

WORLD BANK HISTORY PROJECT

Brookings Institution

Transcript of interview with

ARUN ADARKAR

**Date: November 27, 1991
Asian Development Bank
Manila, Philippines**

Interview by: Richard Webb, Devesh Kapur

FOREWORD

The following is a transcript of an oral interview conducted by the authors of the World Bank's fiftieth anniversary history: [John P. Lewis, Richard Webb and Devesh Kapur, *The World Bank: Its First Half Century*, Washington, DC: Brookings Institution Press, 1997.](#) It is not a formal oral history, and it is not a systematic overview of the work of the person interviewed. At times the authors discussed the planned publication itself and the sources that should be consulted; at other times they talked about persons and publications extraneous to the Bank. Some interview tapes and transcripts begin and end abruptly. Nevertheless, the World Bank Group Archives believes that this transcript may be of interest to researchers and makes it available for public use.

[Tape 1, Side A]

ADARKAR: There is a quite substantial difference between the privileges and immunities that the ADB [*Asian Development Bank*]¹ enjoys from the headquarters government from what the World Bank and IMF [*International Monetary Fund*] enjoy. As far as the sort of protection from arrest and so on, that kind of immunity in the course of your official work is concerned, that is common to all international institutions, and that's sort of a basic cornerstone of any headquarters agreement. But in addition to that, we have in the headquarters agreement Section 44, which gives a different kind of, almost a kind of, you might say, full diplomatic status to the president, vice presidents, directors, alternate directors, and department heads. Now, this is quite a large number. We figure in the diplomatic list. We have diplomatic number plates, you know, the four-digit diplomatic number plates, we have full exemption from import duties. In fact, if one is prepared to take the trouble, one is even exempt from paying the tax on one's electricity bills. I'm not trying to get [*inaudible*] but that kind of thing. Now, also even the Section 45 personnel, which are the rest of the professional staff, get duty-free gasoline, for instance, in the Bank's own premises. Before we had our own gas station, one could fill up at any gas station and then send in the bills for refund of the tax element. We had—I mean, Section 45 personnel had somewhat limited but quite liberal import privileges for duty-free liquor, also a duty-free and tax-free car every three years. So these are quite significant benefits.

WEBB: It also must help you in your travel, your access to people . . .

ADARKAR: That's right.

WEBB: It's a big part of your . . .

ADARKAR: That's right. So we do have, in personal terms, very substantial privileges and immunities from the headquarters agreement.

WEBB: Yes. I don't think the personnel in the Inter-American Development Bank . . .

ADARKAR: No, I don't think--in Washington certainly they don't.

WEBB: Nor do the Bank . . .

ADARKAR: No, the Bank and Fund definitely does not. I mean, I remember when my father was executive director on the IMF. He had no diplomatic privileges or immunities of any kind. I mean, as I said, except in the course of his work, that's different. And then when he had a corresponding rank of minister in the Indian Embassy, then as a virtue of that he had diplomatic privileges, but not from the IMF. Under the IMF or the World Bank people do not enjoy diplomatic privileges. Perhaps the managing director and the president may, I don't know. But

¹ Original transcript by Brookings Institution World Bank history project; original insertions are in []. Insertions added by World Bank Group Archives are in *italics* in [].

certainly not the executive directors, whereas here . . .

And we have another agreement with the Philippine government which is not recorded in the headquarters agreement, but it's there on paper, and that again is fairly significant. Directors and alternate directors are given the same rank as heads of mission for purposes of car importation, which means that they are allowed to import two duty-free cars. And they get, for instance, an airport access identity card which says "head of mission." So there are those kinds of privileges and immunities which is somewhat different from what the World Bank enjoys.

WEBB: I would suspect that you must need to have this kind of appeal to attract people from some of the countries, at least, some of your member countries.

ADARKAR: Correct. And also, I think, it is to some extent a feature of being in a developing country. I think that's a fairly important distinction. We were really the first and even to this day one of the very few major institutions located in a developing country. Most of the U.N. agencies are in developed countries except, you know, the new ones like UNEP [*United Nations Environment Program*] which is in Nairobi. But even IFAD [*International Fund for Agricultural Development*], which is a fairly new international agency, was based on Rome. So most development agencies are in developed countries, but we were a major one set up in a developing country and therefore I think we got a somewhat more generous headquarters agreement from the Philippines government.

WEBB: It's a terrible shame that the Inter-American Bank [*inaudible*] speaking as a Peruvian now. Do you have anything like quotas in your hiring?

ADARKAR: We don't have formal quotas in our hiring, but again apropos the Philippines there is a sort of understanding that our supporting staff will all be Filipinos. There are, of course, some exceptions like a few directors like the Chinese director who because his language has an assistant, that is, you know, a secretary, from China, in addition to a director's assistant. The Indian director also has a secretary from India. The Korean has a secretary from Korea. So--but there are only these three. Otherwise the entire supporting staff is Filipino.

WEBB: Oh, that's very different from the World Bank.

ADARKAR: That's right. Now that's another big difference, whereas the World Bank hires its supporting staff internationally. So that's a big difference there.

WEBB: You've been with the Bank . . .

ADARKAR: Seventeen years this month.

WEBB: Seventeen years. You've seen it grow from . . .

ADARKAR: Yes, when I joined the staff was, the professional staff was 200, and it is now over

650. Supporting staff is roughly *[inaudible]* when we came the supporting staff was about 200 or something.

WEBB: All along you must have intense contact with the World Bank.

ADARKAR: We do, we have, especially on the operational side. We have very close contacts because our working procedures are almost identical. In the board, on the operational side in loan processing, our procedures are almost identical. Now, I do use the word "almost" because there are certain differences. For instance, our project processing cycle is much shorter than that of the World Bank. This is because we do take what some people regard as undesirable shortcuts, but we think that we are doing the right thing. For instance, we often present a loan proposal to the board before the detailed engineering, which means that you then have a somewhat bigger price contingency because your price estimates, your cost estimates would really be determined firmly only after you put out tenders. Now, in the case of the World Bank, they don't, I think, never-- they never go to the board with a loan proposal until the detailed engineering is complete and you have fairly firm cost estimates, so as a result of which the normal project processing cycle in the World Bank is about two years. In our case it can be as short as six to eight months. We have actually done emergency loans in three months, but for a normal loan our project processing cycle could be as little as six to eight months. It could go up to twelve months if one is not in a great hurry. But this particular aspect, that we don't necessarily compete detailed engineering-- sometimes we do *[inaudible]* does help us to speed up our project processing cycle.

WEBB: I believe--I'm not sure I'm right--that your tender rules, procedures differ from the World Bank, is that right?

ADARKAR: No, our guidelines for procurement and for engagement of consultants are very similar to those of the World Bank.

WEBB: Do you use two-envelope procedures?

ADARKAR: We do use a two-envelope procedure, but yes, there are some differences there. I wouldn't know the exact details; there are some differences there. But I think . . .

WEBB: We were just talking to some of *[inaudible]*.

ADARKAR: Oh, yes.

WEBB: Very interesting.

ADARKAR: Yes, but there are also differences in the domestic procurement policy. I think the World Bank has 63 percent domestic preference. I think we have a slightly different system of domestic preference and I wouldn't be able to give you those details because I've been out of operations for some years now.

WEBB: We can check that out.

ADARKAR: You can check that out.

KAPUR: In terms of procedures for disbursement and so on?

ADARKAR: Those are very similar.

KAPUR: Does this make a difference--I guess now the ADB [*Asian Development Bank*] has, as the World Bank, uses co-financing?

ADARKAR: No, it doesn't really make that much difference.

KAPUR: Does the fact that the procedures are reasonably identical makes the co-financing perhaps better than if you do it with bilaterals where the procedures are, certainly are, apparently different?

ADARKAR: But, you see, what happens in co-financing is that, you are read--let's say it's a \$300 million project, for the sake of argument. Let's say the ADB is putting in \$100 million; the World Bank is putting in \$200. It's very rare--I think almost never--that you have a turnkey contract for the entire project. What's going to happen is you're going to have different project components, and in practice there's rarely going to be one contract that's going to be financed by both. So you are in reality identifying components and contracts and saying X will be financed by the ADB, Y by the World Bank. There's another reason for this, quite apart. Even if our procedures were identical, you would come up against insurmountable problems if you had the same contract being financed by both because the question of eligibility, source eligibility, comes in. Our membership is different from that of the World Bank. So the World Bank's, the list of their countries eligible to bid, would be quite different from ours.

KAPUR: On the other hand even if you have very different components of finance agencies, from the point of view of the project executing agencies, the locals, the fact that bidding and procurement procedures are similar, the accounting is . . .

ADARKAR: It helps, it certainly helps. And as far as consultants are concerned, we have now a common computer system so that a consultant, if he registers with us, doesn't have to register separately with the World Bank and vice versa. So that, that also helps.

WEBB: [*inaudible*]

ADARKAR: Oh, this has been on forever. But there is again one major operational difference which is in a sense indirectly related to the project processing cycle. We provide technical assistance for feasibility studies or even detailed engineering on a grant basis. The World Bank has no grant technical assistance. They only provide technical assistance loans. Now, that makes a very big difference. What we do is that we provide technical assistance on a grant basis with

the proviso that if a loan results from that *[inaudible]*, then the amount over, say, 250 thousand—I mean, that's the current limit--would then be incorporated in the loan. But the World Bank has no grant facility at all for technical assistance. If a grant has to be given, then it's usually given by the UNDP [*United Nations Development Programme*], and then the World Bank becomes an executing agency for that technical assistance. But we provide very substantial technical assistance on the ground.

WEBB: Do you see these similarities getting greater over time or on the contrary do you find them developing in a different direction in terms of procedures?

ADARKAR: In terms of procedures I think they're likely to become more and more similar over time because basically the donor pool is the same. Our donor countries are the same as the World Bank's donor countries, minus one or two *[inaudible]* but basically the donor pool is the same. So it's very unlikely that Australia is agreeable to something in the World Bank but not in the ADB. So in that sense the procedures, certainly board procedures and so on, are likely to go along the same tracks and possibly move towards convergence rather than the opposite.

However, I think this comes to the fundamental question, which at some stage you have to address, of why a regional bank . . . [Words here drowned out by ringing telephone. A pause follows, apparently for a telephone call.]

So, you see, that comes to the question of why the regional banks, if the procedures are the same, the lending modalities are similar, why do you need a regional bank? And this is where I think you have to recognize the differences, that (a) we are in the region; we are much closer to our borrowing countries; there are certain areas in which we can meet the need over the World Bank. Now, this aspect of technical assistance that I mentioned, for instance, the fact that we can give a grant for technical assistance means that we give it to the member, to the country or to the government--it doesn't matter--whereas, when you're giving a loan, you have to be very careful as to who you're giving it to because the loan has to come back.

Now, take the case of Cambodia. We already have a mission in Cambodia because, again, obviously I think any kind of operations in Cambodia would have to be preceded by technical assistance, either to develop an accounting system or to even develop procedures and so on because that's one area where the government, whatever Norodom Sihanouk has, would be starting from absolute scratch after total isolation from the world for 14 years or whatever. Now, we can give that technical assistance right away, whereas the World Bank would have to look very closely. And I believe that that's where they're constrained: do we have a government in Cambodia? Because it's loans. Now, if you're giving a loan, you have to protect the Bank's interest in terms of repayment. If you are giving a grant, you don't have to care, I mean, whether it's Norodom Sihanouk's government or what because the money is gone anyway; it's not going to come back. So all we have to see is whether it can be properly implemented.

WEBB: These grants funds are in your normal . . .

ADARKAR: They're different. Yes, they are our normal resources, but . . .

WEBB: There's no part of soft money there.

ADARKAR: No. In the last soft funds replenishment there was an allocation to the TASF, which is the Technical Assistance Special Fund. So our technical assistance grants are financed either from the Technical Assistance Special Fund, which is made up of--there is also a two percent, I think, OCR income, ordinary capital resources income, which goes to the Technical Assistance Special Fund. There is an allocation from the Asian Development Fund. Now, the arrangement for the next replenishment is about to be finalized so I don't know. One wouldn't like to say as to what will happen to that one. Plus there are voluntary contributions to the Technical Assistance Special Fund from--even from the developing countries like Indonesia, Pakistan, India, and so on. And in addition to the TASF we have the Japan Special Fund, which is provided by Japan, all grant financing of technical assistance. That would be similar to the Cooperation Fund, say, Taiwan has provided ten million recently to the European Bank for Reconstruction and Development, so it would be similar to that. So the TA, the technical assistance, is financed either by the TASF or by the JSF.

There are also cases where the technical assistance is financed under cooperative arrangements with various European bilateral donors like France, Norway, Switzerland. These are a few examples that come to mind. There may be others, but there are technical . . .

WEBB: That's really quite a variety of sources.

ADARKAR: That's right.

WEBB: Both the general income and the replenishment and more . . .

ADARKAR: And contributions, bilateral contributions, to the TASF, plus financing from other bilateral sources. And then, of course, in addition to that there is UNDP financing for which the Bank acts as an executing agency.

KAPUR: One might argue that if *[inaudible]* frequently the Bank for stability of having *[inaudible]* and in fact they have now started to get into that *[inaudible]*

ADARKAR: The World Bank?

KAPUR: Yes, but *[inaudible]* is a procedure basically, something which they can do, you know. And, if they do it, then one of the major differences between the regional banks and the World Bank would seem to be *[inaudible]*. On the other hand, if you look at, both in terms of what sorts of projects you finance, sectors, as well as a sort of development philosophy, there's a perhaps more East Asia dominated philosophy, the World Bank a more U.S. philosophy, or if you also see in terms of--well, if you just see in terms of sectors . . .

ADARKAR: Well, I, no, I don't see it in terms of East Asian as against U.S.-dominated philosophy. I think the development philosophy is basically similar. I see more in terms of complementarity, which again derives from the respective sizes of the institutions. For instance, the World Bank provides structural adjustment lending which for sheer volume I don't think this bank would really take on--and there's no need to take on. We would wish to avoid any duplication with the World Bank. In a country like Thailand, for instance, or take India, we provide—we are primarily a project-lending institution. So we can provide a sort of complementarity to the lending by the World Bank. They can provide, for instance, a much bigger financial sector loan than we can because our size is small. We can--it is a kind of comparative advantage in terms of economic analysis, in terms of the kind of macroeconomic work that can be done, in terms of the macroeconomic impact of the Bank, whereas we can concentrate more on the micro side. Now, we do do a certain amount of program lending which is basically policy-based [*inaudible*] lending. But by agreement with the donors we restrict that to 15 percent of our total lending. So I don't know what the World Bank's limits are.

KAPUR: But is that of the total lending or lending to a particular country?

ADARKAR: No, it's of the total lending. For particular countries it actually exceeds.

WEBB: [*inaudible*]

ADARKAR: For program lending.

WEBB: Oh, so you do.

ADARKAR: So we do do program lending, but again, even in our program lending we coordinate very closely with the World Bank and the IMF because--and this is probably an example of how at least the three institutions, I mean taking ourselves I'm sure it happens with [*inaudible*] but in this region how these three institutions are getting closer and closer together because we would not, for instance, wish to undercut the IMF in terms of conditionalities or, say, the policy framework level. So that is where there is very close coordination. Now, if it's—if we are just giving a loan for, say, construction of a road somewhere, then you don't have to worry with the IMF. But if you're making policy conditionalities, then you really have to work closely with something like the IMF, to see what kind of policy conditionalities they have had in their last consultation or maybe for their [*inaudible*] and make sure that yours are not in conflict with those or do not undercut those.

KAPUR: But there is a flip side to that [*inaudible*] say, the World Bank's approach, freezing links between the Bank and the Fund, a feeling of ganging up, of cross—of conditionalities, so on and so forth.

ADARKAR: That's right.

KAPUR: How do you see the flip side, on the one hand, together or converging, then, of course,

the differences get less and less, and that might be good for the institutions, and but the LDCs [*less developed countries*] might not necessarily . . .

ADARKAR: No, certainly from the LDCs point of view there is, there could be this feeling that people are ganging up against them. The feeling is somewhat less against something like the ADB, again because the volume is smaller. And basically, you see, this is where the kind of conditionalities that we would impose for our program loans are likely to be a subset of the conditionalities that the IMF would have imposed or [*inaudible*] for instance. Whereas in the case of the World Bank, if you gave a major structural adjustment loan, you would have a totally different set of conditionalities which might not necessarily be at variance with those prescribed by the IMF—but, I mean, they could complement those prescribed by the IMF, but then the LDC is faced with two sets of conditionalities.

WEBB: That's how it actually works, that often you use a subset? Is it explicitly that way?

ADARKAR: Not explicitly, but that's how it would work out in practice because, you see, we would really be—it could—after all our program loan would be what, say \$100 million, \$150 million. And how much leverage could we really have with that? You see, this is, this is again a basic difference, I think, and I should have touched on it earlier. The extent of leverage that this bank can exercise as against the World Bank, and this I think is another major difference. I don't know whether this comes out as plus or minus. You could look at it either way. But, I mean, take a country like India, for instance, and we often have these complaints in the board, saying, you know, "Why didn't you impose these and these conditionalities?" Now, what is the leverage of the ADB in a country like India? Very, very limited.

WEBB: You gain enormous leverage when you work along with the other institutions, but you also lose a flexibility, I imagine.

ADARKAR: That's right, that's right. But an institution like the World Bank or the IMF has much greater leverage. But there are countries where our lending—I think Pakistan is probably one of them—I don't know if the World Bank is lending to Indonesia, but ours is well over a billion now, so that's not insignificant. Now, so in a country like Indonesia you would have very considerable leverage.

WEBB: Actually, as a matter of volume, you have as much leverage as the Bank, really [*inaudible*] but the thing is the Bank has the leverage that its leadership of the development world, and that's a big difference.

ADARKAR: That's right.

KAPUR: Actually, if you look at the figures for net transfers rather than commitments—because the ADB has got into many of these countries much later than these countries were getting World Bank loans or have even now paid back, in terms of net transfers the ADB, I would say, I would guess, would not, would in some cases, more. In Latin America the IADB in the early '90s will

be lending more in net transfers than the World Bank.

ADARKAR: Yeah, we have not had—we got close to a negative resource flow, but we didn't actually allow it to happen. So in our case the flow of resources is still positive. I think it's positive for every country. I think we've got fairly close to Indonesia, I mean got close to getting a negative resource flow, but it didn't actually happen, so whereas in the case of the World Bank perhaps it has a negative [both speaking at once]

WEBB: Did you see here in the Bank the very close [*inaudible*] that could be called a search for special relationships with the borrowing countries, I mean, you know, over and above just being a banker?

ADARKAR: Yes, there is, there is. And this is, I think, a feeling that is derived from being in this region and being physically close to them. You see, we [both speaking at once]

WEBB: Define those?

ADARKAR: Well, for instance, we travel much more frequently to our countries because--let's take any of the ASEAN [*Association of Southeast Asian Nations*] countries. It's just three hours' flight to Malaysia or Bangkok. We also, therefore, can go back and forth much more frequently. Now, someone comes out from Washington. He stays there for two, three weeks. Now, that's got its plus side, too. But for us we keep going and coming back as frequently. Their people visit us much more frequently than they do in terms of visits to Washington. So that is certainly an advantage in terms of being a regional bank.

And we do feel, for instance, in the case of Cambodia, which is now emerging on the world scene, we did feel that, you know, it's not a question of racing with the World Bank, but we have a special obligation because it's, you know, this region it's us. We have a special obligation to Cambodia. It's the same reason that Mr. [*Kimimasa*] Tatumizu's predecessor, President [*Masao*] Fujioka, felt a kind of compulsion to bring China into this bank. It was a long and painful process involving a lot of hard work because we had the problem of having Taiwan, which the World Bank doesn't have, so--and there was--and Taiwan was a founding member as Republic of China so it was not occupying the mainland seat. So you had to devise a compromise by which both could be in this institution.

WEBB: Do you find this bank [*inaudible*] develop a kind of relationship, a kind of dialogue with its foreign governments [*inaudible*] because they're sensed as more our own, they're more understanding . . .

ADARKAR: It varies. It varies from country to country. When I was working on Thailand, for instance, I definitely had that feeling when we were working with, when we were doing what was then our fifth loan to IFCT, the Industrial Finance Corporation of Thailand. And I think the World Bank had provided one loan or something. And we certainly had--I mean, this was quite explicit--we certainly had a very close relationship with the IFCT, much closer, I mean, they said

that they felt much closer to us than they did to the World Bank although there was a World Bank resident office in Bangkok.

WEBB: You don't develop big resident offices, do you?

ADARKAR: No, we have very few resident offices. We are, if I might say so, much more cost-conscious than, say, the IADB which has resident offices for all of the countries. We have, we have certain established criteria for setting up resident offices. We have one in Dacca in Bangladesh, which was our first one. We now--and then we have one in Pakistan and we have one in Indonesia. And we have a regional office in the South Pacific in Port Vila, Vanuatu, and that services our Pacific needs. We are contemplating opening one more resident office this year, according to corridor gossip, in India. And we have a facilitating office in Nepal which is not a resident office [*inaudible*] but it helps to facilitate, you know, getting contracts or disbursements [*inaudible*] the government [*inaudible*] and so on. But that's only a facilitating office, a two-man office.

WEBB: You travel an awful lot.

ADARKAR: Yes. Our people travel a fair amount but again it's within the region. And we have—well, now, of course, most airlines have only business class, but our travel policy is first class only for principal officers and board members and management, unlike the World Bank which--of course, that has a zoning system--but in our case those who travel first class travel first class irrespective of distance. And they also travel first class with families on home leave, whereas the World Bank has a [*inaudible*] three year option, but a normal two year home leave travel would be only business class.

WEBB: The Bank has held onto that despite . . .

ADARKAR: Despite the pressures from the U.S. Congress.

KAPUR: Well, [*inaudible*]

ADARKAR: Pardon?

KAPUR: The World Bank is changing [*inaudible*] very strong.

ADARKAR: You know, although I enjoy that benefit, I must say that one has to admit it is becoming less and less defensible.

WEBB: When it was started, there was an argument that business class [*inaudible*]

KAPUR: Some sense that in certain parts of the world the World Bank sort of and whether [*inaudible*] when it comes to specific investments in projects that the Bank is perceived to be poaching at times and grabbing the best projects [*inaudible*] muscle and leverage and so on. Is

that the perception here?

ADARKAR: No, I don't--that may be a perception amongst some staff members, but I don't think it's a fair perception, again, because there really is room for both institutions. To give you an example, again when I was working on Thailand--this was some years ago--but there was a natural gas pipeline project. You know, Thailand has a lot of offshore gas which was just coming up at that time, and we were planning to co-finance this project with the World Bank. And the World Bank team went to Bangkok and stopped here on the way back. And we found that lo and behold virtually what was left for us was fencing--and I'm exaggerating--but, you know, the sort of remnants of the project. Everything had been taken by the World Bank. And, of course, you know, we recommended to our vice president that, you know, we shouldn't be seen as at the tail end of the project, we shouldn't . . . Some, of course, felt that we should continue *[inaudible]* And I said, "Well, look, I'm convinced that this isn't the only project in the natural gas sector in Thailand. So I am going to *[inaudible]* staff." He said, "Well, let's give us a chance. Let's go to Bangkok and talk to the natural gas authority of Thailand and see what they have." And we developed a perfectly good, completely different project which was, I mean, as important to them as the World Bank project. And this was not--it was not a question of competing with the World Bank, but we had programmed that amount. And I said, "Well, let's just see. I mean, I can't believe that this is the only project available in Thailand." So I think there is a certain amount of complementarity involved in it. I see it more in terms of complementarity rather than competition. I don't think there should be competition between the two institutions anyway. We shouldn't be grabbing each other's projects.

WEBB: Are these issues--everything you do there would be cross-cut with the World Bank. Sometimes it's cut to the bone in your board?

ADARKAR: Oh, yes. Quite often. In fact, there is more and more demand for greater coordination between the Bank and development institutions, and that coordination is in fact a base. Very often missions from the World Bank, whenever they are in this part of the world, drop in here. This has been happening for years. And now, of course, with the telephone and FAXes the communications are much easier here, so I would say there is fairly close coordination with the World Bank.

WEBB: We've been quite fascinated with the role Japan plays in the World Bank, seeing how there are indications of change from the current ED *[Executive Director]* in particular, and he is surprisingly frank about the, his perception that *[inaudible]* Japan and that are driving his own priorities to the board. Some of it has to do with differences *[inaudible]* that have to do with development *[inaudible]* development, others are *[inaudible]* improvement in performance. It's interesting. I mean, one wonders how it will play itself out. But the sense here is the ADB *[inaudible]* because it's so much of a larger participation.

ADARKAR: That's true, but . . .

WEBB: I wonder if you sense difference here in development policy or development thinking?

ADARKAR: No, I can't really say that I sense any difference in development thinking. And I'd also like to say--and I'm not sure whether this view is shared by many people. I mean, I'm conscious of that, but I know it's often said--and I'm sure it is so perceived--that while the World Bank is Anglo-Saxon dominated, this is Japanese dominated. Now, I've talked to people in the World Bank and they certainly confirm that they have this feeling that the Bank is U.S. dominated. I have not had the feeling here that this is Japanese dominated, and in a sense I can see that this is surprising because it does have such a large presence. But one doesn't get this feeling that it's Japanese dominated. Where Japan's role does come in is that, obviously, the president is Japanese, and it's very unlikely, for instance--although this has happened--that we would take a proposal to the board which does not have the support of Japan. We have done it, incidentally, but the point is that this is for practical reasons in the sense that the concept of this bank was based on equal shares for Japan and the U.S. and their voting [*inaudible*]. So it was a system of checks and balances. So you have to have the support of either the U.S. or Japan plus the support of part of the Europeans or the Asians to get something through.

Now, this is where the interesting difference comes in. You can get a proposal through the board with the support of Japan and without the support of the United States, but if you didn't have the support of either the United States or Japan, then you don't really have a hope. And, you see, and this is where you have a slightly different relationship between the Bank on the one hand and Japan and the U.S. on the other.

WEBB: Both institutions are [*inaudible*] really only talking about a matter of degree. But I thought maybe there might be—because it somehow also, I think, relates to the differentiation that is in other ways [*inaudible*] commercial banks. The French [*inaudible*] specialized. The multinationals might also [*inaudible*] I can imagine them developing in that direction. And one aspect of that might be what could be called a sense of priorities. I wondered if some of that was developing here. It's hard to see from outside.

ADARKAR: Yeah, I don't really see it.

WEBB: What you say fits very well with [both speaking at once]

ADARKAR: Yeah, I don't—I honestly haven't noticed that. I mean, I've heard this so I've been conscious of this. But I can't say that I've noticed it even from the inside. I can't see a different development philosophy as such, except, as I said, in terms of our being within the region, our feeling a special obligation to the countries of this region, which I don't think has anything to do with the fact that Japan is the largest member. I think that stems from the basic philosophy of the institution.

You see, you've got to look at it from another point of view. Japan has now got a fairly large influence on its own in many of these countries (a) because it is obviously the biggest industrial power in this part of the world, but (b) also because of its fairly significant bilateral programs. So, I mean—we have—I mean when I was dealing with Malaysia, for instance, the Malaysians

have asked us to bow out of the project because they said that this is--the Japanese want to finance this under their *[inaudible]*, I mean, you know, this kind of thing. So Japan's presence in individual countries is really quite significant. I don't think we need the ADB to project its presence in this situation, and there's no reason for them to therefore want to twist the Bank to any particular development philosophy. And as I said, Japan is only one of the donors. Now, even for the soft funds, for instance, okay, it is a major donor, but it's only one of the donors. Likewise for the capital, Japan and the U.S. are equal.

WEBB: Is Korea yet a donor?

ADARKAR: Korea is--we don't have a formal "graduation" policy, but Korea is no longer a borrower.

WEBB: Yes, but it's not a lender.

ADARKAR: It's donating—it's making a contribution to the Asian Development Fund at this time, which . . .

[End Tape 1, Side A]

[End of Interview]

INDEX

- A**
- Asian Development Bank
 Consultants, 3-4
 Diplomatic privileges and immunities, 1-2
 Domestic preference, 3
 Hiring policy, 2
 Procurement, 3
 Project processing cycle, 3-4
 Resident offices, 10
 Technical Assistance Special Fund, 6
 Travel policy, 10
 Asian Development Fund, 6, 13
 Association of Southeast Asian Nations (ASEAN), 9
 Australia, 5
- B**
- Bangladesh, 10
- C**
- Cambodia, 5, 9
 China, 2, 9
 Co-financing, 4
- D**
- E**
- European Bank for Reconstruction and Development, 6
- F**
- France, 6, 12
 Fujioka, Masao, 9
- G**
- H**
- I**
- India, 1, 6-8, 10
 Indonesia, 6, 8
 Industrial Finance Corporation of Thailand (IFCT),
 9-10
 Inter-American Development Bank, 1-2, 8, 10
 International Fund for Agricultural Development, 2
 International Monetary Fund, 1, 7-8
- J**
- Japan, 6, 12-13
 Executive Director at World Bank, 11
 Japan Special Fund, 6
- K**
- Korea, 2, 13
- L**
- Latin America, 8
- M**
- N**
- Nepal, 10
 Norway, 6
- O**
- P**
- Pakistan, 6, 10
 Philippines, 2
- R**
- S**
- Sihanouk, Norodom, 5
 Switzerland, 6
- T**
- Taiwan, 6, 9
 Tarumizu, Kimimasa, 9
 Thailand, 7, 9, 11
- U**
- United Nations Development Programme, 5-6
 United Nations Environment Program, 2
 United States, 12-13
 Congress, 10

Vanuatu, 10

V

W

