similarly will also be pursued.